



**VILLAGE OF POWELL
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF POWELL
DELAWARE COUNTY

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Powell
Delaware County
47 Hall Street
Powell, Ohio 43065

To the Village Council:

We have audited the accompanying financial statements of the Village of Powell, Delaware County, Ohio, (the Village) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Powell, Delaware County, as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

September 6, 2001

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**VILLAGE OF POWELL
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$1,990,976	\$38,611	\$247,354	\$0	\$2,276,941
Intergovernmental Receipts	518,489	189,527	32,712	0	740,728
Charges for Services	3,600	0	0	0	3,600
Fines, Licenses, and Permits	382,046	700	0	53,970	436,716
Earnings on Investments	115,995	4,123	3,583	168,251	291,952
Miscellaneous	64,043	50,894	1,877	150	116,964
Total Cash Receipts	<u>3,075,149</u>	<u>283,855</u>	<u>285,526</u>	<u>222,371</u>	<u>3,866,901</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	819,796	37,208	0	0	857,004
Leisure Time Activities	29,377	46,387	0	0	75,764
Community Environment	304,324	0	0	0	304,324
Transportation	358,343	259,632	0	0	617,975
General Government	593,193	0	1,519	0	594,712
Debt Service:					
Principal Payments	0	0	2,908,002	0	2,908,002
Interest Payments	0	0	346,721	0	346,721
Capital Outlay	0	97,319	0	1,436,695	1,534,014
Total Disbursements	<u>2,105,033</u>	<u>440,546</u>	<u>3,256,242</u>	<u>1,436,695</u>	<u>7,238,516</u>
Total Receipts Over/(Under) Disbursements	<u>970,116</u>	<u>(156,691)</u>	<u>(2,970,716)</u>	<u>(1,214,324)</u>	<u>(3,371,615)</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes	0	0	0	2,571,501	2,571,501
Transfers-In	0	0	275,120	646,640	921,760
Transfers-Out	(921,760)	0	0	0	(921,760)
Total Other Financing Receipts/(Disbursements)	<u>(921,760)</u>	<u>0</u>	<u>275,120</u>	<u>3,218,141</u>	<u>2,571,501</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>48,356</u>	<u>(156,691)</u>	<u>(2,695,596)</u>	<u>2,003,817</u>	<u>(800,114)</u>
Fund Cash Balances, January 1	<u>1,368,974</u>	<u>651,169</u>	<u>2,764,814</u>	<u>658,795</u>	<u>5,443,752</u>
Fund Cash Balances, December 31	<u>\$1,417,330</u>	<u>\$494,478</u>	<u>\$69,218</u>	<u>\$2,662,612</u>	<u>\$4,643,638</u>
Reserves for Encumbrances, December 31	<u>\$114,988</u>	<u>\$195,537</u>	<u>\$0</u>	<u>\$341,605</u>	<u>\$652,130</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF POWELL
DELAWARE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Agency</u>
Operating Cash Receipts:	
Fines, Licences, and Permits	\$35,409
Miscellaneous	<u>0</u>
Total Operating Cash Receipts	<u>35,409</u>
Operating Cash Disbursements:	
Contractual Services	42,631
Miscellaneous	<u>2,108</u>
Total Operating Cash Disbursements	<u>44,739</u>
Operating Income/(Loss)	<u>(9,330)</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	<u>2,422</u>
Total Non-Operating Cash Receipts	<u>2,422</u>
Net Receipts Over/(Under) Disbursements	(6,908)
Fund Cash Balances, January 1	<u>33,059</u>
Fund Cash Balances, December 31	<u><u>\$26,151</u></u>
Reserve for Encumbrances, December 31	<u><u>\$128</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF POWELL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Powell, Delaware County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. All such powers shall be exercised in the manner prescribed in its Charter, or, to the extent that the manner is not prescribed, in such manner as shall be provided by ordinance or resolution of the Council. The Village is directed by a publicly-elected seven-member Council. The Village provides general governmental services, park operations (leisure time activities), and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

VILLAGE OF POWELL
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Road Connection Note Fund - This fund receives tax money to extinguish notes issued for the construction of connecting roads within the Village.

1997 Land Acquisition Bonds Fund - This fund receives tax money to extinguish bonds issued for the purchase of land by the Village.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Capital Improvement Fund - This fund receives fines, licenses, and permits as well as interest revenue for the construction of projects within the Village.

5. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Engineering Inspections Fund - This fund receives resources from developers which is paid out to engineers employed to inspect various sections in the new developments.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

VILLAGE OF POWELL
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations (Continued)

The Village had expenditures significantly exceeding appropriations in violation of Ohio law in the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	1999
Demand deposits	\$ (29,019)
Certificates of deposit	<u>778,218</u>
Total deposits	<u>749,199</u>
STAR Ohio	<u>3,920,590</u>
Total investments	<u>3,920,590</u>
Total deposits and investments	<u><u>\$ 4,669,789</u></u>

**VILLAGE OF POWELL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,088,934	\$ 3,075,149	\$ (13,785)
Special Revenue	227,777	283,855	56,078
Debt Service	559,253	560,646	1,393
Capital Projects	3,515,539	3,440,512	(75,027)
Fiduciary	55,323	54,342	(981)
Total	\$ 7,446,826	\$ 7,414,504	\$ (32,322)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,635,222	\$ 3,141,781	\$ (506,559)
Special Revenue	491,248	636,083	(144,835)
Debt Service	3,069,281	3,256,242	(186,961)
Capital Projects	901,980	1,778,300	(876,320)
Fiduciary	69,500	61,378	8,122
Total	\$ 7,167,231	\$ 8,873,784	\$ (1,706,553)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

VILLAGE OF POWELL
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

4. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Bonds, Series 1997A	\$ 2,595,000	7.10%
Various Purpose Bonds, Series 1997B	615,000	5.75%
General Obligation Bonds - Road Improvement	2,510,000	3.20%
General Obligation Notes - Building Renovation	<u>375,000</u>	5.15%
Total	<u>\$ 6,095,000</u>	

General Obligation Bonds - Various Purpose Bonds, Series 1997A: the proceeds from these bonds were used for the refunding of the Street Improvement Bonds, which were utilized for improving streets within the Village, as well as the Land Acquisition Bonds, which were utilized for the acquisition of land by the Village. The bonds were issued in 1997 for 25 years and the final payment is due in 2022.

General Obligation Bonds - Various Purpose Bonds, Series 1997B: the proceeds from these general obligation bonds were used for the refunding of the Capital Improvement Bonds, which were utilized to renovate the new municipal building, as well as the Road Improvement Bonds, which were utilized for improving streets within the Village. The bonds were issued in 1997 for 13 years and the final payment is due in 2010.

General Obligation Bonds - Road Improvement: the proceeds from these bonds were used for the refunding of the Twenty Year Road Improvement Note which was utilized for road improvements throughout the Village. The bonds were issued in 1999 for 20 years and the final payment is due in 2018.

Bond Anticipation Note - Building Renovation: the proceeds from this issue were used for the renovation and improvement of the Powell structural building in connection with the Village Green renovation project. The note was issued in 1998 for 3 years and the final payment is due in 2001.

**VILLAGE OF POWELL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Various Purpose Bonds, Series 1997A	General Obligation Various Purpose Bonds, Series 1997B	General Obligation Bonds - Road Improvement	Bond Anticipation Notes - Building Renovation
2000	\$ 216,513	\$ 78,933	\$ 201,803	\$ 199,549
2001	216,898	76,345	198,913	194,893
2002	216,928	73,758	200,853	0
2003	216,603	71,170	202,523	0
2004	215,923	73,583	203,960	0
Subsequent	<u>3,385,125</u>	<u>460,083</u>	<u>2,865,196</u>	<u>0</u>
Total	<u>\$ 4,467,990</u>	<u>\$ 833,872</u>	<u>\$ 3,873,248</u>	<u>\$ 394,442</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village is a member of the Ohio Municipal League Equity Pooling Workers' Compensation Group Rating Plan, an insurance purchasing pool.

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Powell
Delaware County
47 Hall Street
Powell, Ohio 43065

To the Village Council:

We have audited the accompanying financial statements of the Village of Powell, Delaware County, Ohio (the Village), as of and for the year ended December 31, 1999, and have issued our report thereon dated September 6, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30621-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 6, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 6, 2001.

Village of Powell
Delaware County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

September 6, 2001

VILLAGE OF POWELL
DELAWARE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Material Noncompliance

FINDING NUMBER 1999-30621-001

Section 5705.41(B), Ohio Revised Code, states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village Council did approve all amendments to appropriations. The lack of proper approval of these amendments, lead to expenditures exceeding appropriations in the following:

Fund Type	Appropriation	Expenditure	Variance
General	\$2,635,222	\$3,141,781	(\$506,559)
Special Revenue	491,248	636,083	(144,835)
Debt Service	3,069,281	3,256,242	(186,961)
Capital Projects	901,980	1,778,300	(876,320)

We recommend the Village ensure that expenditures do not exceed appropriations at any time during the year or at year end. If appropriations are insufficient, the Finance Director should submit requests for amended appropriations to Council for their consideration.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF POWELL

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2001**