

IT'S YOUR MONEY

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

"Real Estate Crisis"? - A Local Perspective



CRAWFORD COUNTY COURTHOUSE

Housing crisis, property foreclosures, mortgage crisis and subprime mortgage loans are just a few terms that continue to dominate the national news.

Many taxpayers and homeowners have asked how Crawford County is doing in the midst of the so called "real estate crisis". Citizens know the market is slow and are concerned it may even be declining.

The Auditor's Office is responsible for maintaining certain records and data that can help provide some perspective on what the effects of the national housing and mortgage crisis are having locally. While some of this information may prove to be useful to readers, users of this information need to understand that the records and data being maintained by the County Auditor's Office are done so in accordance with Ohio law and for very specific purposes.

Property Transfer Data

According to real property transfer records in the County Auditor's Office, the number of sales on property transfers over the last five years shows an increase in 2004 and then a decrease of 3%, 2% and 7% in each year thereafter. However, while the number of properties sold has declined annually since 2004 and the average price paid for property sold in the County has declined from \$87,914 in 2006 to \$86,194 in 2007; overall the average price paid for property sold has increased by a little more than 5%. For the same five year period.

Property Foreclosures

While the number of foreclosure filings may have increased, the number of properties that actually sold due to foreclosure has remained relatively stable. There were 203 foreclosures in the County during 2007 as compared to 192 in 2003. The highest number of foreclosure sales recorded during the five year period reviewed was 246 in 2006.

It should be noted that of the 203

foreclosures filed in the County during 2007, only 5 were initiated by the County for tax purposes. All others were initiated by mortgage holders/lenders.

A Look at New Home Permits

Building permit data was also reviewed to provide some perspective with the number of permits being issued for the construction of new homes in the County. The same five year period was reviewed and showed that building permits issued for the construction of new homes has fluctuated. In 2003, there were 59 permits issued, in 2004, 56; in 2005, 36; in 2006, 53; and then 32 permits issued in 2007. As such, there doesn't appear to be a clear trend that can be attributed to the recent housing slump.

Property Sale Data

The County Auditor's Office also records property sales as the property transfers are filed. Sale prices of properties are maintained and are routinely compared to the property value assigned for tax purposes by the County during a reappraisal. The last reappraisal was done in 2006, at which time property values were adjusted to reflect market conditions and property sales for the prior three year period (2004-2006).

The numbers being provided are in the aggregate and readers are cautioned that individual property values may vary from these aggregate percentages that are intended to look at the County as a whole.

As of December 2005, the year before the reappraisal, the aggregate value of property appraised by the County for tax purposes was approximately 86% of what properties were actually selling for at that time.

After the reappraisal, this number was adjusted to 89% as required by Ohio law. These adjustments were made based on actual property sale data from the prior three years and typically should be as close to 100% of what a property would sell for in

the open market because Ohio law requires property values to reflect current market conditions.

Because of Crawford County's demographics and the fact that the tax lien date is one year behind the current billing period, the State Department of Taxation authorized a lower percentage increase. It should also be noted that the percentage increase reflected a rate equivalent to a little more than the rate of inflation, rather than the double digit increases that were realized in other areas of the country.

"Real Estate Crisis" from a Tax Assessment Point of View

During 2007, the difference between the aggregate value of property appraised by the County and actual property sales increased from 89% to a little more than 91%. Remember, the County's appraised values for tax purposes are required to be as close to 100% of the market as possible. As such, if the market is increasing, the difference between the County's appraisal and sale price should be getting larger between appraisal periods, rather than smaller. Since this difference is increasing, it could be an indication that market conditions in the County are not appreciating.

It is important to note that, because the County never saw the double digit property value increases that other parts of the country saw, the effects of the "real estate crisis" may not be as severe in Crawford County as compared to other areas of the country.

It would also appear that the 2006 reappraisal values in the County being set at 89% of the market, rather than 100%, helped to soften the tax implications for property owners in Crawford County who otherwise may have legitimate concerns about the national "real estate crisis".

Special points of interest:

- A Look at the County's General Operating Fund for 2007
- County Commissioners Approve \$45 Million Dollar Budget for 2008
- A Five Year Review of Revenues, Expenditures, and Cash Balances

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DEDICATED TO SERVING CRAWFORD COUNTY WITH ACCOUNTABILITY, INTEGRITY AND PROFESSIONALISM

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 Revenue Fund for 2007 were \$9,308,412.95 or 112.22% of the \$8,294,769.56 estimated by the County Budget Commission in January. Operating revenues collected for the same period last year were \$9,130,672.68. The 1.95% increase in operating revenue for 2007 can be attributed in large part to additional property tax, sales tax, interest, and intergovernmental revenues offset by a decrease in charges for services, fines and forfeitures, and other revenues.

On the year, sales tax revenue remained relatively constant; only realizing a small increase of \$29,456.56 when compared to 2006 receipts. Property tax revenue also increased from 2006 by \$55,507.69 due to the County's reappraisal and interest revenue was up from 2006 by \$155,729.05. Intergovernmental revenue also realized a small increase of \$48,420.48. These increases were offset in large part by decreases in charges for services revenue of \$108,574.37. The decreases in charges for services revenue was attributed to less fees being collected by the County Recorder and County Sheriff and less conveyance fees which are paid when real property is transferred within the County. Small decreases in fines and forfeitures and other revenues were also realized in 2007.

2007 operating expenditures totaled \$10,292,595.66 or 91.61% of the \$11,235,067.39 appropriated. Operating expenditures for 2006 totaled \$9,771,707.14. A comparison of 2006 and 2007 indicates that expenditures for 2007 increased by \$520,888.52. A review of General Fund expenditures indicates that the most significant increases were realized in the Transfer category and were a result of increased debt charges and additional money transferred for the waterline project and the jail.

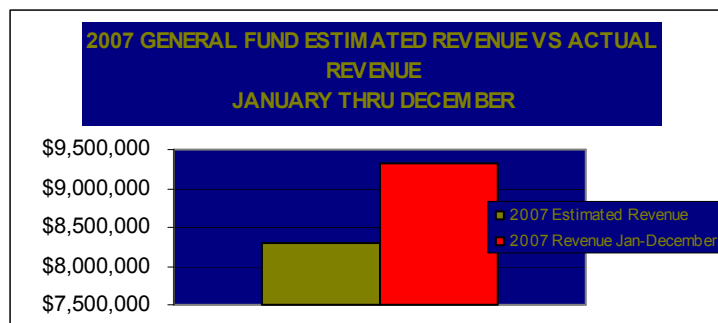
In 2007, General Fund operating expenditures exceeded operating revenues by \$984,182.71. For 2006, operating expenditures exceeded operating revenues by \$641,034.46.

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 December 31, 2006 was \$2,884,705.06 as compared to \$2,846,144.08 at December 31, 2007. Given the fact that operating expenditures exceeded operating revenues in the General Fund for 2007 by \$984,182.71 the difference in cash position can be attributed entirely to the fact that some \$1,281,603.43 in outstanding loans were repaid to the General Fund during 2007.

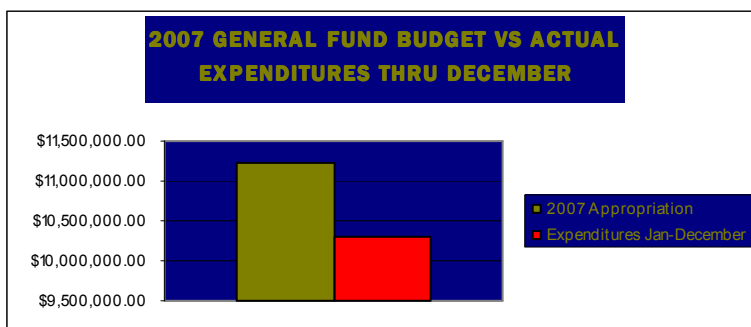
2007 GENERAL FUND BUDGET VS ACTUAL REVENUES

	2007 ESTIMATED REVENUE	2007 ACTUAL REVENUE JANUARY-DECEMBER	PERCENT COLLECTED
PROPERTY TAXES	\$ 1,375,000	\$ 1,401,238.77	101.91%
SALES TAXES	\$ 3,150,000	\$ 3,295,296.28	104.61%
CHARGES FOR SERVICES	\$ 1,631,550	\$ 1,944,225.81	119.16%
LICENSES AND PERMITS	\$ 3,410	\$ 3,306.52	96.97%
FINES AND FORFEITURES	\$ 148,000	\$ 190,553.62	128.75%
INTERGOVERNMENTAL	\$ 1,439,178	\$ 1,551,681.43	107.82%
INTEREST	\$ 425,000	\$ 801,275.56	188.54%
OTHER	\$ 122,632	\$ 120,834.96	98.53%
TOTAL OPERATING REVENUE	\$ 8,294,770	\$ 9,308,412.95	112.22%
ADVANCE REPAYMENT		\$ 1,281,603.43	
TRANSFERS-IN		\$ 35,098.07	



2007 GENERAL FUND BUDGET VS ACTUAL EXPENDITURES

	<u>2007 Appropriation</u>	<u>Expenditures Jan-December</u>	<u>Unexpended Balance</u>	<u>Percent Expended</u>
General Fund Operating Expenditures and Transfers	\$ 11,235,067.39	\$ 10,292,595.66	942,471.73	91.61%
Department Breakdown				
COUNTY COMMISSIONERS	\$ 353,792.96	\$ 337,942.53	\$ 15,850.43	95.52%
COUNTY AUDITOR	\$ 375,940.57	\$ 353,844.88	\$ 22,095.69	94.12%
COUNTY TREASURER	\$ 130,351.46	\$ 126,348.94	\$ 4,002.52	96.93%
PROSECUTING ATTORNEY	\$ 545,173.24	\$ 538,222.83	\$ 6,950.41	98.73%
BUDGET COMMISSION	\$ 500.00	\$ -	\$ 500.00	0.00%
BOARD OF REVISION	\$ 500.00	\$ -	\$ 500.00	0.00%
BUREAU OF INSPECTION	\$ 137,000.00	\$ 74,658.47	\$ 62,341.53	54.50%
COUNTY PLANNING	\$ 35,000.00	\$ 35,000.00	\$ -	100.00%
AUTOMATED DATA PROCESSING	\$ 121,516.10	\$ 111,286.71	\$ 10,229.39	91.58%
COURT OF APPEALS	\$ 30,711.50	\$ 26,497.37	\$ 4,214.13	86.28%
COMMON PLEAS COURT	\$ 679,800.08	\$ 601,926.29	\$ 77,873.79	88.54%
JUVENILE COURT	\$ 869,273.94	\$ 691,201.35	\$ 178,072.59	79.51%
PROBATE COURT	\$ 130,416.21	\$ 125,896.35	\$ 4,519.86	96.53%
CLERK OF COURTS	\$ 264,494.91	\$ 253,155.09	\$ 11,339.82	95.71%
COUNTY CORONER	\$ 135,081.00	\$ 98,515.65	\$ 36,565.35	72.93%
MUNICIPAL COURT	\$ 505,231.62	\$ 471,380.89	\$ 33,850.73	93.30%
BOARD OF ELECTION	\$ 416,329.33	\$ 373,047.96	\$ 43,281.37	89.60%
CT HOUSE ADMIN/COMMISSIONERS	\$ 817,766.00	\$ 777,959.89	\$ 39,806.11	95.13%
SHERIFF ROAD PATROL ONLY	\$ 2,213,536.06	\$ 1,964,841.97	\$ 248,694.09	88.76%
COUNTY RECORDER	\$ 198,243.30	\$ 170,753.90	\$ 27,489.40	86.13%
EMERGENCY MANAGEMENT	\$ 80,000.00	\$ 80,000.00	\$ -	100.00%
AGRICULTURE	\$ 305,520.00	\$ 304,545.83	\$ 974.17	99.68%
T.B. HOSPITAL	\$ 610.00	\$ 369.10	\$ 240.90	60.51%
VITAL STATISTICS	\$ 1,000.00	\$ 742.00	\$ 258.00	74.20%
TOTAL OTHER HEALTH	\$ 72,474.76	\$ 72,474.76	\$ -	100.00%
VETERANS SERVICES	\$ 393,838.20	\$ 340,634.16	\$ 53,204.04	86.49%
PUBLIC ASST - GRANT	\$ 276,336.80	\$ 276,084.98	\$ 251.82	99.91%
CHILD WELFARE GRANT	\$ 215,000.00	\$ 215,000.00	\$ -	100.00%
VICTIMS OF CRIME GRANT	\$ 11,929.00	\$ 11,929.00	\$ -	100.00%
SANITARY ENGINEER	\$ 38,111.00	\$ 35,719.29	\$ 2,391.71	93.72%
COUNTY ENGINEER	\$ 138,256.73	\$ 121,124.20	\$ 17,132.53	87.61%
LAW LIBRARY	\$ 45,917.15	\$ 45,682.76	\$ 234.39	99.49%
LIABILITY/PROPERTY INSURANCE	\$ 264,415.20	\$ 258,012.00	\$ 6,403.20	97.58%
TRANSFERS/MISCELLANEOUS	\$ 1,431,000.27	\$ 1,397,796.51	\$ 33,203.76	97.68%
TOTAL OPERATING EXP/TRANSFERS	\$ 11,235,067.39	\$ 10,292,595.66	\$ 942,471.73	91.61%
LOANS TO OTHER FUNDS	\$ -	\$ 371,079.77	\$ -	-
TOTAL EXPENDITURES AND LOANS	\$ -	\$ 10,663,675.43	\$ -	-



The 2007 appropriation includes all encumbrances carried forward from 2006 and any adjustments to the budget approved by the County Commissioners on January 1, 2007. 2006 encumbrances totaled \$130,027.08 and adjustments made to the 2007 budget during the year totaled \$157,852.23.

2008 APPROVED BUDGET, CONTINUED

CAPITAL PROJECTS FUNDS	
MRDD CAPITAL FUND	\$ 70,000.00
HORD JOINT CO.DITCH #1013	\$ 24,121.48
TOTAL CAPITAL PROJECTS FUNDS	\$ 94,121.48
DEBT SERVICE FUNDS	
BOND RETIRE. DEPT.HUMAN SERVICE	\$ 75,350.00
DEBT SERV.-WATERLINE	\$ 77,242.50
DEBT SERV-99 REFUND BONDS-JAIL	\$ 366,177.50
DEBT SERV-99 REFUND BONDS-LDFL	\$ 353,060.00
DEBT SERV-1.5M 99 LDF.NOTES	\$ 258,800.00
DEBT SERV-CO.ADDITIONAL SPACE	\$ 123,307.50
DEBT SERV-JOBS & FAM.SERV.ADD'L	\$ 106,100.00
DEBT SERV-CT.HOUSE RENOVATION	\$ 260,467.50
DEBT SERV-LDFL CAP CONST/REPAIR	\$ 85,837.50
DEBT SERV.-ADMINISTRATION BLDG.	\$ 170,112.50
DEBT SERV-MORTON SEW OPWC LOAN	\$ 2,500.00
TOTAL DEBT SERVICE FUNDS	\$ 1,878,955.00
ENTERPRISE FUNDS	
SANITARY LANDFILL FUND	\$ 702,500.00
SEWER DISTRICT #2 WATERLINE	\$ 216,945.00
SEWER DIST.# 2-DEPOSITS	\$ 1,200.00
SEWER DIST #3 SUGAR GROVE	\$ 12,330.00
SEWER DIST #2 LINLARE	\$ 19,115.00
SEWER DIST #2 MORTON	\$ 17,365.00
TOTAL ENTERPRISE FUNDS	\$ 969,455.00
INTERNAL SERVICE FUNDS	
CRAW. CO. HEALTH INS FUND	\$ 3,200,000.00
EXPENDABLE TRUST FUNDS	
CO. HOME DONATION TRUST FUND	\$ 5,000.00
CHILDREN'S TRUST	\$ 8,000.00
TOTAL EXPENDABLE TRUST FUNDS	\$ 13,000.00
TOTAL 2008 APPROVED BUDGET	\$ 45,578,236.31
AGENCY FUNDS	
LDF CONST/DEMOLITION (C&DD)	\$ 45,000.00
INFRASTRUCTURE GRANT PUBLIC HEALTH	\$ 118,342.00
TRAILER PARK & RECREA. CAMP FUND	\$ 8,092.00
DISTRICT HEALTH FUND	\$ 364,002.00
SWIMMING POOL FUND	\$ 3,798.00
SEWAGE FUND	\$ 49,751.00
DISTRICT HEALTH SOLID WASTE	\$ 66,200.00
PUBLIC AND SCHOOL HEALTH SERV.	\$ 327,733.00
FOOD SERVICE FUND	\$ 61,143.00
HELP ME GROW DISTRICT HEALTH	\$ 204,600.00
IMMUNIZATON ACTION PLAN GRANT	\$ 26,200.00
CRAWFORD PARK DISTRICT	\$ 136,896.00
REGIONAL PLANNING COMMISSION FUND	\$ 52,978.00
WATER SYSTEM FUND	\$ 25,689.00
W.I.C. CONSORTIUM	\$ 192,304.00
TOTAL AGENCY FUNDS	\$ 1,682,728.00

The 2008 budget for Crawford County was approved by the County Commissioners and filed with the County Auditor on January 3, 2008. The total 2008 budget for all funds of the County is \$45,578,236.31.

In addition to being the County's fiscal agent, the County Auditor is also fiscal agent to several outside agencies such as the Park District, Health District, Regional Planning Commission, Soil & Water Conservation, and Family/Children First Council. The Soil and Water Conservation, Children and Family First Council and Domestic Shelter are included in the County's appropriation but are governed separately.

The 2008 appropriations for agencies, with the exception of Soil & Water Conservation, Domestic Shelter and Children and Family First Council, are listed under agency funds and is not included in the 2008 budget approved by the County Commissioners because these agencies are considered by law to be legally separate. The total budget approved by the various boards and commissions who have oversight of these agencies is \$1,682,728 for 2008.

The 2008 General Fund appropriations are \$11,525,925.29 or 25.29% of the total County appropriations approved by the County Commissioners.

The 2008 General Fund revenue estimate is \$8,700,067.56. This revenue estimate along with the \$2,846,144.08 cash balance/reserves at year-end, reduced by the 2007 encumbrances of \$233,009.02 will provide the operating resources available for operating expenditures in the County General Fund in 2008. Outstanding loans to the General Fund of \$604,364.84 are expected to be repaid during 2008. Ohio law requires each fund's budget to be balanced with available resources.

The County Auditor segregates financial transactions related to certain County functions or activities into separate funds to aid financial management and to demonstrate legal compliance. This process is commonly known as governmental accounting or fund accounting.

There are three general categories of funds: governmental, proprietary, and fiduciary.

Governmental fund reporting focuses on the sources, uses, and balance of current financial resources. This fund category is broken down into four smaller categories such as: General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Proprietary Fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. This category is broken down into smaller categories such as: Enterprise Funds and Internal Service Funds.

Fiduciary Fund reporting focuses on net assets and changes in net assets and is broken down into smaller categories such as: pension trust funds, investment trust funds, private purpose trust funds, and agency funds.

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

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UPCOMING DATES TO REMEMBER

- January 1, 2008 - Monthly financial statements filed with County Commissioners.
- January 1, 2008 - Fiscal year begins for County, Townships, Villages, and Municipalities.
- January 1, 2008 - or about Budget Commission certifies amended certificates of estimated resources to all political subdivisions.
- January 1, 2008 - or about Auditor's certificate filed with appropriating authority showing appropriations do not exceed estimated resources.
- January 31, 2008 - Last day to purchase dog license without penalty.
- February 1, 2008 - Monthly financial statements filed with County Commissioners.
- February 7, 2008 - Last day to pay 1st half real estate taxes without penalty.
- March 1, 2008 - Last day to pay 1st half mobile home taxes without penalty.
- March 3, 2008 - Last day to renew CAUV program for 2009.
- March 1, 2008 - Monthly financial statements filed with County Commissioners.

ABOUT YOUR COUNTY

With 11 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 45,047.

DEPARTMENT FOCUS

As the County's Chief Financial Officer, the Auditor is essentially the "bookkeeper" for some 30 different departments, including all County elected officials. Over the past four and a half years, this office has been preparing this newsletter in order to provide public disclosure of complicated and technical information in a more "user friendly" and readable format. With the close of the fiscal year and the approval of a new budget, the following table was compiled to provide elected officials and readers with a five year comparison of General Fund operating revenues, expenditures and cash balances. The cash position at year-end reflects all loan repayments and debt transfers that are not considered operating revenues but have helped to sustain the cash balance.

	2003	2004	2005	2006	2007
Operating Revenues	\$ 8,579,539.00	\$8,868,006.58	\$9,074,596.58	\$ 9,130,672.68	\$ 9,308,412.95
Operating Expenditures	\$ 8,382,718.00	\$9,090,977.94	\$9,232,277.69	\$9,771,707.14	\$10,292,595.66
Gap Revenues vs Expenditures	\$ 196,821.00	\$(222,971.36)	\$(157,681.11)	\$(641,034.46)	\$(984,182.71)
Cash Balance @ 12/31	\$ 2,085,406.39	\$3,374,906.59	\$3,490,939.06	\$2,884,705.06	\$2,846,144.08

