

City of Powell, Ohio

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016



Page 2

**2016 Financial
Overview**

Page 3

Revenues

Page 5

Expenses

Page 7

Debt

Page 9

Capital Projects



City Council

Front (L-R):

Jon Bennehoof, Vice Mayor
Brian Lorenz, Mayor
Tom Counts

Back (L-R):

Jim Hrivnak
Frank Bertone
Daniel Swartwout
Brendan Newcomb

Meetings: First and third Tuesday of each month at 7:30pm.

Boards & Commissions

Planning and Zoning Commission

A seven member board, appointed by Council to serve four-year terms. The P&Z Commission maintains and adheres to the City Zoning Code, recommends Zoning map changes to Council and reviews all planned development proposals and applications within the City.

Meetings: Second Wednesday of each month at 7:00pm.

Board of Zoning Appeals

A five member board, appointed by Council for three-year terms. The Board of Zoning Appeals has the authority to hear requests for appeals of the Zoning Administrator and to grant or deny zoning variances in the City of Powell.

Meetings: As needed.

Historic Downtown Advisory Commission

Members are appointed by Council for a three-year term. The Commission reviews architectural and design changes to structures within the Historic District of Powell.

Meetings: First Thursday of each month, as needed.

Arbor Advisory Commission

A three person board, appointed by Council to serve a two-year term. The Arbor Advisory Commission is responsible for overseeing the coordination of activities and programs that promote Powell as a tree-friendly city.

Meetings: Annual

Personnel Board of Review

A three member board, appointed by Council to serve three-year terms. The Board is responsible for prescribing, amending and enforcing rules consistent with the City Charter and Council ordinances regarding civil service positions.

Meetings: As needed.

Records Commission

A five member commission established pursuant to the rules and regulations of the State of Ohio. This commission is responsible for establishing records retention schedule and disposal regulations.

Meetings: Biannually.

Board of Tax Appeals

A three member board appointed by Council pursuant to rules established by the Ohio Revised Code Chapter 718, members serve a two year term. The board will hear appeals brought by taxpayers with regard to income tax related issues as permitted by the City tax code.

Meetings: As needed.

Other appointments by Council:

City Council is charged with appointing members to other local and regional boards, including: Mid-Ohio Regional Planning Commission, Council for Older Adults, Delaware General Health District, and Tax Incentive Review Council.

What is a PAFR?

The Popular Annual Financial Report (PAFR) is a brief summary of the City's Comprehensive Annual Financial Report (CAFR). This report is intended to increase knowledge throughout the community of Powell's financial CAFR.



Dear Citizens of the City of Powell:

The City of Powell's Finance Department is pleased to present the City's first Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2016. This report provides transparency of where the City revenues come from and where those dollars are going for residents that may not have finance or accounting backgrounds. Additionally, we have highlighted some of the economic development activity and capital improvements that we saw during 2016 and what to look forward to this year.

The financial information for this report has been taken from the 2016 City of Powell Comprehensive Annual Financial Report (CAFR). The CAFR consists of 158 pages of detailed financial statements, notes and schedules as well as very detailed statistical information. The CAFR was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by Julian & Grube, Inc., a CPA firm in Westerville, OH. The City once again received an unmodified opinion on the audit, which means that no significant deficiencies were identified that required modification. The City's CAFR can be obtained on the City's website at: https://cityofpowell.us/wp-content/uploads/2015/05/2016-FINAL-CAFR-WITH_COVER_4.4.2017.pdf.

The City of Powell's PAFR is unaudited and presented on a GAAP basis, unless otherwise noted. The PAFR does not contain information regarding the City's discreetly presented component unit, the Powell Community Improvement Corporation (CIC), which is a legally separate entity.

The purpose of the PAFR is to provide our citizens with summarized financial data and as a means of increasing awareness and knowledge of the operations of the City. We feel that citizens deserve transparency when it comes to their tax dollars, and this report is designed to help assist you in gaining a better understanding of the City's resources and how we put your tax dollars to use.

Sincerely,

Debra K. Miller, CPA
Finance Director

Jessica N. Marquez, CPA
Assistant Finance Director

P.S. We want to hear your feedback on our first Popular Annual Financial Report! Send an email to PAFR@cityofpowell.us and let us know your thoughts on content, design and delivery method.

Awards & Achievements

10
years

Government Finance
Officers Association

**Certificate of Achievement for
Excellence in Financial Reporting
CAFR**

2006-2015
Applied for 2016

9
years

Government Finance
Officers Association

Distinguished Budget Award

2008-2016
Applied for 2017

5
years

Ohio Auditor of State

Award with Distinction

2011-2015
Anticipate receipt for 2016

Transparency

During 2016 the City joined the Ohio Treasurer of State's office transparency initiative, OhioCheckbook.com. This site shows taxpayers exactly how their tax money is being spent.

<https://powell.ohiocheckbook.com>

Contacting the City

City of Powell

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Powell, Ohio 43065
PH 614.885.5380
FAX 614.885.5339
www.cityofpowell.us

Office Hours:

M - F, 8 am - 5 pm

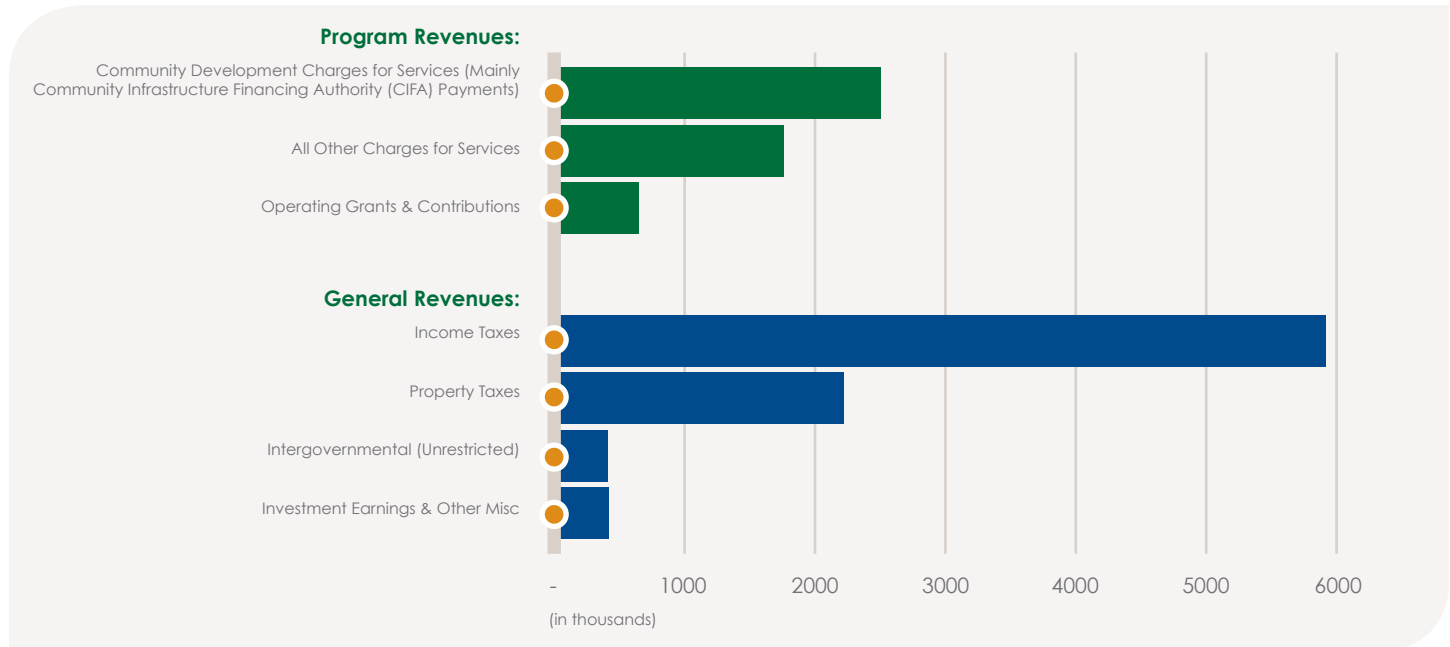
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- www.twitter.com/cityofpowelloh
- www.pinterest.com/cityofpowelloh

The City's Funds Come From...

Government Wide Financial Statements (GWFS) Revenues

The City is dependent on the resources that generate revenue to provide the different services that our residents receive. Below is a visual depiction of the city-wide revenue and the following pages provide additional detail for the most significant sources of revenue.



What are program revenues?

Program revenues either derive directly from the program or from parties outside the reporting government's taxpayers or citizenry. These revenues reduce the net cost of the program to be financed from the government's general revenues.

Program revenues are put into three categories: Charges for services, Program-specific operating grants and contributions and Program-specific capital grants and contributions.

Charges for Services

The term used for a broad category of program revenues generated from charges to customers, applicants or others who purchase, use or directly benefit from the goods, services or privileges provided or are otherwise directly affected by the services.

Examples in the City of Powell: Fees paid for licenses and permits in development and building, fees to participate in parks and recreation programs, and community development charges paid by Powell and Liberty Community Infrastructure Financing Authority (CIFA).

Program-Specific Grants and Contributions

Revenues resulting from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for use in specific programs. These grants can be used for operations or for capital purposes.

Examples in the City of Powell: Donated assets, such as roads and portions of bikepath.

What are general revenues?

All revenues except those required to be reported as program revenues are considered general revenues. The two most significant sources of general revenues are Income Taxes and Property Taxes.

Income Tax

Revenues that are levied on all income earned within the City, as well as on income of residents earned outside of the City. Income tax is the largest source of revenue for the City of Powell and entirely deposited into the General Fund to fund the City operations.

Property Tax

The real estate tax is levied on all property in the City of Powell. The real estate tax makes up a significant portion of the City's revenue. The dedicated real estate tax is restricted to pay only debt service on a particular debt obligation, and therefore the dedicated real estate tax is deposited into the appropriate debt service fund. The general fund real estate tax is deposited into the general fund and the Tax Increment Financing (TIF) real estate is deposited into the TIF funds.

Property Taxes

Only a small portion of your property taxes support City operations. The City receives \$0.04 of every dollar of property tax paid. The numbers to the right depict the annual tax impact on the owner of a \$100,000 home in the City of Powell. The school district, Delaware County, and Liberty Township receive a portion of the taxes paid by the City of Powell residents, along with several other smaller entities.

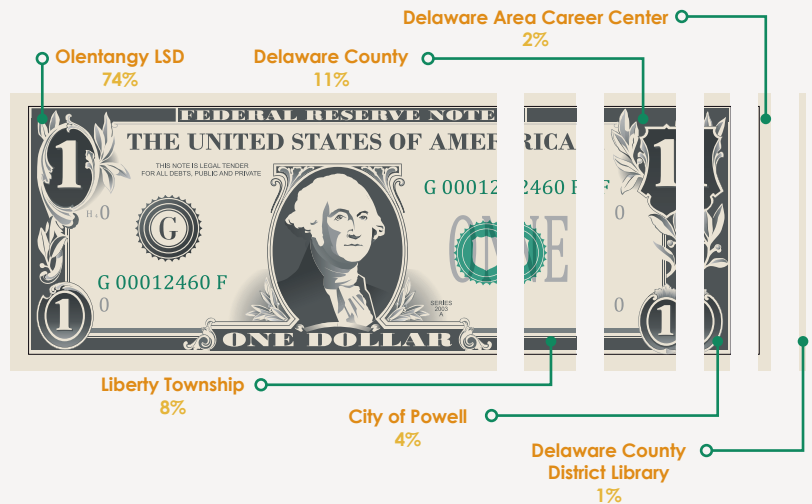
Understanding Property Taxes

Property tax is based on the amount charged per \$1,000 worth of taxable property value, also known as 'millage.' Amounts collected for levies other than general operating must be used for those specific purposes. The County Auditor's office handles the administration of property taxes in the state of Ohio, by collecting and distributing the taxes paid to the appropriate jurisdiction.

The Annual Tax Impact of a \$100,000 Home

Olentangy LSD	\$1,803.92	City of Powell	\$109.34
Liberty Township	\$203.46	Delaware Area Career Center	\$45.94
Delaware County	\$258.10	Delaware Co. District Library	\$29.17

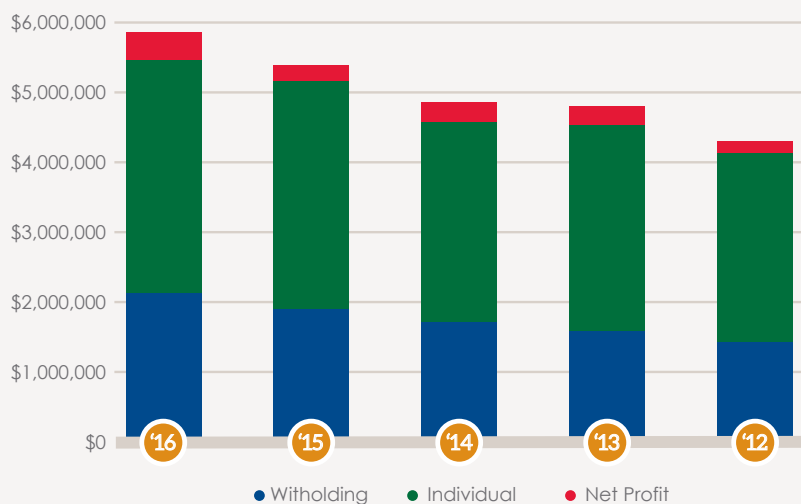
How \$1 of Property Tax is Allocated



Income Taxes

Income tax represents the largest source of revenue for the City, and is collected by the Regional Income Tax Agency (RITA). Income tax collections are comprised of three sources: taxes withheld from employees working in the City, taxes from individual residents, and taxes on net profits of businesses working in the City. Individual resident payments have made up over 60% of the revenue collected by the City in the last 5 years. This is due to the nature of Powell being a "bedroom" community made up mainly of residential rather than commercial development.

Income Tax Collections



The City of Powell income tax was established at 0.75% and has remained unchanged for nearly 25 years. The chart below shows how Powell compares to other Central Ohio municipalities in their income tax rate.

Columbus	2.50%
Worthington	2.50%
Dublin	2.00%
Westerville	2.00%
Delaware	1.85%
Gahanna	1.50%
Powell	0.75%

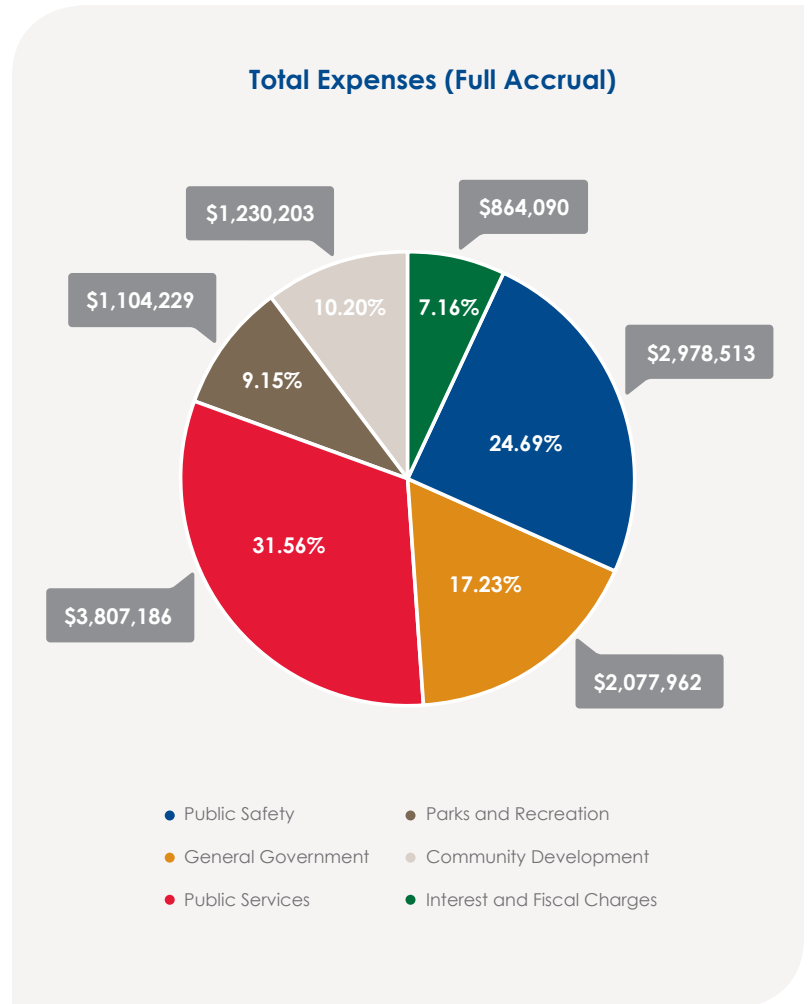
What Are the City's Funds Used For?

Government Wide Financial Statement (GWFS) Expenses

Public safety represents expenses related to the City's Police Department. The largest component of the expenses in this category are payroll related (personnel costs); this department employs 42% of all City staff. Due to the City's emphasis on providing a safe community to live in, this expense category is typically one of the largest in the City.

Public Services represent expenses related to creation and maintenance of City infrastructure, which includes road repairs and snow removal. This category also includes personnel costs for the individuals responsible for public service functions throughout the City. This category is also historically one of the largest expense categories for the City, due to the constant need for maintaining and replacing roads and other infrastructure.

All other categories are relatively small including parks and recreation, which funds the City's park systems as well as the recreation programming and special events; community development, which includes economic development activities as well as engineering and building related expenses; general government, which encompasses the majority of administrative expenses in the City including legal fees; and interest and fiscal charges which represents interest paid on City debt.



General Fund Analysis

The general fund is the City's primary operating fund. It accounts for the majority of all the financial activity of the City including the departments listed in the expense chart below. The Comprehensive Annual Financial Report (CAFR) reports the general fund using a modified accrual basis of accounting, however, in order to break the numbers down to a more useable format, we have presented this information on a cash basis, which represents actual cash coming in and cash going out during 2016.

Income tax is the General Fund's most significant source of revenue; all of the City's income tax goes into the General Fund to support operations of the City. In 2016, "Other revenue" was higher than normal due to a large advance that was repaid in the same year as part of a development agreement.

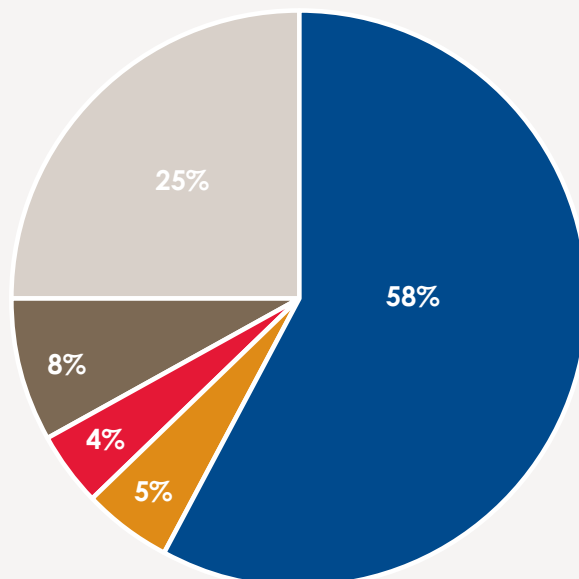
The City budgets into three categories, personnel, operating and capital. Personnel expenses include all salaries, wages and benefits. Operating includes all expenses necessary for operation of the City, and capital expenses are any equipment or maintenance related expenses greater than \$1,000. As you can see, capital expenses are very limited and reserved mostly for vehicles, building improvements and necessary information technology related replacements and upgrades.

Transfers include funds that are "given to" or transferred to another fund within the City to be used for a specified purpose. Some examples of our transfers are: to a debt service fund to pay the debt service associated with the building of the police department; transfer to help fund the City's Powell Festival; a transfer to the City's internal reserve fund used to pay liability insurance premiums and claims; and transfers to the Powell community improvement Corporation (CIC) for various development agreements.

Advances are funds that are "loaned" to another fund within the City to be used for a specific purpose and will be paid back over time. In 2016, the City did several advances for different development agreements that have occurred recently. A large portion of the advances made in 2016 were also repaid to the general fund in 2016.

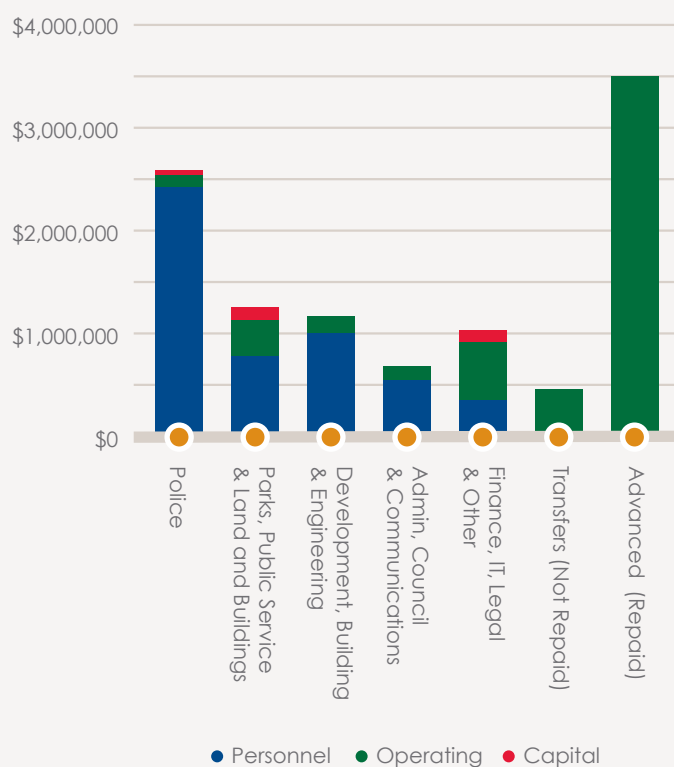
Transfers and Advances vary greatly from year to year, depending on the types of activities going on in the City.

General Fund Revenue



- Income Tax
- Development Related Revenue
- Property Tax
- Other Taxes and Local Revenue
- Other Revenue

General Fund Expenses by Department



Debt

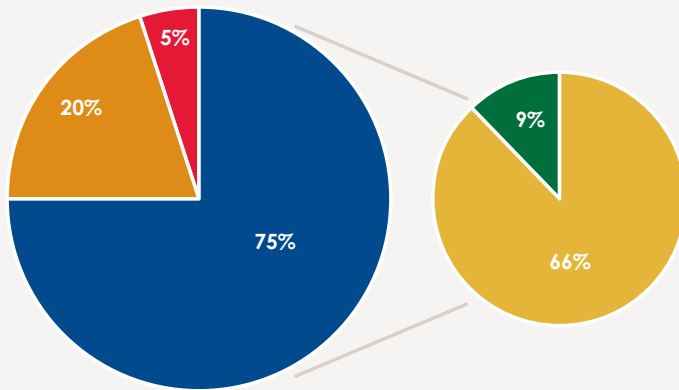
Debt Obligations

As of December 31, 2016, the City had \$28,375,000 in outstanding long term debt. Details of the City's debt are outlined below.

In addition to the long term debt the City has one short term note outstanding in the amount of \$1,450,000 that will mature on August 9, 2017.

Please see the next page for a discussion of the Liberty and Powell Community Infrastructure Financing Authorities (CIFA) and their relationship with the City.

Outstanding Long Term Debt



- CIFA Funded
- Property Tax Funded
- General Fund Funded
- Liberty CIFA
- Powell CIFA

Funding Source	12/31/2016 Balance	Maturity Date
Liberty CIFA	\$545,000	12/1/2018
Property Taxes	\$1,995,000	12/1/2020
Property Taxes	\$695,000	12/1/2020
Property Taxes	\$3,000,000	12/1/2022
General Fund	\$1,345,000	12/1/2024
Liberty CIFA	\$4,145,000	12/1/2029
Liberty CIFA	\$7,720,000	12/1/2032
Liberty CIFA	\$6,205,000	12/1/2036
Powell CIFA	\$2,725,000	12/1/2036

In 2013 the City received, and has maintained, a 'AAA' bond rating with a stable outlook from Standard & Poor's rating agency.



A Closer Look at the Relationship with the Liberty and Powell CIFA's

There are two Community Infrastructure Financing Authorities (CIFA) that have been established within the City limits of Powell; the Liberty CIFA and the Powell CIFA. These authorities were both created pursuant to Chapter 349 of the Ohio Revised Code as a result of a developer (Triangle Real Estate) filing a petition for creation with the Delaware County Commissioners. The petition, which may be subject to amendment or change, allows the Authority to finance the costs of publicly owned and operated community facilities with assessed Community Development Charges (up to 10.25 mills). Each authority is governed by a seven member board comprised of residents of the authority.

The Liberty CIFA is comprised of approximately 1,579 acres, mostly in the Golf Village subdivision and the Powell CIFA is made up of about 125 acres, mostly in the Murphy Park subdivision.

The Liberty CIFA constructed millions of dollars of infrastructure (roads, sewers, etc.) and issued debt to do so. In April 2004, a portion of the Liberty CIFA was annexed into the City of Powell and part of that agreement was that the City would help the residents with the debt burden. The City took on bonds and notes, in the name of the CIFA, allowing the CIFA to benefit from lower interest rates as a result of the City's bond ratings; however, the City does not use any of its own funds to pay for the debt.

The CIFAs collect the Community Development Charges from the residents of the CIFA every year during the property tax collection cycle and the necessary funds are paid to the City twice a year to make principal and interest payments on the debt that is held by the City. Throughout the years, the debt has been refinanced and other debts of the CIFA have been taken on by the City in an effort to continue to maximize the savings for the residents by getting the debt paid off faster and with lower interest rates.

The Powell CIFA is a very similar concept, just on a much smaller scale with the amount of debt that has been taken on by the City.

Both the Liberty CIFA and the Powell CIFA have financial statements that can be obtained by contacting the appropriate CIFA board of trustees or by visiting the Ohio Auditor of State's website <http://www.ohioauditor.gov>.





What's New in the City?

The City welcomed several new businesses and developments during 2016. We would like to highlight a few that had some significant impacts on the local infrastructure, thanks to developers who have worked closely with the City to accomplish various economic development goals.

Three parcels in the Sawmill Commercial Tax Increment Financing (TIF) District, Ganzhorn, and both Spectrum I and Spectrum II, are part of an agreement to pay back the developers a total of \$1,200,000 to reimburse for major sewer improvements as well as other infrastructure improvements, including a small portion of bike path and roadway. These funds will be reimbursed over time, strictly based on the funds that are collected from those three specific parcels.

Ganzhorn Suites, a memory care facility located on Sawmill Parkway, also opened in 2016.

We also saw the construction of Spectrum I and Spectrum II retirement communities, located along the east side of Sawmill Parkway.

The Verona subdivision was the site of the 2016 BIA Parade of Homes. The City worked closely with the developers to get the proper sewer lines constructed to allow for this upscale development to occur. The City used this opportunity to invest in ourselves by advancing funds from the General Fund to reimburse the developer for a portion of the construction costs. This advance will be repaid through special assessments on the parcels located in the Verona subdivision over approximately 7 years.



Capital Improvements

During 2016, the City had several capital improvement projects happening. Some of the bigger projects included an extension of Murphy Parkway, and the annual Street Maintenance Program.

The Murphy Parkway Extension construction opened in October, and connected Liberty Road to SR 750 while providing an alternate route around downtown.

The Annual street maintenance program included repairs to streets within the Liberty Hills, Falcon Ridge, Lakes of Powell, Murphy Park, Grandshire, Powell Place and Middlebury Estates subdivisions.



Looking Ahead to 2017 Projects

There will be various park improvements made during 2017, including repairs and improvements to the basketball courts and tennis courts, as well as adding two pickleball courts at Library Park. This project should conclude in late spring.

Other projects include a multi-use path improvements project, including new construction along North Liberty and Rutherford Rd. Other repairs include paths along Bennett Parkway and Murphy Parkway and within Powells Parks south of SR750.

The City plans to break ground on the Park at Seldom Seen in 2017.

Also, be on the lookout for a new traffic signal at Grace Drive and Olentangy Street.

The City's annual street maintenance program will also be happening this summer and the sidewalk replacement program will be returning after a couple of years without a program.

In 2017 we will welcome the new Powell Grand residents to our community. This community has its own TIF and the developers have worked closely with City staff to coordinate the construction of public infrastructure including some roadwork at Bunker Lane and Sawmill Parkway. The developers agreed to make these improvements to be paid back over time through TIF revenues generated by this community. They also agreed to put \$1,000,000 toward the Park at Seldom Seen.





City of Powell
47 Hall St.
Powell, Ohio 43065



Community Profile

In 1947, the Village of Powell was recognized and incorporated as a municipality, with nearly 400 residents calling it home. The Village of Powell's population remained stable at approximately 400 residents until the early 1980s, when residential development in the northern parts of the Greater Columbus metropolitan area reached Powell. Powell attained city status in 2001, when the 2000 census showed the area had more than 6,000 residents. The U.S. Census Bureau estimates in 2016 the population was 12,750.

The City's strategic location in southern Delaware County has promoted its development as a semi-rural, suburban, greenbelt town. Residential development combined with open space preservation and minimized commercial and industrial development has made Powell one of the premier residential communities within Central Ohio. The City of Powell has been listed among the safest communities and best places to live over the last several years.

According to the most recent U.S. Census, the median income in Powell was \$126,752, median age of the community was 37.4 years and the median home value was \$337,900 with an estimated 94% of homes in the City being owner-occupied.