



**VILLAGE OF POWELL
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF POWELL
DELAWARE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general purpose financial statements of the Village of Powell, Delaware County, Ohio (the Village) as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 3, certain changes in accounting policies and financial reporting practices were made to present the financial statements in conformity with accounting principles generally accepted in the United States of America. Such changes were adopted effective January 1, 2000 and to implement those changes, adjustments were made to restate fund balances as of that date.

The general purpose financial statements referred to above do not include the General Fixed Assets Account Group, which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the General Fixed Assets Account Group is not known.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Powell, Delaware County, Ohio, as of December 31, 2000, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

JIM PETRO
Auditor of State

September 6, 2001

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Village of Powell
 Combined Balance Sheet
 All Fund Types and Account Group
 December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,886,605	\$514,351	\$26,069	\$2,035,684
Receivables:				
Property Taxes	232,699	0	396,701	0
Municipal Income Taxes	192,404	0	0	0
Accounts	17,318	61,956	0	5,065
Intergovernmental	549,730	20,352	0	0
Accrued Interest	17,182	126	0	580
Prepaid Items	16,162	54	0	0
<u>Other Debits</u>				
Amount to be Provided from General Governmental Resources	0	0	0	0
Amount Available in Debt Service Funds for Retirement of General Obligation Bonds	0	0	0	0
Total Assets and Other Debits	<u>\$2,912,100</u>	<u>\$596,839</u>	<u>\$422,770</u>	<u>\$2,041,329</u>
<u>Liabilities, Fund Equity, and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$49,971	\$4,767	\$0	\$0
Contracts Payable	471	4,244	0	115,431
Accrued Wages Payable	51,883	0	0	0
Retainage Payable	0	0	0	60,222
Intergovernmental Payable	33,890	1,642	0	0
Deferred Revenue	380,579	0	396,701	0
Undistributed Assets	0	0	0	0
Accrued Interest Payable	0	0	0	815
Notes Payable	0	0	0	190,000
Compensated Absences Payable	7,108	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>523,902</u>	<u>10,653</u>	<u>396,701</u>	<u>366,468</u>
<u>Fund Equity</u>				
Fund Balance:				
Reserved for Encumbrances	133,437	47,644	0	1,167,215
Unreserved	2,254,761	538,542	26,069	507,646
Total Fund Equity	<u>2,388,198</u>	<u>586,186</u>	<u>26,069</u>	<u>1,674,861</u>
Total Liabilities and Fund Equity	<u>\$2,912,100</u>	<u>\$596,839</u>	<u>\$422,770</u>	<u>\$2,041,329</u>

See Accompanying Notes to the General Purpose Financial Statements

Fiduciary Fund Type <u>Agency</u>	Account Group General Long - Term Obligations	Total (Memorandum Only)
\$38,949	\$0	\$4,501,658
0	0	629,400
0	0	192,404
0	0	84,339
0	0	570,082
0	0	17,888
0	0	16,216
0	5,591,776	5,591,776
0	26,069	26,069
<u>\$38,949</u>	<u>\$5,617,845</u>	<u>\$11,629,832</u>
\$0	\$0	\$54,738
0	0	120,146
0	0	51,883
0	0	60,222
0	43,732	79,264
0	0	777,280
38,949	0	38,949
0	0	815
0	0	190,000
0	49,113	56,221
0	5,525,000	5,525,000
<u>38,949</u>	<u>5,617,845</u>	<u>6,954,518</u>
0	0	1,348,296
0	0	3,327,018
0	0	4,675,314
<u>\$38,949</u>	<u>\$5,617,845</u>	<u>\$11,629,832</u>

Village of Powell
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2000

	Governmental Fund Types			Capital Projects	Total (Memorandum Only)
	General	Special Revenue	Debt Service		
<u>Revenues</u>					
Property Taxes	\$207,289	\$0	\$326,480	\$0	\$533,769
Municipal Income Taxes	2,011,942	0	0	0	2,011,942
Other Local Taxes	0	44,012	0	0	44,012
Intergovernmental	759,616	188,880	44,711	0	993,207
Charges for Services	5,087	51,555	0	0	56,642
Fees, Licenses, and Permits	361,790	0	0	31,930	393,720
Fines and Forfeitures	8,983	758	0	0	9,741
Interest	116,384	25,370	10,381	154,507	306,642
Miscellaneous	19,602	87,851	0	67,179	174,632
Total Revenues	3,490,693	398,426	381,572	253,616	4,524,307
<u>Expenditures</u>					
Current:					
Security of Persons and Property	824,042	44,500	0	0	868,542
Leisure Time Activities	82,237	73,765	0	0	156,002
Community Environment	334,623	18,800	0	0	353,423
Transportation	336,488	215,749	0	0	552,237
General Government	646,061	0	6,574	0	652,635
Capital Outlay	0	0	0	1,065,764	1,065,764
Debt Service:					
Principal Retirement	0	0	195,000	0	195,000
Interest and Fiscal Charges	0	0	302,247	13,770	316,017
Total Expenditures	2,223,451	352,814	503,821	1,079,534	4,159,620
Excess of Revenues Over (Under) Expenditures	1,267,242	45,612	(122,249)	(825,918)	364,687
<u>Other Financing Sources (Uses)</u>					
Operating Transfers - In	0	60,000	79,100	322,602	461,702
Operating Transfers - Out	(461,702)	0	0	0	(461,702)
Total Other Financing Sources (Uses)	(461,702)	60,000	79,100	322,602	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	805,540	105,612	(43,149)	(503,316)	364,687
Fund Balances at Beginning of Year - Restated Note 3	1,582,658	480,574	69,218	2,178,177	4,310,627
Fund Balances at End of Year	\$2,388,198	\$586,186	\$26,069	\$1,674,861	\$4,675,314

See Accompanying Notes to the General Purpose Financial Statements

Village of Powell
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Budget (Non-GAAP Budgetary Basis) and Actual
 All Governmental Fund Types
 For the Year Ended December 31, 2000

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property Taxes	\$210,509	\$207,289	(\$3,220)	\$0	\$0	\$0
Municipal Income Taxes	2,000,000	2,070,167	70,167	0	0	0
Other Local Taxes	0	0	0	45,700	44,012	(1,688)
Intergovernmental	342,042	371,718	29,676	194,100	192,955	(1,145)
Charges for Services	7,150	5,197	(1,953)	61,696	12,859	(48,837)
Fees, Licenses, and Permits	327,732	371,739	44,007	0	0	0
Fines and Forfeitures	8,000	8,983	983	1,000	663	(337)
Interest	80,000	104,340	24,340	2,800	25,244	22,444
Miscellaneous	25,000	20,799	(4,201)	88,090	64,591	(23,499)
Total Revenues	3,000,433	3,160,232	159,799	393,386	340,324	(53,062)
Expenditures						
Current:						
Security of Persons and Property	983,951	887,751	96,200	46,430	44,500	1,930
Leisure Time Activities	124,365	110,238	14,127	239,268	116,346	122,922
Community Environment	376,706	344,595	32,111	168,800	19,740	149,060
Transportation	375,914	342,446	33,468	298,969	255,450	43,519
General Government	786,152	711,959	74,193	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	2,647,088	2,396,989	250,099	753,467	436,036	317,431
Excess of Revenues Over (Under) Expenditures	353,345	763,243	409,898	(360,081)	(95,712)	264,369
Other Financing Sources (Uses)						
Advances - Out	(14,410)	0	14,410	0	0	0
Operating Transfers - In	0	0	0	60,000	60,000	0
Operating Transfers - Out	(461,702)	(461,702)	0	0	0	0
Total Other Financing Sources (Uses)	(476,112)	(461,702)	14,410	60,000	60,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(122,767)	301,541	424,308	(300,081)	(35,712)	264,369
Fund Balances at Beginning of Year	1,302,660	1,302,660	0	298,941	298,941	0
Prior Year Encumbrances Appropriated	114,670	114,670	0	195,537	195,537	0
Fund Balances at End of Year	\$1,294,563	\$1,718,871	\$424,308	\$194,397	\$458,766	\$264,369

See Accompanying Notes to the General Purpose Financial Statements

(continued)

Village of Powell
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Budget (Non-GAAP Budgetary Basis) and Actual
 All Governmental Fund Types
 For the Year Ended December 31, 2000
 (continued)

	Debt Service Funds			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property Taxes	\$331,551	\$326,480	(\$5,071)	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	0	0
Other Local Taxes	0	0	0	0	0	0
Intergovernmental	37,805	44,711	6,906	0	0	0
Charges for Services	0	0	0	0	0	0
Fees, Licenses, and Permits	0	0	0	61,000	31,930	(29,070)
Fines and Forfeitures	0	0	0	0	0	0
Interest	2,000	10,381	8,381	81,500	153,927	72,427
Miscellaneous	0	0	0	60,000	62,114	2,114
Total Revenues	371,356	381,572	10,216	202,500	247,971	45,471
Expenditures						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	6,600	6,574	26	0	0	0
Capital Outlay	0	0	0	2,721,496	2,280,598	440,898
Debt Service:						
Principal Retirement	195,000	195,000	0	185,000	185,000	0
Interest and Fiscal Charges	302,510	302,247	263	14,550	14,549	1
Total Expenditures	504,110	503,821	289	2,921,046	2,480,147	440,899
Excess of Revenues Over (Under) Expenditures	(132,754)	(122,249)	10,505	(2,718,546)	(2,232,176)	486,370
Other Financing Sources (Uses)						
Advances - Out	0	0	0	0	0	0
Operating Transfers - In	79,100	79,100	0	322,602	322,602	0
Operating Transfers - Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	79,100	79,100	0	322,602	322,602	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(53,654)	(43,149)	10,505	(2,395,944)	(1,909,574)	486,370
Fund Balances at Beginning of Year	69,218	69,218	0	2,332,920	2,332,920	0
Prior Year Encumbrances Appropriated	0	0	0	329,692	329,692	0
Fund Balances at End of Year	\$15,564	\$26,069	\$10,505	\$266,668	\$753,038	\$486,370

See Accompanying Notes to the General Purpose Financial Statements

Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$542,060	\$533,769	(\$8,291)
2,000,000	2,070,167	70,167
45,700	44,012	(1,688)
573,947	609,384	35,437
68,846	18,056	(50,790)
388,732	403,669	14,937
9,000	9,646	646
166,300	293,892	127,592
173,090	147,504	(25,586)
<u>3,967,675</u>	<u>4,130,099</u>	<u>162,424</u>
1,030,381	932,251	98,130
363,633	226,584	137,049
545,506	364,335	181,171
674,883	597,896	76,987
792,752	718,533	74,219
2,721,496	2,280,598	440,898
380,000	380,000	0
<u>317,060</u>	<u>316,796</u>	<u>264</u>
<u>6,825,711</u>	<u>5,816,993</u>	<u>1,008,718</u>
<u>(2,858,036)</u>	<u>(1,686,894)</u>	<u>1,171,142</u>
(14,410)	0	14,410
461,702	461,702	0
<u>(461,702)</u>	<u>(461,702)</u>	<u>0</u>
<u>(14,410)</u>	<u>0</u>	<u>14,410</u>
(2,872,446)	(1,686,894)	1,185,552
4,003,739	4,003,739	0
<u>639,899</u>	<u>639,899</u>	<u>0</u>
<u>\$1,771,192</u>	<u>\$2,956,744</u>	<u>\$1,185,552</u>

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Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - DESCRIPTION OF THE VILLAGE OF POWELL AND THE REPORTING ENTITY

A. The Village

The Village of Powell (the Village) is a home rule municipal corporation established and operated under the laws of the State of Ohio. Powell was incorporated as a village in 1947.

The Village operates under a mayor-council form of government. Legislative power is vested in a seven member Village Council, each elected to four-year terms. The Mayor is selected from the Village Council members by a majority vote and serves a two-year term as President of Village Council. The Village Council appoints a Municipal Manger who serves as the chief executive officer of the Village. All Village officials, with the exception of the Village Council members are appointed positions.

The Village is divided into various departments and financial management and control systems. Services provided include police protection, parks and recreation, and street maintenance and repair as well as a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the Village Council through the budgetary process and by the Municipal Manger through administrative and managerial requirements and procedures.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Village of Powell consists of all funds, departments, boards, and agencies that are not legally separate from the Village.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to influence significantly the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the Village of Powell in 2000.

The Village is associated with an insurance pool, the Ohio Municipal League Equity Workers' Compensation Group Rating Plan. This organization is presented in Note 17 to the combined financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Fund Accounting

The Village uses funds and an account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Village functions or activities.

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the Village are grouped into the following generic fund types under the broad fund categories of governmental and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Village are financed. The acquisition, use, and balances of the Village's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the Village's governmental fund types:

General Fund

The General fund is the general operating fund of the Village. It is used to account for all financial resources, except those required to be accounted for in another fund. The General fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) whose use is restricted. The use and limitation of each special revenue fund is specified by Village ordinances or federal and state statutes.

Debt Service Funds

The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

The capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

Fiduciary Fund Type

Fiduciary funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Village's fiduciary funds are agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Group

To make a clear distinction between long-term liabilities related to a specific fund and those of a general nature, the following account group is used:

General Long-Term Obligations Account Group

The general long-term obligations account group is used to account for all unmatured long-term obligations of the Village.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the Village is thirty-one days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes withheld by employers, intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance), reimbursements due from federally funded projects for which corresponding expenditures have been made, charges for current services, fines and forfeitures, and earnings on investments. Other revenues, including income taxes other than those withheld by employers, fees, licenses, and permits, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The Village reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminable and which are not intended to finance 2000 operations, have been recorded as deferred revenue.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available expendable resources rather than in the period earned by employees. Allocations of cost are not recognized in the governmental funds.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

Estimated Resources

The County Budget Commission reviews the estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the Village must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate of estimated resources may be further amended during the year if the Village Clerk determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended official certificate of estimated resources issued during 2000.

Appropriations

A temporary appropriations ordinance to control the level of expenditures for all funds may be passed on or about January 1 of each year, for the period January 1 to March 31. An annual appropriations ordinance must be passed by April 1 of each year, for the period January 1 to December 31. Appropriations may not exceed estimated resources as established in the amended official certificate of estimated resources. The allocation of appropriations among departments and objects within a fund may be modified during the year with Village Council approval. Several appropriation ordinances were legally enacted by the Village Council during the year. The budget figures which appear in the statements of budgetary comparisons represent the appropriated budget amounts and all supplemental appropriations.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgeted Level of Expenditures

Administrative control is maintained through the establishment of detailed line-item budgets. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by the Village Council. For all funds, council appropriations are made to personal services, operating expenses, capital equipment, debt retirement, and transfer accounts for each department. The appropriations set by the Village Council must remain fixed unless amended by Village Council resolution. More detailed appropriation allocations may be made by the Village Clerk as long as the allocations are within the Village Council's appropriated amount.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balance for subsequent-year expenditures for governmental fund types.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding year and are not reappropriated.

D. Cash and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Village records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Repurchase agreements and non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2000.

The Village allocates interest to various funds. Interest revenue credited to the General fund during 2000 was \$116,384, which includes \$2,933 assigned from other Village funds.

For presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Village are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

F. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Village will compensate the employees for the benefits through paid time off or some other means. The Village records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Village has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in Village policies or by union contracts. The Village records a liability for accumulated unused sick leave for all employees with ten or more years of service.

For governmental fund types, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

G. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, contractually required pension contributions and compensated absences that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than thirty-one days after year end are considered not to have used current available expendable resources. Bonds are reported as liabilities in the general long-term obligations account group until due.

H. Reserves of Fund Equity

The Village records reservations for portions of fund balance that are segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred.

J. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. Interfund transfers are reported as operating transfers.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

L. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

For the year ended December 31, 2000, the Village has presented for the first time financial statements by fund type and account group in accordance with generally accepted accounting principles. This change required that certain adjustments be recorded to the January 1, 2000, fund balances as previously reported to reflect the prior year's effect of adopting these new accounting principles.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY
(continued)

The restatements to the opening fund balances were as follows:

Fund Type/Fund	Previously Stated Balance 12/31/99	Adjustments	Restated Balance 1/1/00
Governmental			
General	\$1,302,660	\$279,998	\$1,582,658
Special Revenue	298,941	181,633	480,574
Debt Service	69,218	0	69,218
Capital Projects	2,332,920	(154,743)	2,178,177
Fiduciary			
Agency	38,949	(38,949)	0

NOTE 4 - ACCOUNTABILITY

The Building Renovation capital projects fund had a deficit fund balance, in the amount of \$186,744, which was caused by the requirement to report bond anticipation notes in the fund receiving the note proceeds. The deficit will be alleviated when the notes are paid.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for the governmental fund types (GAAP basis).

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

4. Proceeds from and principal payments on bond anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types			
	General	Special Revenue	Capital Projects
GAAP Basis	\$805,540	\$105,612	(\$503,316)
<u>Increases (Decreases) Due To</u>			
Revenue Accruals:			
Accrued 1999, Received in Cash 2000	298,293	24,332	0
Accrued 2000, Not Yet Received in Cash	(628,754)	(82,434)	(5,645)
Expenditure Accruals:			
Accrued 1999, Paid in Cash 2000	(132,965)	(38,236)	(86,136)
Accrued 2000, Not Yet Paid in Cash	143,323	10,653	153,169
Prepaid Items	(16,162)	(54)	0
Note Principal Retirement	0	0	(185,000)
Encumbrances Outstanding at Year End (Budget Basis)	(167,734)	(55,585)	(1,282,646)
Budget Basis	\$301,541	(\$35,712)	(\$1,909,574)

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Village Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Village Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and
3. Obligations of the Village.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$143 in undeposited cash on hand which is included on the combined balance sheet of the Village as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At year end, the carrying amount of the Village's deposits was \$863,928 and the bank balance was \$902,736. Of the bank balance, \$123,618 was covered by federal depository insurance and \$779,118 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

The Village's investments are categorized to give an indication of the level of risk assumed by the Village at year end. Category 1 includes investments that are insured or registered for which the securities are held by the Village or the Village's agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Village's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$190,000	\$190,000	\$190,029
STAR Ohio		3,447,587	3,447,587
		\$3,637,587	\$3,637,616

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$4,501,658	\$0
Cash on Hand	(143)	
Investments:		
Repurchase Agreements	(190,000)	190,000
STAR Ohio	(3,447,587)	3,447,587
GASB Statement No. 3	\$863,928	\$3,637,587

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Real property tax revenues received in 2000 represent the collection of 1999 taxes. For 2000, real property taxes were levied after October 1, 2000, on the assessed values as of January 1, 2000, the lien date. These taxes will be collected in and are intended to finance 2001 operations. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes were levied after October 1, 2000, on the assessed values as of December 31, 1999, the lien date. These taxes will be collected in and are intended to finance 2001 operations. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2000 (other than public utility property) represent the collection of 2000 taxes. For 2000, tangible personal property taxes were levied after October 1, 1999, on the true value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Village of Powell. The County Auditor periodically remits to the Village its portion of the taxes collected.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 7 - PROPERTY TAXES (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2000 operations.

The full tax rate for all Village operations for the year ended December 31, 2000, was \$3.09 per \$1,000 of assessed value. The assessed values of real, public utility, and tangible personal property upon which 2000 property tax receipts were based are as follows:

Category	Amount
Real Property	
Agricultural/Residential	\$175,162,510
Commercial/Industrial	14,669,590
Public Utility Property	
Real	6,940
Personal	2,352,910
Tangible Personal Property	3,150,802
Total Assessed Value	\$195,342,752

NOTE 8 - MUNICIPAL INCOME TAXES

The Village levies and collects an income tax of .75 percent based on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of 25 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. All income tax revenue is credited to the General fund.

NOTE 9- RECEIVABLES

Receivables at December 31, 2000, consisted of taxes; accounts; intergovernmental receivables arising from grants, entitlements, and shared revenues; and accrued interest. All receivables are considered fully collectible.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 9 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
LLEBG Grant	\$2,377
Estate Tax	522,726
Liquor Permits	698
Local Government	23,228
Municipal Court Fines	701
Total General Fund	549,730
Special Revenue Funds	
Street Maintenance and Repair	
Gasoline Tax	8,622
Motor Vehicle License Tax	7,324
Total Street Maintenance and Repair	15,946
COPS	
COPS Grant	3,018
State Highway	
Gasoline Tax	699
Motor Vehicle License Tax	594
Total State Highway	1,293
DUI Enforcement	
Fines and Forfeitures	50
Law Enforcement Trust	
Fines and Forfeitures	45
Total Special Revenue Funds	20,352
Total All Funds	\$570,082

By State statute, local property taxes have been reduced 10 percent, with additional reductions for the elderly and the disabled. The amount of these reductions, estimated to be \$78,000, will be paid to the Village by the State of Ohio in the latter part of 2001.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 10 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has entered into contracts with various insurance agencies for the following coverages and deductibles:

Type of Coverage	Coverage	Deductible
General Liability		
Occurrence	\$1,000,000	\$0
Aggregate	3,000,000	0
Law Enforcement Liability		
Occurrence	1,000,000	0
Aggregate	3,000,000	0
Public Official Liability	1,000,000	0
Ohio Stop Gap	1,000,000	0
Employee Benefits Liability		
Occurrence	1,000,000	0
Aggregate	3,000,000	1,000
Automobile Liability		
Auto Collision	1,000,000	250
Auto Comprehensive	1,000,000	100
Property	3,275,000	250
Umbrella		
Occurrence	9,000,000	10,000
Aggregate	9,000,000	10,000
Boiler and Machinery	50,000,000	500

There have been no significant reductions in insurance coverage from 1999, and no insurance settlement has exceeded insurance coverage during the last three years.

For 2000, the Village participated in the Ohio Municipal League Equity Pooling Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Village by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 11 - CONTRACTUAL COMMITMENTS

At December 31, 2000, the Village had contractual commitments as follows:

Project	Vendor	Contract Amount	Paid	Balance
Olentangy Bike Path	EMH & T Consulting Engineers	\$47,000	\$0	\$47,000
Bridge Replacement	EMH & T Consulting Engineers	20,000	0	20,000
Grace Drive Reconstruction	Ralph & Curl	118,720	86,970	31,750
Grace Drive Reconstruction	Strawser Paving Company	1,541,398	691,349	850,049

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

The Village contributes to the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Village is required to contribute 10.84 percent; 6.54 percent was the portion used to fund pension obligations for 2000. The employer contribution rate for 2000 represents a temporary rate reduction from the 1999 contribution rate of 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Village's contributions to the System for the years ended December 31, 2000, and 1999, were \$46,390 and \$51,291, respectively; 79 percent has been contributed for 2000 and 100 percent has been contributed for 1999. The unpaid contribution for 2000, in the amount of \$9,577, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (the "Fund"), a cost-sharing multiple employer defined benefit pension plan administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the Village is required to contribute 19.5 percent for police (12.25 percent was the portion used to fund pension obligations). Contributions are authorized by State statute. The Village's contributions to the Fund for the years ended December 31, 2000, and 1999, were \$67,203 and \$62,958, respectively; 74 percent has been contributed for 2000 and 100 percent has been contributed for 1999. The unpaid contribution for 2000, in the amount of \$17,501, is recorded as a liability within the respective funds and the general long-term obligations account group.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (the "System") provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the System is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion used to fund health care for 2000. In 1999, the employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion used to fund health care.

Benefits are advance funded using the entry age normal cost method (For 2000, the System returned to an actuarially prefunded disclosure because this provides a better presentation of the System's actual funding methodology. In prior years, the disclosure was based on a pay-as-you-go basis.). Significant actuarial assumptions include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually, and an additional increase in total payroll of .54 percent to 5.1 percent based on additional pay increases. Health care premiums were assumed to increase 4.75 percent annually.

OPB are financed through employer contributions and investment earnings. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At December 31, 2000, the total number of benefit recipients eligible for OPB through the System was 401,339. As of December 31, 2000, the actuarial value of net assets available for future OPB payments were \$10,085.5 million. The actuarially accrued liability and the unfunded actuarial liability were \$12,473.6 million and \$1,668.1 million, respectively. The Village's actual contributions for 2000 which were used to fund OPB were \$30,501.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 13 - POSTEMPLOYMENT BENEFITS (continued)

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check, or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen, whether or not the child is attending school, or under the age of twenty-two if attending school full-time or on a two-thirds basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Fund's Board of Trustees to provide health care coverage and states that health care costs paid from the Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate was 19.5 percent of covered payroll; 7.25 percent was the portion used to fund health care for 2000. The portion used to fund health care was 7 percent in 1999. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters. The Village's actual contributions for 2000 that were used to fund postemployment benefits were \$39,773 for police. The Fund's total health care expenses for the year ended December 31, 1999, (the latest information available), were \$95,004,633, which was net of member contributions of \$5,518,098.

NOTE 14 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws.

Village employees earn vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of accumulated unused vacation leave upon termination.

Sick leave is earned at a rate of four and six-tenths hours for every eighty hours worked. Full-time employees with more than ten years of public service under the applicable retirement system, who retire from the Village, are entitled to receive one-fourth of the value of their accumulated unused sick leave up to a maximum of two hundred sixty hours.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 15 - SHORT-TERM OBLIGATIONS

Short-term obligations activity for the year ended December 31, 2000, was as follows:

	Interest Rate	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
<u>Capital Projects Fund</u>					
Municipal Building Renovation Bond Anticipation Note	5.10%	\$375,000	\$0	\$185,000	\$190,000

According to Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. The liability for short-term notes is presented in the fund receiving the proceeds.

The bond anticipation notes are backed by the full faith and credit of the Village of Powell and have a maturity of one year.

NOTE 16 - LONG-TERM OBLIGATIONS

The Village's long-term obligations activity for the year ended December 31, 2000, was as follows:

	Interest Rate	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
<u>General Obligations Bonds</u>					
Various Purpose 1997A	7.10%	\$2,595,000	\$0	\$65,000	\$2,530,000
Various Purpose 1997B	5.75	615,000	0	45,000	570,000
Road Improvement Bonds	3.20	2,510,000	0	85,000	2,425,000
Total General Obligation Bonds		5,720,000	0	195,000	5,525,000
<u>Other Long-Term Obligations</u>					
Intergovernmental Payable		13,874	43,732	13,874	43,732
Compensated Absences Payable		41,235	7,878	0	49,113
Total Other Long-Term Obligations		55,109	51,610	13,874	92,845
Total Long-Term Obligations		\$5,775,109	\$51,610	\$208,874	\$5,617,845

General Obligation Bonds

All general obligation bonds are supported by the full faith and credit of the Village of Powell. The general obligation bonds are presented as a liability in the general long-term obligations account group and are payable from unvoted property tax revenues to the extent that other resources are not available to meet annual principal and interest expenditures.

Intergovernmental Payable

The intergovernmental payable, representing the Village's contractually required pension obligation, will be paid from the fund from which the employees' salaries are paid.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Compensated Absences Payable

Compensated absences are presented at net because it is not practical to determine the actual increases and decreases. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

The Village's legal debt margin was \$14,795,989 at December 31, 2000.

The following is a summary of the Village's future annual debt service requirements for long-term obligations:

Year	General Obligation Bonds	
	Principal	Interest
2001	\$200,000	\$292,155
2002	210,000	281,538
2003	220,000	270,295
2004	235,000	258,465
2005	245,000	245,755
2006-2010	1,500,000	971,439
2011-2015	1,540,000	600,816
2016-2020	1,185,000	196,438
2021-2022	190,000	15,960
	\$5,525,000	\$3,132,861

NOTE 17 - INSURANCE POOL

The Village is a participant in the Ohio Municipal League Equity Pooling Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 18 - CONTINGENT LIABILITIES

A. Litigation

There are currently no matters in litigation with the Village as a defendant.

Village of Powell
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 18 - CONTINGENT LIABILITIES (continued)

B. Federal and State Grants

For the period January 1, 2000, to December 31, 2000, the Village received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Village believes such disallowances, if any, would be immaterial.

NOTE 19 - SUBSEQUENT EVENTS

The Village became a city on April 29, 2001, by proclamation of the Secretary of State of Ohio as a result of the federal census of 2000.

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

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

We have audited the general purpose financial statements of the Village of Powell, Delaware County, Ohio (the Village) as of and for the year ended December 31, 2000, and have issued our report thereon dated September 6, 2001, wherein we disclosed the omission of the General Fixed Asset Account Group and noted the Village reported in accordance with accounting principles generally accepted in the United States of America effective January 1, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have been 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 the 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.

This report is intended for the information and use of management, 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



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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**