

City of Powell, Ohio

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017



Page 2

**2017 Financial
Overview**

Page 3

Revenues

Page 5

Expenses

Page 7

Debt

Page 8

Capital Projects



City Council

Front (L-R):

Daniel Swartwout
Jon Bennehoof, Mayor
Frank Bertone

Back (L-R):

Tom Counts, Vice Mayor
Brian Lorenz
Melissa Riggins
Brendan Newcomb

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

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.

Contacting the City

City of Powell

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

Office Hours:

M - F, 8 am - 5 pm

Connect with Us

-  www.facebook.com/cityofpowell
-  www.instagram.com/cityofpowelloh
-  www.linkedin.com/company/city-of-powell-ohio
-  www.twitter.com/cityofpowelloh
-  www.pinterest.com/cityofpowelloh





Dear Citizens of the City of Powell:

The City of Powell Finance Department is pleased to present to you the City's second annual Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2017. This report provides transparency of where the City revenues come from and where those dollars are going to residents who may not have finance or accounting backgrounds. Additionally we have highlighted some of the economic development activity and capital improvements that we saw during 2017 and what to look forward to for 2018.

The financial information for this report has been taken from the 2017 City of Powell Comprehensive Annual Financial Report (CAFR). The CAFR consists of 156 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/2018/05/Powell_City_17-Delaware_Final-CAFR-wCover.pdf

The City of Powell's PAFR is unaudited and presented on a GAAP basis, unless otherwise noted. The PAFR does include information regarding the City's blended 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
Debra K. Miller, CPA
Finance Director

Jessica N. Marquez
Jessica N. Marquez, CPA
Assistant Finance Director

Awards & Achievements



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting CAFR

2006-2016
Applied for 2017



Government Finance Officers Association

Distinguished Budget Award

2008-2017
Applied for 2018



Ohio Auditor of State

Award with Distinction

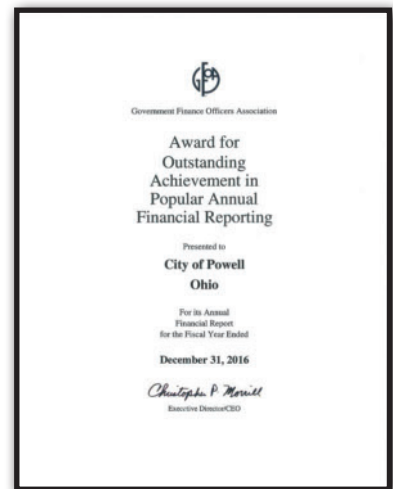
2011-2016
Anticipate receipt for 2017



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

2016
Applied for 2017



Transparency

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

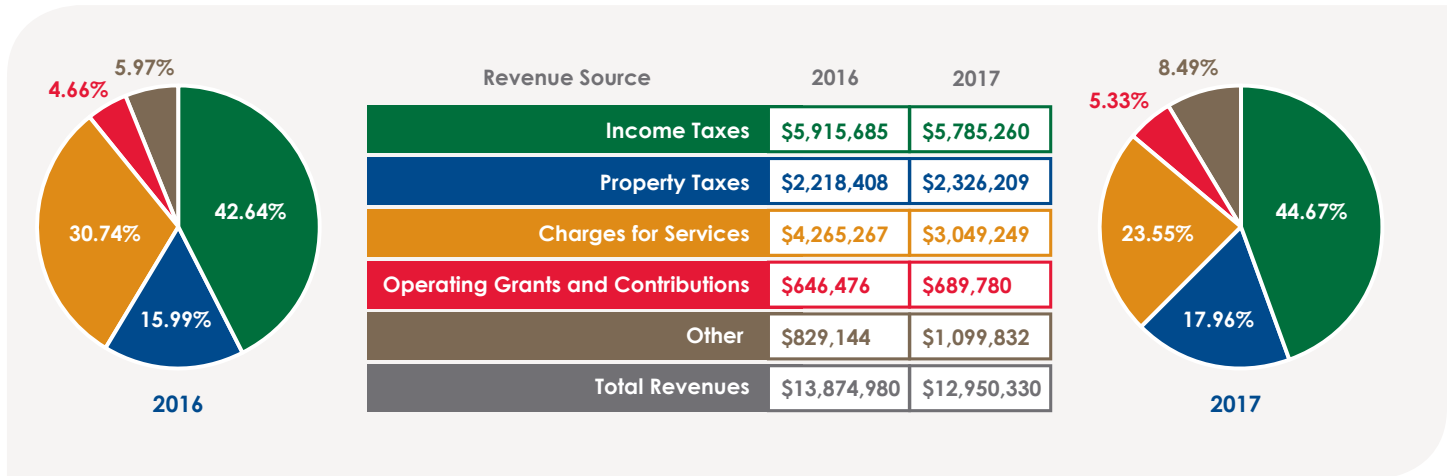
<https://powell.ohiocheckbook.com>



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 two-year comparison of the city-wide revenue by source, and the following pages provide additional detail for the most significant sources of revenue. These numbers are presented using the full accrual basis of accounting, which means that revenues are recorded when earned, regardless of when the receipt of the money occurs.



Revenue Source Definitions:

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.

Charges for Services

The term used for a broad category of program revenues generated from charges to customers, applicants or other

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 Authorities (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.

Other

Other revenues include intergovernmental revenues from the state and county, interest earnings, franchise fees, reimbursements, donations and revenue from sale of assets.

Property Taxes

Only a small portion of your property taxes support City operations. As shown below, the City only 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, county and township receive a portion of the taxes paid by the City of Powell residents, along with several other smaller entities.

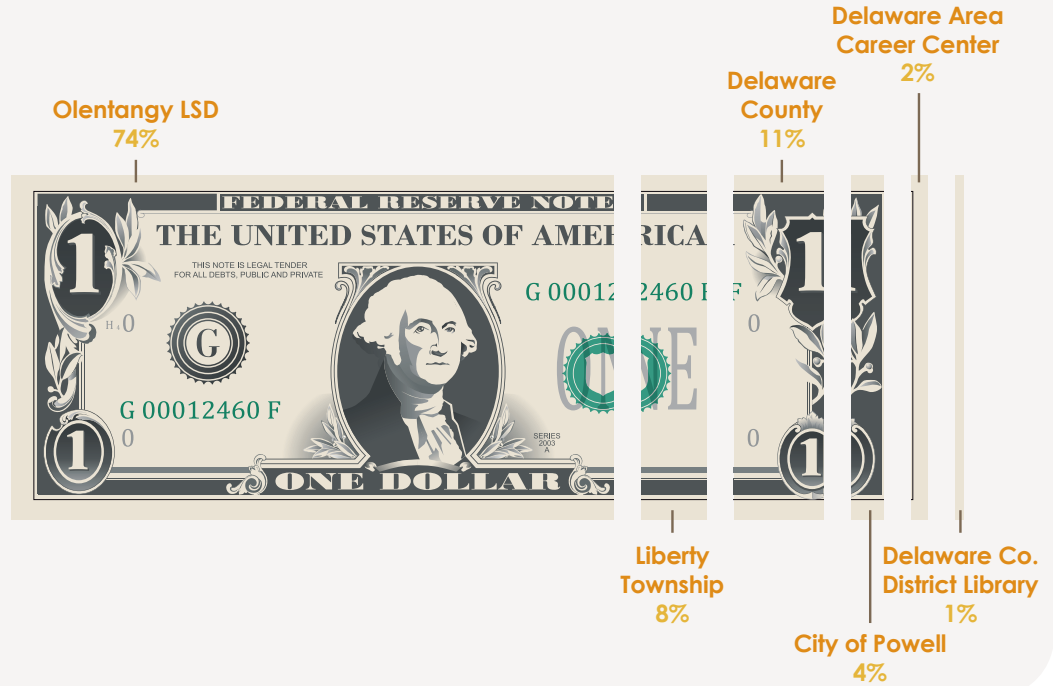
Understanding Property Taxes

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	\$1,723.01	City of Powell	\$104.43
Liberty Township	\$194.34	Delaware Area Career Center	\$43.88
Delaware County	\$246.52	Delaware Co. District Library	\$27.86

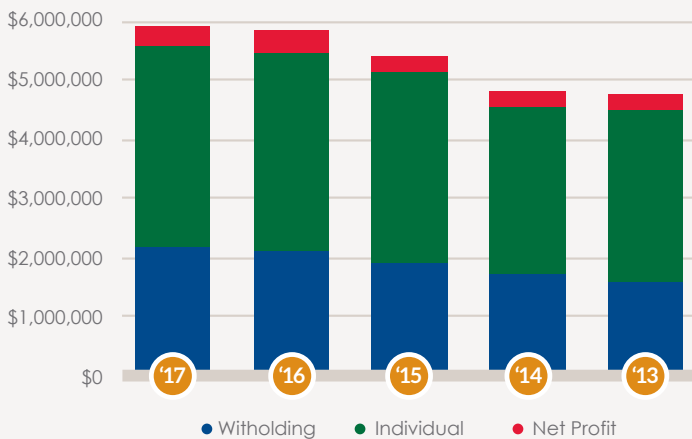
How \$1 of Property Tax is Allocated



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 over 25 years. The chart below shows how Powell compares to other Central Ohio municipalities in their income tax rate.

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

What Are the City's Funds Used For?

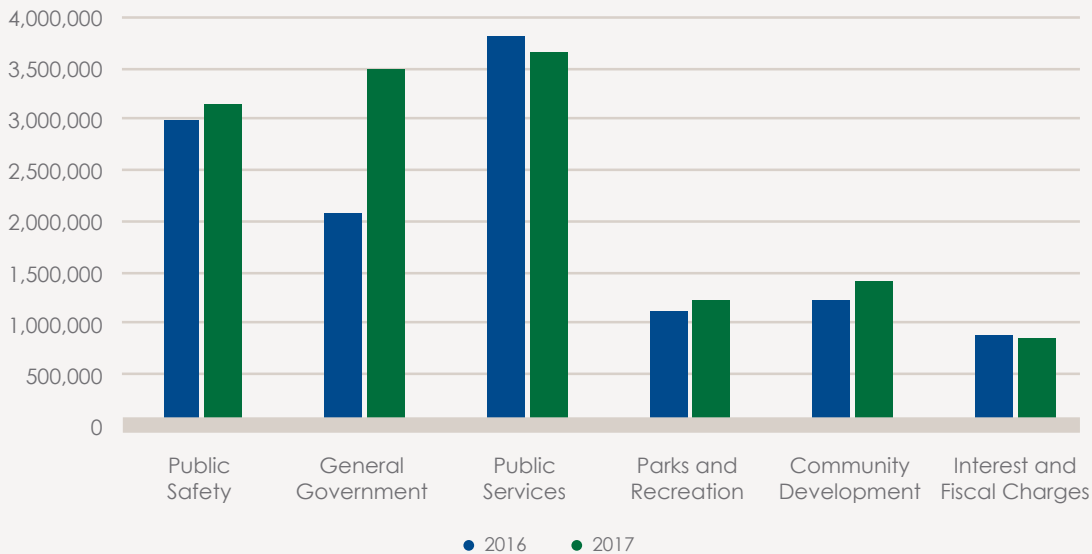
Government Wide Financial Statement (GWFS) Expenses

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 the 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, encompasses the majority of administrative expenses in the City including legal fees as well as interest and fiscal charges which represents interest paid on City debt.

Total Expenses - 2 Year Comparison



The large increase in general government expenses in 2017 is the result of very high legal fees and a legal settlement payout that occurred during the year.

Function	2016	2017
Public Safety	\$2,978,513	\$3,134,953
General Government	\$2,077,962	\$3,485,044
Public Services	\$3,807,186	\$3,653,607
Parks and Recreation	\$1,104,229	\$1,217,032
Community Development	\$1,230,203	\$1,405,839
Interest and Fiscal Charges	\$864,090	\$843,051
Total Expenses	\$12,062,183	\$13,739,526



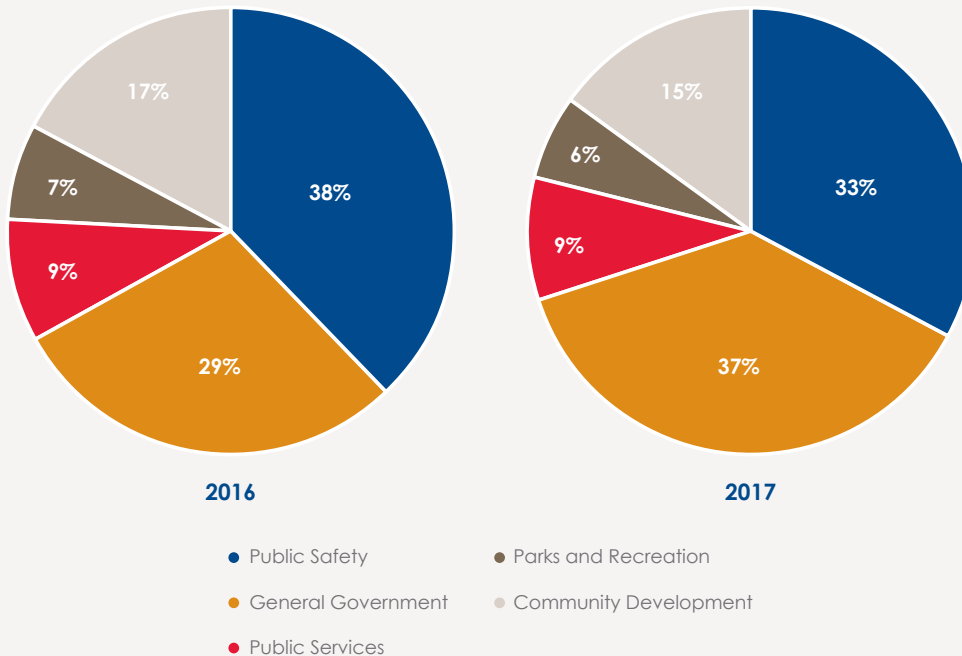
General Fund Analysis

The general fund is the City's primary operating fund. It accounts for the majority of all financial activity of the City including the departments listed in the expense chart below. In 2017, the General Fund accounted for 63.3% of the total governmental fund revenue and 45.3% of governmental fund expenditures. These numbers are presented using the modified accrual basis of accounting, which means that revenues are only accrued when measurable and available, in this case, within 30 days of year end.

Source	2016	2016 %	2017	2017 %
Income Tax	\$6,093,177	75.8%	\$6,032,579	74.1%
Property Tax	\$550,265	6.9%	\$592,806	7.3%
Intergovernmental	\$261,067	3.2%	\$263,649	3.2%
Licenses and Permits	\$978,546	12.2%	\$911,884	11.2%
Charges for Services	\$30,887	0.4%	\$46,718	0.6%
Fines and Forfeitures	\$4,334	0.1%	\$5,184	0.1%
Investment Earnings	\$46,962	0.6%	\$116,769	1.4%
Miscellaneous	\$62,658	0.8%	\$167,555	2.1%
Total	\$8,027,896	100.0%	\$8,137,144	100.0%

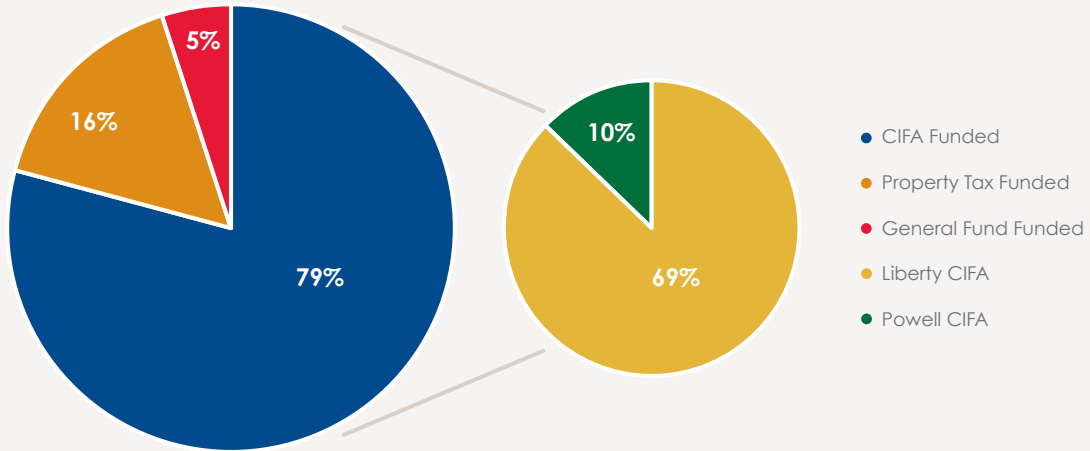
Over 90% of the City's General Fund revenue is derived from three sources: Income tax (74.1%), all of which go to the General Fund to support City operations, Fees Licenses and Permits (Development related revenue), and Property Tax make up another 18.5% of the revenue.

2016 and 2017 General Fund Expense by Function



The General Fund is the main operating fund of the City and pays almost all personnel costs of City employees, as well as day-to-day operating expenditures. Very little capital expenditures come from the General Fund. In 2017, General Government was the largest category of expenditures due to very high legal fees and a legal settlement. Public Safety was the next largest, which is the City's Police Department.

Outstanding Long Term Debt



In addition to the long term debt the City has one short term note outstanding in the amount of \$2,265,000 that will mature on August 8, 2018.

Funding Source	12/31/2017 Balance	12/31/2016 Balance	Maturity Date
Liberty CIFA	\$280,000	\$545,000	12/1/2018
Property Taxes	\$1,510,000	\$1,995,000	12/1/2020
Property Taxes	\$315,000	\$695,000	12/1/2020
Property Taxes	\$2,400,000	\$3,000,000	12/1/2022
General Fund	\$1,190,000	\$1,345,000	12/1/2024
Liberty CIFA	\$4,125,000	\$4,145,000	12/1/2029
Liberty CIFA	\$7,395,000	\$7,720,000	12/1/2032
Liberty CIFA	\$6,050,000	\$6,205,000	12/1/2036
Powell CIFA	\$2,615,000	\$2,725,000	12/1/2036

The City has two Community Infrastructure Financing Authorities (CIFA) within its boundaries - the Powell CIFA and Liberty CIFA. The CIFA collects 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.

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



Timeline of a Traffic Signal

When the City decides to do a capital project, we are often asked, what's taking so long? We thought we would try to illustrate the timeline of the installation of a traffic signal to show why projects take longer than someone might think to complete.



When the City does any capital improvement project, we need to be aware of all federal, state and local laws including environmental issues. If an environmental issue is discovered, that can delay any project for an unknown period of time. Another item of concern, anytime we reconstruct an intersection either for a traffic signal or just simple paving it must be in compliance with the Americans with Disabilities Act (ADA). This can drive up costs of engineering and design as well as materials if something special is needed to meet the federal regulations of the ADA.

As you can see, what might appear to be just a simple traffic signal can take anywhere from 13-30 months, or longer, to approve, engineer, design and construct. These time frames all assume that grant funds are not being used. Grants usually will delay the process even further, as they are sometimes not available for several years.



What's New in the City?

The City welcomed several new developments during 2017. We would like to highlight a few that had some significant impacts on the local infrastructure.

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

More homes continue to be added to the Verona subdivision, which was the site of the 2016 BIA Parade of Homes. The City worked closely with 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 their construction costs. This advance will be repaid through special assessments on the parcels located in the Verona subdivision over approximately 7 years.

Annexation of approximately 109 acres occurred during 2017; this will be the future Carpenter's Mill subdivision by Pulte Homes, which will bring 183 new homes to the City.

We also saw the construction completed on the second Powell Senior Living complex, which opened their doors officially in early 2018. This is the only independent living community in Powell.

2017 Capital Improvements

In 2017, the City saw the installation of a new traffic signal at the intersection of Grace Drive and SR 750, which is helping ease the congestion at the Olentangy and Liberty Street intersection.

We accomplished many park repairs and improvements including the basketball court at Adventure Park and tennis court resurfacing. There was also an addition of two pickleball courts at Library Park.

Additionally, we saw some improvements and additions to our bike paths throughout the City. Specifically, along North Liberty and Rutherford Road.

Other improvements and repairs completed in 2017 included repairs to several streets and more than 50 storm drain inlets.



Looking Ahead to 2018 Projects

In the spring of 2018, the City broke ground on the first phases of the new Seldom Seen Park.

Bids were also awarded in the spring for the installation of a traffic signal at the intersection of Grace Drive and Liberty Road. Construction should begin this summer.

There are several projects in the engineering phases that we are looking forward to; including improvements to the Liberty Road and Seldom Seen intersection, the Olentangy and Liberty Street intersection and improvements to Sawmill Parkway between Seldom Seen and Home Road.

We are looking forward to welcoming our new residents at Liberty Green, Carpenter's Mill and Powell Crossing; as well as our new businesses in the Armita Plaza and the building at 176 Olentangy Street, in the near future.

Citizen Financial Review Task Force

In January 2018, City Council appointed 18 residents to a Citizen Financial Review Task Force. This group was tasked with performing a comprehensive review of the City's finances by looking at revenue, expenses and capital needs as well as how to fund those capital needs. After several months of hard work, the group will be presenting their final recommendation on future capital needs funding to City Council in June of 2018. Information about the task force and their final report will be available on the City's website.





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 2017 the population was 13,204.

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 \$132,917, median age of the community was 37.4 years and the median home value was \$348,000 with an estimated 95.8% of homes in the City being owner occupied. In 2017 the unemployment rate in Delaware County was at 3.30%, well below the state and national rates; as it has been for at least the last ten years.