

City of Powell, Ohio

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018



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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

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 Powell, Ohio 43065
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Office Hours:

M - F, 8 am - 5 pm

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Dear Citizens of the City of Powell:

The City of Powell Finance Department is pleased to present to you the City's third Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2018. This report provides transparency to residents about where the City revenues come from and where those dollars are going. Additionally we have highlighted some of the economic development activity and capital improvements that we saw during 2018 and what to look forward to for 2019.

The financial information for this report has been taken from the 2018 City of Powell Comprehensive Annual Financial Report (CAFR). The CAFR consists of 180 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/2019/05/CAFR-2018.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 PAFR is intended 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
*Inactive 1/1/2019

Jessica N. Marquez, CPA
Assistant Finance Director

Awards & Achievements

12
years

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting CAFR

2006-2017
Applied for 2018

11
years

Government Finance Officers Association

Distinguished Budget Award

2008-2018
Applied for 2019

7
years

Ohio Auditor of State

Award with Distinction

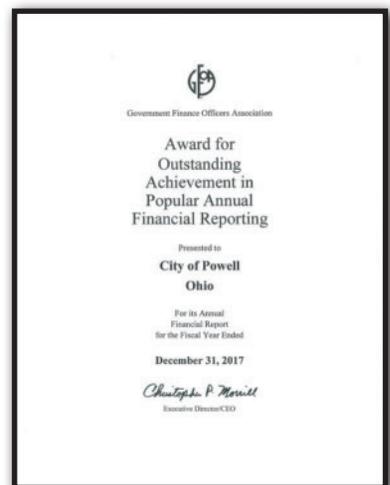
2011-2017
Anticipate receipt for 2018

2
years

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

2016-2017
Applied for 2018



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>

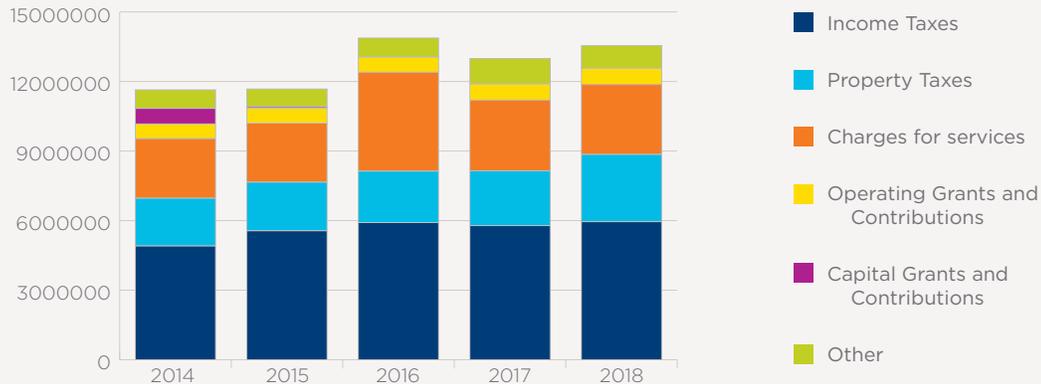


Where the Money Comes From...

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 five-year comparison of the city-wide revenue by source, and the following pages provide additional detail for the most significant sources of revenue.

Revenue Sources - 5 Year Comparison



Revenue Source	2014	2015	2016	2017	2018
Income Tax	\$4,904,132	\$5,561,386	\$5,915,685	\$5,785,260	\$5,954,083
Property Tax	\$2,060,181	\$2,095,337	\$2,218,408	\$2,326,209	\$2,898,012
Charges for Service	\$2,569,822	\$2,547,357	\$4,265,267	\$3,049,249	\$3,017,539
Operating Grants & Contributions	\$630,784	\$642,545	\$646,476	\$689,780	\$698,043
Capital Grants & Contributions	\$675,012	\$59,202	\$0	\$0	\$0
Other	\$799,948	\$769,176	\$829,144	\$1,099,832	\$977,420
Total	\$11,639,879	\$11,675,003	\$13,874,980	\$12,950,330	\$13,545,097

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 tax 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.

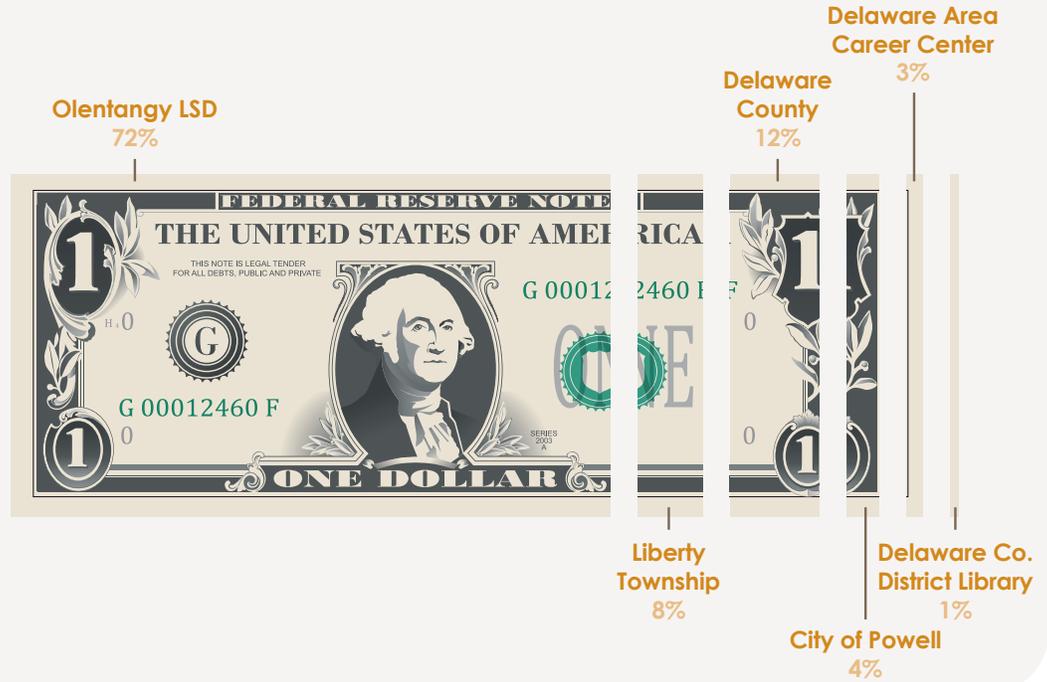
Understanding Property Taxes

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	\$1,668.33	City of Powell	\$87.56
Liberty Township	\$189.43	Delaware Area Career Center	\$70.14
Delaware County	\$269.34	Delaware Co. District Library	\$27.09

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 operating 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?

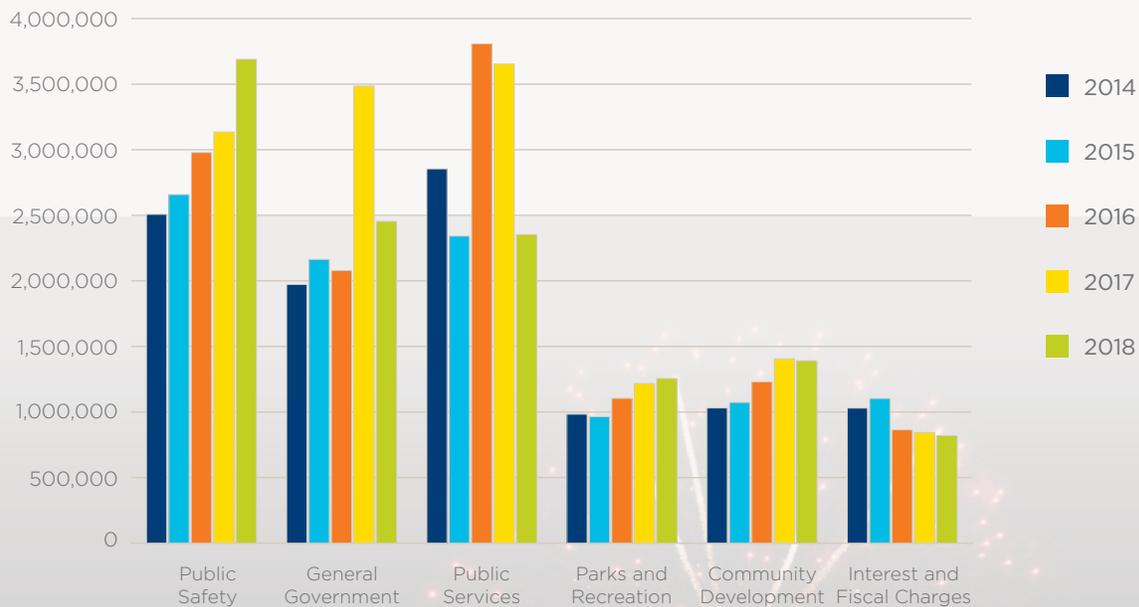
Government Wide Financial Statement (GWFS) Expenses

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 - 5 Year Comparison



The increase in public safety from 2017 is the result of implementing new accounting standards that resulted in an increased pension expense being reflected in 2018. The large increase in general government expenses in 2017 is the result of very high legal fees and a legal settlement payout that occurred. In 2016 and 2017 the public service expense spiked due to the City using bond funds to perform larger than normal street maintenance projects during those years.

Function	2014	2015	2016	2017	2018
Public Safety	\$2,507,080	\$2,657,872	\$2,978,513	\$3,134,953	\$3,689,223
General Government	\$1,972,267	\$2,162,996	\$2,077,962	\$3,485,044	\$2,453,269
Public Services	\$2,853,698	\$2,341,430	\$3,807,186	\$3,653,607	\$2,352,455
Parks & Recreation	\$983,404	\$964,346	\$1,104,229	\$1,217,032	\$1,255,890
Community Development	\$1,030,777	\$1,072,634	\$1,230,203	\$1,405,839	\$1,390,448
Interest & Fiscal Charges	\$1,029,951	\$1,102,804	\$864,090	\$843,051	\$819,584
Total Expenses	\$10,377,177	\$10,302,082	\$12,062,183	\$13,739,526	\$11,960,869

General Fund Analysis

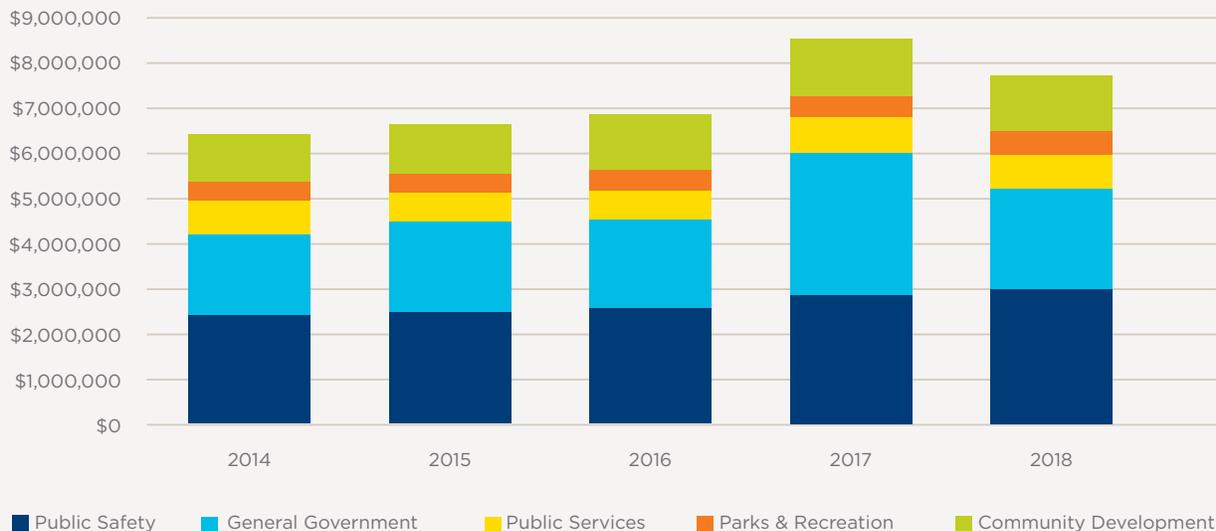
The general fund is the City's primary operating fund. It accounts for the majority of all the financial activity of the City including the departments listed in the expense chart below. In 2018, the General Fund accounted for 58.1% of the total governmental fund revenue and 64.7% of governmental fund expenditures.

General Fund Revenue by Source - 5 Year Comparison

Source	2014	2015	2016	2017	2018
Income Tax	\$4,948,747	\$5,462,810	\$6,093,177	\$6,032,579	\$5,808,300
Property Tax	\$510,885	\$540,502	\$550,265	\$592,806	\$601,220
Intergovernmental	\$253,684	\$280,361	\$261,067	\$263,649	\$281,616
Licenses and Permits	\$821,232	\$775,761	\$978,546	\$911,884	\$768,691
Charges for Services	\$51,247	\$44,558	\$30,887	\$46,718	\$39,776
Fines and Forfeitures	\$3,983	\$4,065	\$4,334	\$5,184	\$651
Investment Earnings	\$67,277	\$79,120	\$46,962	\$116,769	\$232,064
Miscellaneous	\$56,932	\$28,229	\$62,658	\$167,555	\$137,031
Total	\$6,713,987	\$7,215,406	\$8,027,896	\$8,137,144	\$7,869,349

Historically, over 90% of the City's General Fund revenue is derived from three sources; Income tax (74.1% in 2018), all of which goes 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 in 2018.

General Fund Expense by Function - 5 Year Comparison



The General Fund is the main operating fund of the City and pays almost all of the personnel costs of City employees, as well as day-to-day operating expenditures. Very little capital expenditures come from the General Fund. In 2018, Public safety remained as the largest category of expenditures, which was the City's police department; General Government is the next largest, which includes administration, Finance, Communications and legal services.

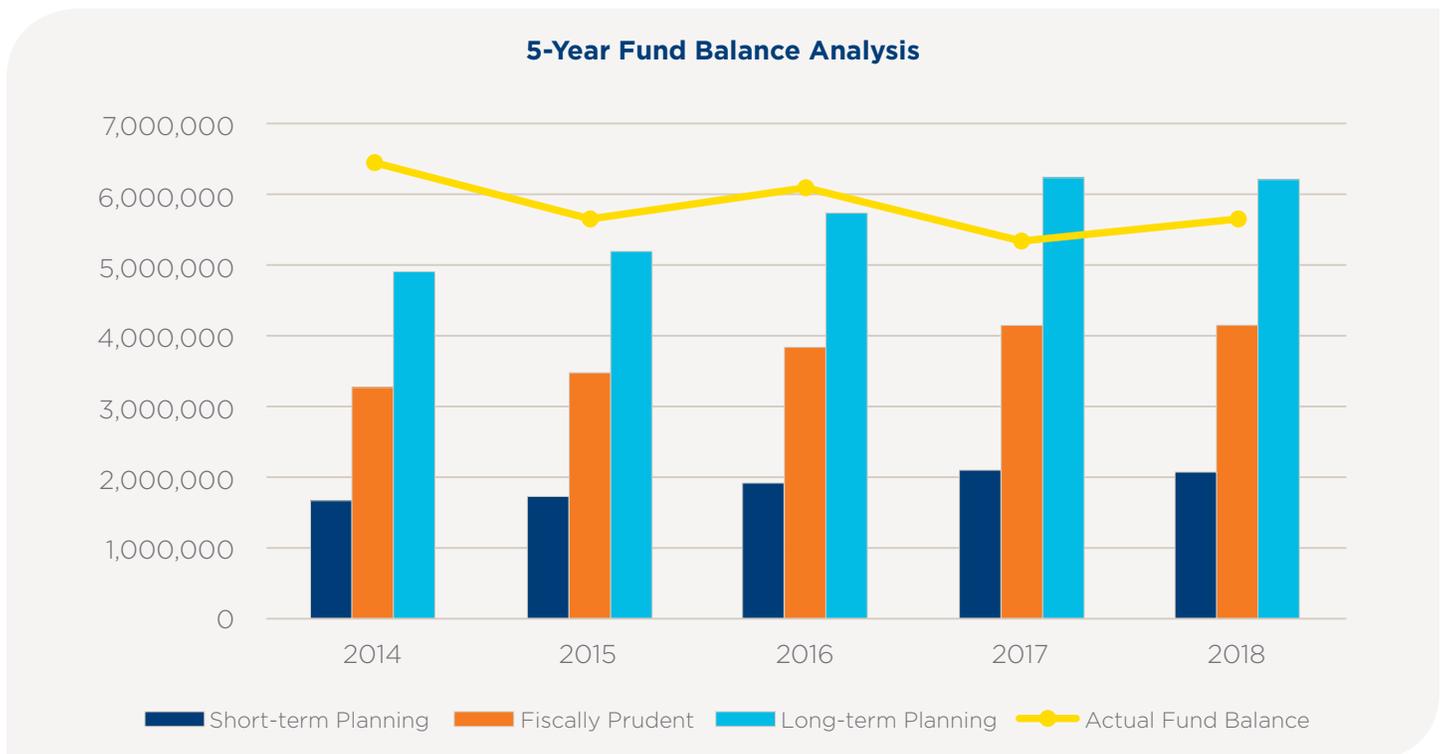
Fund Balance Analysis

General Fund

A large part of the annual budget process every year is to determine the fund balance available for spending if the anticipated revenue is not enough to adequately fund certain budget requests. At this point, the City looks to their Fund Balance Policy to determine if and how much can be spent without putting the City into financial difficulties. The City of Powell utilizes the term “fund balance” to describe or measure the financial resources available.

There are several categories of fund balance when referring to Generally Accepted Accounting Principles, but many of them represent different restrictions that are put on the funds. The City is most concerned about the Unassigned Fund Balance when looking at the budgeting process. The unassigned fund balance is the residual classification in the General Fund, the City’s main operating fund.

The City has developed guidelines to monitor the level of unassigned fund balance to assist in liquidity, smooth the timing of revenue collection and expenditures and to allow the City to work on long-term planning. Below is a chart showing the City’s fund balance goals to maintain the long-term planning range, and a comparison of where our actual fund balance has fallen for the last five years.

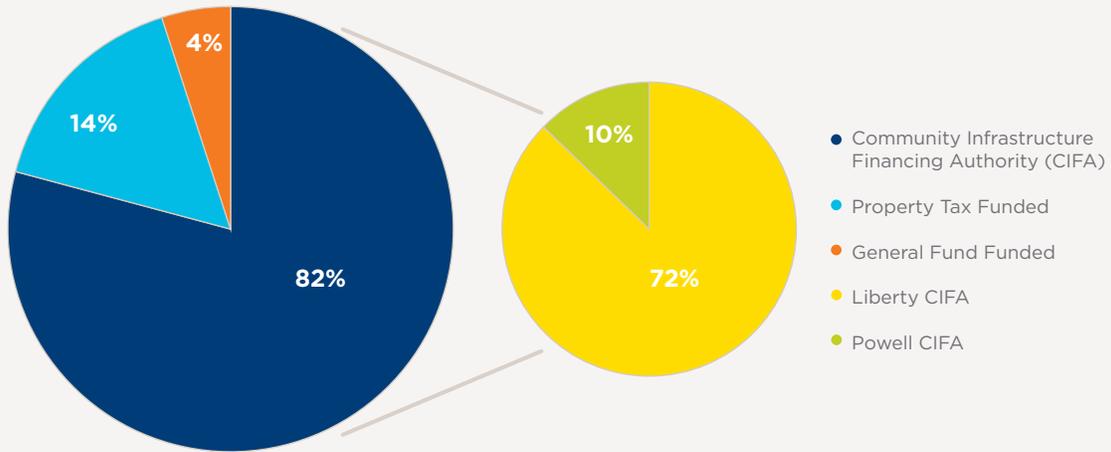


The City dipped below the long-term planning range in 2017 for the first time in many years, and is now in the fiscally prudent range. This means that the City should be using current revenues to pay for current operating and non-operating expenditures, but should not be investing in projects like those listed below until the fund balance has been rebuilt to the long-term planning range.

As you can see from the chart above, for many years, the City had been in a long-term planning range, which meant that our highest budget priority was to assist and encourage long-term growth and investment in the City. The City should be evaluating how much to distribute from the General Fund to various other City funds to encourage long-term growth and investment while remaining in the long-term planning range.

Examples of these sorts of investments in the past have been: the General Fund Advance to the Sawmill Corridor TIF fund to assist with the infrastructure and economic development agreements that was paid back to the General Fund over several years; the final amount was repaid to the General Fund during 2018. Also, the advance made to the Sanitary Sewer Fund to assist with the Verona subdivision infrastructure, which is being repaid to the General Fund, with interest, through special assessments to the property owners over approximately seven years.

Outstanding Long Term Debt



In addition to the long term debt the City has one short term note outstanding in the amount of \$2,330,000 that will mature on August 2, 2019.

Funding Source	12/31/2018 Balance	12/31/2017 Balance	Maturity Date
Property Taxes	\$1,015,000	\$1,510,000	12/1/2020
Property Taxes	\$115,000	\$315,000	12/1/2020
Property Taxes	\$2,100,000	\$2,400,000	12/1/2022
General Fund	\$1,035,000	\$1,190,000	12/1/2024
Liberty CIFA	\$4,105,000	\$4,125,000	12/1/2029
Liberty CIFA	\$7,050,000	\$7,395,000	12/1/2032
Liberty CIFA	\$5,905,000	\$6,050,000	12/1/2036
Powell CIFA	\$2,505,000	\$2,615,000	12/1/2036

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. This helps the City to keep the cost of borrowing as low as possible, and makes our debt more appealing to investors.



Capital Projects

What's New in the City?

The City welcomed several new **business** and many commercial and residential developments during 2018.

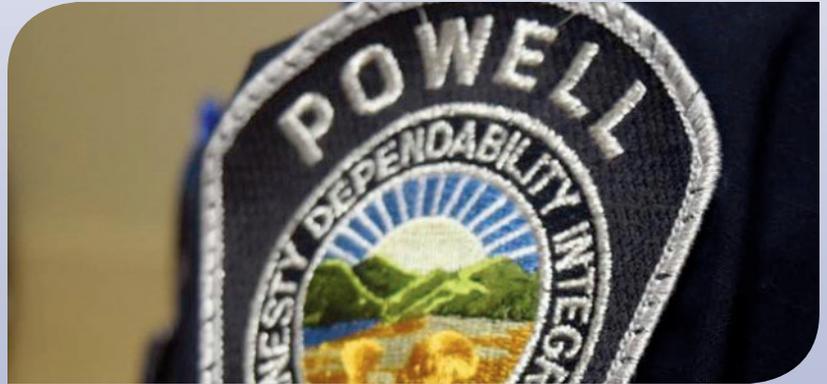
More homes continue to be added to the Verona subdivision, which was the site of the 2016 BIA Parade of Homes. The City worked closely with developers to get the proper sewer lines constructed to allow for this upscale development to occur. The City used this opportunity to invest in ourselves by advancing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

Construction began on Carpenter's Mill, the Pulte subdivision located off **of** Steitz Road. We also saw progress made on the Center at Powell Crossing along Olentangy Street as well as Liberty Green and Weichert Realtors on Liberty Street. Finally, we saw the addition of several new businesses at the building at 176 Olentangy Street and throughout the downtown area.



2018 Capital Improvements

In 2018, the City saw the installation of a new traffic signal at the intersection of Grace Drive and Liberty Street, which began operating in early 2019, and is designed to ease the flow of traffic coming off Grace Drive as well as coming into the downtown corridor. Construction also began on the City's ninth park, Seldom Seen Park, a 23-acre active park site along the north side of Seldom Seen Road west of the rail-road tracks. The new park is on track to open later this year and will feature several athletic fields, multiuse paths, an extensive wetland area and a natural playground.



Looking Ahead to 2019 Projects

Bids were awarded in early 2019 for some improvements to be made to the Olentangy Street and Liberty Street intersection later this year.

We have a few projects still in the engineering phases, including the repaving of Sawmill Road between Seldom Seen Road and Home Road, which will be funded largely by a grant that has been awarded to the City.

We will be seeing changes in department leadership within the City as well. In May, Police Chief Gary Vest will be retiring after 23 years of service to the City of Powell; and in July, Debra Miller will be retiring as Finance Director after 14 years of service to the City. We would like to thank both Gary and Debra for their dedicated service to the City of Powell. Their contributions to the City have been tremendous and will be seen for years to come. We would like to congratulate and wish them both well in their retirements.





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 13,153.

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 household 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. In 2018 the unemployment rate in Delaware County was at 3.70%, well below the state and national rates, as it has been for at least the last ten years.