

# IT'S YOUR MONEY

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

## CAUV PROGRAM TO SEE CHANGES IN 2010



**CRAWFORD COUNTY COURTHOUSE**

On June 19, 2009 the Department of Taxation held a public hearing on the proposed Current Agricultural Use Value of Land Tables for tax year 2009 (to be used for tax calculations for calendar year 2010).

These tables (values by soil type) are sent to all counties in the State of Ohio that are in a reappraisal or triennial update year and are required to be used by the County Auditor as the values with which to calculate taxes for all agricultural land that is enrolled in the Current Agricultural Use Value program (CAUV).

The April 3, 2008 issue of "It's Your Money" provided readers with some background information about the CAUV program and how values are determined. Because this information is very important and helps to provide some perspective as to why the CAUV values are being changed, some of this information is being provided again.

### CAUV Program Background

In order to understand how agricultural land values are determined for tax purposes, it is necessary to provide readers with some background information on the Current Agricultural Use Value Program (CAUV).

In 1973, voters approved a constitutional amendment establishing the CAUV program which has continued from then until now with relatively few changes.

The program is administered by the Ohio Department of Taxation in conjunction with the Agricultural Advisory Committee which includes representatives from the Ohio Farm Bureau, the Farmers Union, the Grange, the Ohio State University Department of Agricul-

tural Economics, and a variety of other interested parties including a representative from the Ohio County Auditor's Association.

Basically, the CAUV program is designed to value agricultural land on its ability to produce crops or the land's productive ability NOT according to its full market value or the price that a willing buyer would pay to a willing seller.

There are more than 3500 soil types across the State of Ohio. In addition, there are a variety of slopes and a wide variation in productivity and land uses.

### How CAUV Values Are Calculated

The Ohio Department of Taxation, with assistance from the Agricultural Advisory Committee, have developed a formula for the valuation of each of these soil types.

There are five factors that comprise this formula which include: crop yields, cropping patterns, crop prices, non-land production costs and a capitalization rate.

Essentially, CAUV values are determined by projecting the gross income from agricultural production, subtracting the projected non-land production costs, then dividing this result (net income) by an adjusted capitalization rate.

At the hearing, the Department of Taxation explained how each step within the formula is calculated and also provided the data that was used to determine all the projections within the formula. Listed below is some information on the major components of the CAUV formula. Any information provided under the **capitalized and bolded headings has been extracted DIRECTLY from the information that was provided by the Department of Taxation.** Readers may also access this information in its en-

tirety by visiting the Department of Taxation's website at [www.tax.ohio.gov/divisions/real\\_property/CAUV.stm](http://www.tax.ohio.gov/divisions/real_property/CAUV.stm)

### YIELD INFORMATION

For each of the soil mapping units, data regarding typical yields of each of the four major field crops (corn, soybeans, wheat and hay) were last published in 1984. In order to reflect more current, accurate yields, those yields of record have been updated by a factor based on the ten years of yield information most recently published by the Ohio Department of Agriculture. For tax year 2009 (paid in 2010), the data used was from calendar years 1998-2007. The factor for each crop was computed by averaging the ten years of yield data and dividing that average by the overall 1984 yield for that crop published by the Ohio Department of Agriculture. This factor was then applied to the 1984 crop yield of record for each mapping unit.

### CROPPING PATTERNS

The cropping pattern for each map unit was determined by the slope of that unit with two exceptions. The exceptions are as follows:

1. Soil map units with a productivity index of 55 or less were assumed to be most profitably used as pasture. Therefore, we used a cropping pattern of 100% hay for these soils.
2. Used a pattern of 50% corn and 50% soybeans for organic soil map units.

All other soil map units were assigned a cropping pattern according to a schedule published by the Dept. of Taxation.

Continued on page 6.

### Special points of interest:

- CAUV Program Changes
- General Fund Revenues vs Expenditures
- 2008 Financial Report Highlights

### Inside this issue:

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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 the first six months of 2009 were \$4,931,061.42 or 52.62% of the \$9,370,207.56 estimated by the County Budget Commission in January. Operating revenues collected for the same period last year were \$4,370,346.01.

The General Fund revenue for the first half of 2009 increased by \$560,715.41 when compared to the same period last year. A review of all revenue sources indicates that the increase in General Fund operating revenue can be attributed in large part to additional monies received from a recent lease agreement between the County Commissioners and the Solid Waste District. Interest revenue also increased when compared to the same time last year but is a result of timing issues rather than an overall increase of actual interest earnings. Sales tax revenue is down about 8.4% when compared to the same period last year and property tax revenue is up slightly when compared to the same period last year.

Operating expenditures for the first six months of 2009 totaled \$5,446,780.17 or 45.71% of the \$11,915,068.68 appropriated by the County Commissioners. Operating expenditures for the same period last year totaled \$5,390,372.87, indicating an increase in expenditures of \$56,407.30.

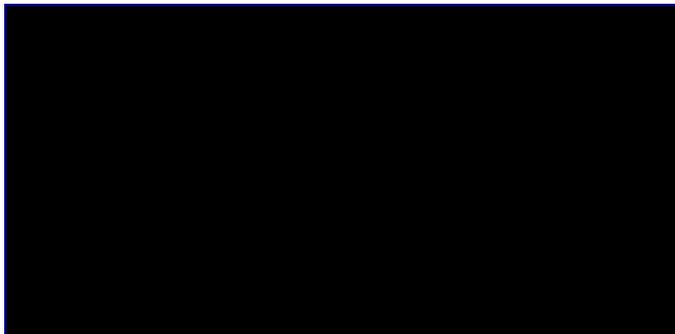
For the first half of 2009, operating expenditures exceeded operating revenues by \$515,718.75. For the first two quarters of 2008, General Fund operating expenditures exceeded operating revenues by \$1,020,026.86.

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 June 30, 2009 was \$1,259,045.94 as compared to \$2,091,477.95 at June 30, 2008. The decrease in cash position is due almost entirely to the \$842,525.17 in outstanding loans to other funds that is owed to the General Fund at June 30, 2009.

## 2009 GENERAL FUND BUDGET VS ACTUAL REVENUES

	2009 ESTIMATED REVENUE	2009 ACTUAL REVENUE JANUARY-JUNE	PERCENT COLLECTED
PROPERTY TAXES	\$ 1,245,000.00	\$ 690,712.71	55.48%
SALES TAXES	\$ 3,000,000.00	\$ 1,544,760.46	51.49%
CHARGES FOR SERVICES	\$ 2,798,500.00	\$ 1,428,478.05	51.04%
LICENSES AND PERMITS	\$ 3,410.00	\$ 1,461.09	42.85%
FINES AND FORFEITURES	\$ 194,000.00	\$ 105,860.01	54.57%
INTERGOVERNMENTAL	\$ 1,543,671.00	\$ 710,265.48	46.01%
INTEREST	\$ 500,000.00	\$ 326,061.19	65.21%
OTHER	\$ 85,626.56	\$ 123,462.43	144.19%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 9,370,207.56</b>	<b>\$ 4,931,061.42</b>	<b>52.62%</b>
Advance Repayment		\$ 72,775.38	



## **2009 GENERAL FUND BUDGET VS ACTUAL EXPENDITURES**

	<u>2009 Appropriation</u>	<u>Expenditures Jan-June</u>	<u>Unexpended Balance</u>	<u>Percent Expended</u>
<b>General Fund Operating Expenditures and Transfers</b>	<b>\$ 11,915,068.68 \$</b>	<b>5,446,780.17</b>	<b>\$ 6,468,288.51</b>	<b>45.71%</b>
<b>Department Breakdown</b>				
COUNTY COMMISSIONERS	\$ 357,366.30 \$	180,696.05 \$	176,670.25	50.56%
COUNTY AUDITOR	\$ 390,323.49 \$	185,199.05 \$	205,124.44	47.45%
COUNTY TREASURER	\$ 126,727.96 \$	63,524.30 \$	63,203.66	50.13%
PROSECUTING ATTORNEY	\$ 658,097.24 \$	320,379.38 \$	337,717.86	48.68%
BUDGET COMMISSION	\$ 500.00 \$	-	500.00	0.00%
BOARD OF REVISION	\$ 500.00 \$	-	500.00	0.00%
BUREAU OF EXAMINATION	\$ 127,082.90 \$	40,892.06 \$	86,190.84	32.18%
COUNTY PLANNING	\$ 35,000.00 \$	10,000.00 \$	25,000.00	28.57%
DATA PROCESSING	\$ 139,153.00 \$	66,474.24 \$	72,678.76	47.77%
COURT OF APPEALS	\$ 31,445.00 \$	14,814.49 \$	16,630.51	47.11%
COMMON PLEAS	\$ 685,627.88 \$	353,576.38 \$	332,051.50	51.57%
JUVENILE COURT	\$ 867,332.69 \$	342,490.17 \$	524,842.52	39.49%
PROBATE COURT	\$ 148,253.61 \$	63,640.63 \$	84,612.98	42.93%
CLERK OF COURTS	\$ 285,283.24 \$	144,033.27 \$	141,249.97	50.49%
CORONER	\$ 146,620.40 \$	66,931.03 \$	79,689.37	45.65%
MUNICIPAL COURT	\$ 629,616.79 \$	252,226.39 \$	377,390.40	40.06%
BOARD OF ELECTION	\$ 456,076.45 \$	188,629.74 \$	267,446.71	41.36%
COURT HOUSE AND JAIL	\$ 857,446.31 \$	385,149.63 \$	472,296.68	44.92%
SHERIFF ROAD PATROL ONLY	\$ 2,452,215.05 \$	1,072,699.37 \$	1,379,515.68	43.74%
COUNTY RECORDER	\$ 199,416.05 \$	93,684.81 \$	105,731.24	46.98%
EMERGENCY MANAGEMENT	\$ 75,000.00 \$	75,000.00 \$	-	100.00%
AGRICULTURE	\$ 338,961.00 \$	235,372.39 \$	103,588.61	69.44%
T.B. HOSPITAL	\$ 910.00 \$	393.45 \$	516.55	43.24%
VITAL STATISTICS	\$ 1,000.00 \$	744.00 \$	256.00	74.40%
OTHER HEALTH	\$ 73,893.64 \$	21,237.90 \$	52,655.74	28.74%
VETERANS SERVICES	\$ 373,564.63 \$	190,521.71 \$	183,042.92	51.00%
PUBLIC ASSISTANCE GRANT	\$ 198,000.00 \$	95,532.66 \$	102,467.34	48.25%
CHILD WELFARE GRANT	\$ 215,000.00 \$	107,500.02 \$	107,499.98	50.00%
VICTIMS OF CRIME GRANT	\$ 12,800.00 \$	11,348.00 \$	1,452.00	88.66%
SANITARY ENGINEER	\$ 40,550.00 \$	19,642.66 \$	20,907.34	48.44%
COUNTY ENGINEER	\$ 134,528.91 \$	65,615.07 \$	68,913.84	48.77%
LAW LIBRARY	\$ 45,477.19 \$	24,339.35 \$	21,137.84	53.52%
LIABILITY INSURANCE	\$ 274,200.00 \$	3,727.00 \$	270,473.00	1.36%
TRANSFERS/MISCELLANEOUS	\$ 1,537,098.95 \$	750,764.97 \$	786,333.98	48.84%
TOTAL OPERATING EXP/TRANSFERS	\$ 11,915,068.68 \$	5,446,780.17 \$	6,468,288.51	45.71%
LOANS TO OTHER FUNDS	\$	514,084.38		
TOTAL EXPENDITURES AND LOANS	\$	5,960,864.55		

The 2009 appropriation includes all encumbrances carried forward from 2008 and any adjustments to the budget approved by the County Commissioners on January 1, 2009. 2008 encumbrances totaled \$255,245.10 and adjustments made to the 2009 budget during the first half of the year totaled \$-0-.

## ***2008 ANNUAL FINANCIAL REPORT NOW AVAILABLE***

*The 2008 Comprehensive Annual Financial Report (CAFR) and County's financial audit was completed and released during the 2nd quarter of 2009. This report is prepared in accordance with generally accepted accounting principles (GAAP), as applicable to government entities. This report provides the taxpayers of Crawford County with financial data that enables them to gain a true understanding of the County's financial affairs. For more information or to receive a copy of this report (now available in CD format), please contact the Auditor's Office or visit the Auditor's website at [www.crawford-co.org](http://www.crawford-co.org)*

### **KEY FINANCIAL HIGHLIGHTS**

*Net assets for governmental activities have remained constant despite the impact of the national recession on the local economy. From 2007 to 2008 governmental activities of the County saw less than 1 percent change. After reporting deficit net assets for several years, business-type activities reported positive net assets. This result is due in large part to increased tonnage at the Sanitary Landfill thereby generating increased revenue.*

*Listed below is a table that provides a summary of the County's net assets for 2008 as compared to 2007.*

Table 1  
Net Assets  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and Other Assets	\$30,126	\$30,315	\$ 789	\$ 676	\$30,915	\$30,991
Capital Assets, Net	45,659	46,239	3,605	3,794	49,264	50,033
<b>Total Assets</b>	<b>75,785</b>	<b>76,554</b>	<b>4,394</b>	<b>4,470</b>	<b>80,179</b>	<b>81,024</b>
<b>Liabilities:</b>						
Current and Other Liabilities	6,695	6,614	17	15	6,712	6,629
Long-Term Liabilities	12,718	13,163	4,265	4,777	16,983	17,940
<b>Total Liabilities</b>	<b>19,413</b>	<b>19,777</b>	<b>4,282</b>	<b>4,792</b>	<b>23,695</b>	<b>24,569</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	34,829	34,876	528	350	35,357	35,226
Restricted	15,961	15,269	0	0	15,961	15,269
Unrestricted (Deficit)	5,582	6,632	(416)	( 672)	5,166	5,960
<b>Total Net Assets (Deficit)</b>	<b>\$56,372</b>	<b>\$56,777</b>	<b>\$ 112</b>	<b>(\$ 322)</b>	<b>\$56,484</b>	<b>\$56,455</b>

## ***2008 ANNUAL FINANCIAL REPORT, CONTINUED***

### ***Budgetary Highlights***

***For 2008, actual revenues in the General Fund were higher than the final budget by about 9 percent. The County does not increase its estimated revenue unless actual revenues realized exceed original estimates AND additional spending authority is necessary.***

***Changes in appropriations for the General Fund were minimal and total expenditures were about 10 percent less than the final budget. Listed below is a table that provides a summary of the County General Fund's revenues, expenditures and changes in cash balance for year-end 2008.***

<b>Crawford County, Ohio</b>				
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance</i>				
<i>Budget (Non-GAAP Basis) and Actual</i>				
<i>General Fund</i>				
<i>For the Year Ended December 31, 2008</i>				
	Original Budget	Revised Budget	Actual	Variance With Final Budget Over (Under)
<b>Revenues</b>				
Property Taxes	\$1,375,000	\$1,375,000	\$1,285,173	(\$89,827)
Sales Taxes	3,150,000	3,150,000	3,399,356	249,356
Charges for Services	1,866,750	1,901,750	2,219,884	318,134
Licenses and Permits	3,410	3,410	2,667	(743)
Fines and Forfeitures	174,000	174,000	223,437	49,437
Intergovernmental	1,438,281	1,438,281	1,672,758	234,477
Interest	600,000	600,000	569,613	(30,387)
Rent	17,344	17,344	17,344	0
Other	75,282	40,282	89,447	49,165
<b>Total Revenues</b>	<b>8,700,067</b>	<b>8,700,067</b>	<b>9,479,679</b>	<b>779,612</b>
<b>Expenditures</b>				
<b>Current:</b>				
<b>General Government</b>				
Legislative and Executive	3,483,204	3,544,785	3,375,398	169,387
Judicial	2,233,671	2,257,496	1,980,201	277,295
Public Safety	3,057,783	3,018,271	2,599,490	418,781
Public Works	196,699	198,403	176,151	22,252
Health	401,113	403,265	402,004	1,261
Human Services	381,781	381,416	349,934	31,482
<b>Total Expenditures</b>	<b>9,754,251</b>	<b>9,803,636</b>	<b>8,883,178</b>	<b>920,458</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,054,184)</b>	<b>(1,103,569)</b>	<b>596,501</b>	<b>1,700,070</b>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	336,000	336,000
Advances Out	0	0	(132,851)	(132,851)
Transfers Out	(2,004,671)	(1,912,583)	(1,709,144)	203,439
<b>Total Other Financing Sources (Uses)</b>	<b>(2,004,671)</b>	<b>(1,912,583)</b>	<b>(1,505,995)</b>	<b>406,588</b>
<b>Net Changes in Fund Balance</b>	<b>(3,058,855)</b>	<b>(3,016,152)</b>	<b>(909,494)</b>	<b>2,106,658</b>
<b>Fund Balance Beginning of Year</b>	<b>2,727,808</b>	<b>2,727,808</b>	<b>2,727,808</b>	<b>0</b>
Prior Year Outstanding Ad- vances	604,364	604,364	0	(604,364)
Prior Year Encumbrances Ap- propriated	232,999	232,999	232,999	0
<b>Fund Balance End of Year</b>	<b>\$506,316</b>	<b>\$549,019</b>	<b>\$2,051,313</b>	<b>\$1,502,294</b>

## A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

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## 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 43,696.**

### UPCOMING DATES TO REMEMBER

July 1, 2009 - Monthly financial statements filed with County Commissioners.

July 20, 2009 - 2010 County budget to be filed with County Auditor.

July 31, 2009 - Last day to pay 2nd half mobile home taxes without penalty.

August 1, 2009 - Monthly financial statements filed with County Commissioners.

August 10, 2009 - County Auditor required to make real property tax distribution to schools, townships, villages and cities.

September 1, 2009 - Monthly financial statements filed with County Commissioners.

September 1, 2009 - Budget Commission to complete work relating to the setting of tax rates for calendar year 2010.

## CAUV PROGRAM TO SEE CHANGES IN 2010, CONTINUED FROM PAGE 1

### CROP PRICE INFORMATION

The crop prices used for the four field crops are five-year weighted average prices. Crop price data was collected for seven years and the highest and lowest annual prices were dropped and the average was calculated using the remaining five years' data. The prices were weighted based on the statewide production for each year. For this calculation, the seven-year period is 2001 through 2007. Each weighted price was reduced by 5% to allow for management and mixed hay was reduced by an additional 15% to account for harvesting loss.

### NON-LAND PRODUCTION COSTS

Data on crop production costs were used to estimate average non-land production costs. The data was extracted from the Ohio Crop Enterprise Budget prepared by The Ohio State University Department of Agricultural, Environmental and Development Economics for 2002-2008, inclusive. Again, data was collected for the seven-year period and the highest and lowest costs for each category were eliminated.

### CAPITALIZATION RATE

The Dept. of Taxation used the five-year average Farm Credit Service interest rate of 7.06% assuming a 60% loan for a 15-year term, payable annually. A 5-year average interest rate of 7.65% for the 40 percent equity portion was also used and a five percent appreciation over a period of 5 years was included to address the increase in farm land values due to the demand for additional land in an increasingly efficient operation. The capitalization rate for typical Ohio farm land, not including real property market inflation, was computed by the Akerson Mortgage Equity method.

### What's Next?

Agricultural land owners will be given an opportunity to learn more about the changes to the CAUV formula at several meetings to be held throughout the County beginning in September.

At these meetings, representatives from the Ohio Farm Bureau, the County's appraisal company and the County Auditor will be available to answer and address any concerns that agricultural land owners may have regarding the CAUV program and the changes that will be realized in January of 2010.

Agriculture supports the local economy with more than 230,000 of the County's 260,000 acres of land being used in agricultural production. As such it is vitally important for property owners to understand how the program works, why it was created by the Ohio General Assembly, and why it is essential to all Ohioans to protect the integrity of the program by using relevant and current data when determining farmland's agricultural worth for tax calculation purposes.