

IT'S YOUR MONEY

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

TAX LEVY INFORMATION - RENEWAL VERSUS REPLACEMENT

By Joan Wolfe, Deputy Auditor



CRAWFORD COUNTY COURTHOUSE

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DEDICATED TO SERVING CRAWFORD COUNTY WITH ACCOUNTABILITY, INTEGRITY AND PROFESSIONALISM

OVERVIEW

Previous issues of "It's Your Money" have offered general discussions on property taxation in Ohio.

This article will focus on tax rates and how the differences in Renewal and Replacement levies voted affect the actual tax bills.

TAX BILL COMPONENTS

There are two major components to your real property tax bill. The first is the valuation and the second is the tax rates that are used to determine the tax charge.

Property values are established one-year in arrears. As such, for tax bills received in January of 2014, the property values were set by the County Auditor as of January 1, 2013.

Tax Rates are determined by the voters. All levies approved as of November 2013 for tax year 2013 are used in calculating the 2014 tax bills.

Fundamentally, the formula for taxes is: Taxable Value(35% of fair market value) X Effective Rate = Gross Tax (Before tax credits).

RATES

Real property tax rates vary with each taxing district or jurisdiction. The total tax rate for each taxing district is a combination of all legally authorized levies for a particular taxing district. For example, each taxing district will have tax rates that include some combination of voter approved and legally authorized levies that benefit County government, School District, JVS, Township, Municipality, Fire District, Li-

brary District or Park District.

Each taxing unit (i.e., county, school district, township, municipality, etc.) determines the financial necessity of a levy and the tax rate is estimated by the County Auditor's Office based on the financial requests of those taxing units and the property valuations in place at the time the financial request is being made to the voters. As property values change, the State Department of Taxation calculates effective tax rates utilizing a factor known as a tax reduction factor. The purpose of the reduction factor is to protect property owners from paying additional taxes when property values go up, and to protect the taxing units if property values go down (fixed at voter approved amount).

RENEWAL AND REPLACEMENT PROPERTY TAX LEVIES

In recent months, we have had a number of taxpayers express to our office, that they did not understand the difference in tax ramifications of voting a levy as a Renewal Levy or a Replacement Levy.

Voter approved renewal levies, extend the period of time the current effective rate is to be collected. For example, if voters approve a 5 mill, ten year operating expense levy, that 5 mills will be added to the overall effective rate for that particular tax year. Over the ten year period, if property values are appreciating, reduction factors will decrease the effective millage of that levy accordingly to insure that the taxing unit only receives the amount of money originally approved by voters in year one. In other words, if the 5

mill renewal levy has been reduced to 3 mills because property values have increased, the taxing unit will still only receive the same revenue it did when voters originally approved the 5 mill levy. If voters renew this levy, the levy will be extended at the current 3 mill effective rate. Reduction factors would continue to be applied in order to protect property owners and the taxing unit from paying more or receiving less tax revenue than originally authorized by the voters.

Changes in Ohio law now make a replacement levy similar to a new levy in that a replacement levy will replace the current effective millage with a higher millage rate. Using the example outlined above, the current 3 mill effective rate would be replaced with the original 5 mill rate. That, of course, resets the effective rate at 5 mills and the reduction factor process begins again. This scenario, however, results in a tax increase of 2 mills for the property owners and provides additional revenue for the governmental unit requesting the replacement levy from voters.

IN CONCLUSION

On the Crawford County Auditor's website, taxpayers can find a levy information page for each parcel owned, that has a breakdown of current year taxes, by levy, along with an estimate of tax for any levies that are being considered by the voters.

The taxation system in Ohio is complex. As such, we encourage taxpayers to contact the Auditor's Office if they have any questions or concerns about the real property taxation process.

ON THE YEAR; GENERAL FUND REVENUES, EXPENDITURES AND CASH

The General Fund is the chief operating fund of the County. It is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in a separate fund. There is only one General Fund of the County as contrasted with multiple special revenue, debt service, capital projects, fiduciary and proprietary funds.

Actual operating revenues of the General Fund for the first quarter of 2014 were \$2,553,275.05 or 30% of the \$8,512,002.60 estimated by the County Budget Commission. Operating revenues collected for the same period last year were \$2,596,130.24.

The General Fund operating revenue for the first quarter of 2014 decreased by \$42,855.19 when compared to the same period last year. A review of all revenue sources indicates that the decrease in General Fund operating revenue can be attributed in large part to sales tax collections and is the direct result of the State of Ohio issuing a large sales tax refund to a company located in Crawford County.

Operating expenditures for the first quarter of 2014 totaled \$3,434,136.59 or 31.57% of the \$10,877,806.64 appropriated by the County Commissioners. Operating expenditures for the same period last year totaled \$2,411,384.32, indicating an increase in expenditures of \$1,022,752.27 when compared to last year. The increase in expenditures can be attributed to operating transfers made to the Jail Operating Fund.

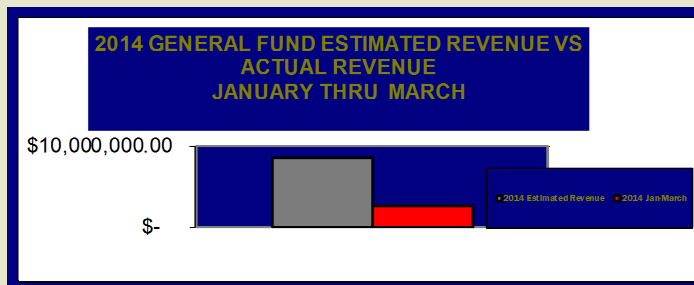
For the first quarter of 2014, operating expenditures exceeded operating revenues by \$880,861.54 as compared to operating revenues exceeding operating expenditures by \$184,745.92 for the same time period last year.

When comparing actual revenues and expenditures, advances made to other funds or received as a repayment are not considered as operating revenues and expenditures because these items only affect cash flow. Thus, in order to accurately reflect operating revenues and expenditures these loans have been removed from the totals and the financial data presented in this newsletter.

The cash balance of the General Fund at March 31, 2014 was \$4,132,010.84 as compared to \$3,918,642.45 at March 31, 2013.

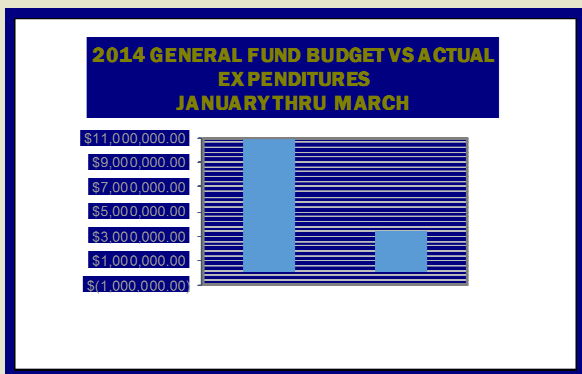
2014 GENERAL FUND BUDGET VS ACTUAL REVENUES

	2014 <u>Estimated Revenue</u>	2014 <u>Jan-March</u>	Percent <u>Collected</u>
General Fund Operating Revenues			
Property Taxes	\$ 1,160,066.58	\$ 658,309.05	56.75%
Sales Taxes	\$ 3,451,464.12	\$ 883,203.77	25.59%
Charges for Services	\$ 2,218,077.55	\$ 557,197.58	25.12%
Licenses and Permits	\$ 2,310.00	\$ 510.00	22.08%
Fines and Forfeitures	\$ 173,600.00	\$ 34,679.11	19.98%
Intergovernmental	\$ 1,363,964.35	\$ 397,753.15	29.16%
Interest	\$ 110,000.00	\$ -	0.00%
Other	\$ 32,520.00	\$ 21,622.39	66.49%
Total Operating Revenue	\$ 8,512,002.60	\$ 2,553,275.05	30.00%
Advances	\$ -	\$ -	
Transfers in	\$ 50,000.00	\$ -	100.00%



GENERAL FUND BUDGET VS ACTUAL EXPENDITURES

	2014 <u>Appropriation</u>	Expenditures <u>Jan-March</u>	Unexpended <u>Balance</u>	Percent <u>Expended</u>
General Fund Operating Expenditures and Transfers	\$ 10,877,806.64	\$ 3,434,136.59	\$ 7,443,670.05	31.57%
Department Breakdown				
COUNTY COMMISSIONERS	\$ 527,477.46	\$ 86,593.69	\$ 440,883.77	16.42%
COUNTY AUDITOR	\$ 404,345.14	\$ 104,426.20	\$ 299,918.94	25.83%
COUNTY TREASURER	\$ 161,690.80	\$ 44,503.12	\$ 117,187.68	27.52%
PROSECUTING ATTORNEY	\$ 600,719.51	\$ 142,728.24	\$ 457,991.27	23.76%
COUNTY AUDIT	\$ 82,564.91	\$ -	\$ 82,564.91	0.00%
DATA PROCESSING	\$ 146,853.76	\$ 32,457.07	\$ 114,396.69	22.10%
COURT OF APPEALS	\$ 17,136.20	\$ 12,080.70	\$ 5,055.50	70.50%
COMMON PLEAS COURT	\$ 739,602.00	\$ 184,500.09	\$ 555,101.91	24.95%
JUVENILE COURT	\$ 666,269.18	\$ 163,026.26	\$ 503,242.92	24.47%
PROBATE COURT	\$ 149,888.30	\$ 36,061.17	\$ 113,827.13	24.06%
CLERK OF COURTS	\$ 276,304.05	\$ 61,441.58	\$ 214,862.47	22.24%
COUNTY CORONER	\$ 110,717.29	\$ 32,365.06	\$ 78,352.23	29.23%
MUNICIPAL COURT	\$ 533,022.55	\$ 159,680.77	\$ 373,341.78	29.96%
BOARD OF ELECTION	\$ 537,948.55	\$ 86,777.09	\$ 451,171.46	16.13%
COUNTY BUILDING MAINT	\$ 846,599.16	\$ 243,344.19	\$ 603,254.97	28.74%
COUNTY RECORDER	\$ 177,997.25	\$ 49,013.01	\$ 128,984.24	27.54%
EMA	\$ 60,000.00	\$ -	\$ 60,000.00	0.00%
AGRICULTURE	\$ 272,976.79	\$ 179,376.50	\$ 93,600.29	65.71%
T.B.HOSPITAL	\$ 1,077.58	\$ -	\$ 1,077.58	0.00%
REGISTRATION	\$ 967.58	\$ -	\$ 967.58	0.00%
OTHER HEALTH	\$ 68,389.29	\$ 13,980.63	\$ 54,408.66	20.44%
VETERANS SERVICES	\$ 316,495.76	\$ 62,598.36	\$ 253,897.40	19.78%
PUBLIC ASST - GRANT	\$ 155,000.00	\$ 33,942.03	\$ 121,057.97	21.90%
VICTIMS OF CRIME GRANT	\$ 12,481.00	\$ 12,481.00	\$ -	100.00%
SANITARY ENGINEER	\$ 10,000.00	\$ 700.00	\$ 9,300.00	7.00%
COUNTY ENGINEER	\$ 125,844.17	\$ 27,035.54	\$ 98,808.63	21.48%
LIABILITY INSURANCE	\$ 256,740.00	\$ -	\$ 256,740.00	0.00%
MISCELLANEOUS	\$ 3,618,698.36	\$ 1,665,024.29	\$ 1,953,674.07	46.01%
TOTAL	\$ 10,877,806.64	\$ 3,434,136.59	\$ 7,443,670.05	31.57%
LOANS TO OTHER FUNDS		\$ 30,322.00		
TOTAL EXPENDITURES & LOANS		\$ 3,464,458.59		



The 2014 appropriation includes all encumbrances carried forward from 2013 and any adjustments to the budget approved by the County Commissioners on January 1, 2014. 2013 encumbrances totaled \$90,067.62 and adjustments made to the 2014 budget total \$12,068.33.

**A QUARTERLY NEWSLETTER FROM YOUR COUNTY
AUDITOR**

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ABOUT YOUR COUNTY

With 12 employees, the County Auditor serves as both the Chief Financial Officer and the Real Property Assessor for all political subdivisions within the County. It is the goal of this office to provide the citizens of Crawford County with the most cost effective and efficient office possible while never forgetting the people we serve. In addition to the County Auditor, there are seven elected administrative officials and three judges who operate independently as set forth by Ohio law. These officials are: Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff, Treasurer, two Common Pleas Judges and a Municipal County Judge. All of these officials serve four-year terms except for the judges, who serve six-year terms. The County was formed by an act of the General Assembly on April 1, 1826 and includes 400 square miles and has an estimated population of 43,403.

UPCOMING DATES TO REMEMBER

- May 1, 2014 - Monthly financial statements filed with County Commissioners.
- May 30, 2014 - Annual financial statements filed with State Auditor.
- June 1, 2014 - Monthly financial statements filed with County Commissioners.
- June 2, 2014 - Last day to file homestead and 2 1/2 percent rollback tax credit forms with County Auditor.
- June 20, 2014 - Last day to pay 2nd half real estate taxes without penalty.
- July 1, 2014 - Monthly financial statements filed with County Commissioners.

RENEWAL VS. REPLACEMENT LEVY - ESTIMATED COST TO TAXPAYERS

Property Valuation	Voted Rate	Current Effective Rate	Taxes Based on Current Effective	Taxes based on Renewal Levy	Taxes Based on Replacement Levy**
25,000	5.00	3.00	23.63	23.63	43.75
50,000	5.00	3.00	47.26	47.26	87.50
75,000	5.00	3.00	70.89	70.89	131.25
100,000	5.00	3.00	94.52	94.52	175.00
125,000	5.00	3.00	118.15	118.15	218.75
150,000	5.00	3.00	141.78	141.78	262.50
175,000	5.00	3.00	165.41	165.41	306.25
200,000	5.00	3.00	189.04	189.04	350.00

*Example is based on a levy voted at 5.00 mill and the current effective rate is 3.00

**Because of changes in State law, previously calculated reduction factors will no longer apply to Replacement Levies, so local taxpayers will see an increase in taxes if approving this type of levy.