

IT'S YOUR MONEY

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

CAUV PROGRAM TO SEE CHANGES IN 2013



CRAWFORD COUNTY COURTHOUSE

On February 24, 2012 the Department of Taxation held a public hearing on the proposed Current Agricultural Use Value (CAUV) and Land Tables for tax year 2012 (to be used for tax calculations for calendar year 2013).

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).

Previous issues of "It's Your Money" have discussed the CAUV program and how agricultural land enrolled in the CAUV program are valued.

Because the CAUV values are projected to increase significantly in 2013 and because agriculture is such a significant part of the local economy, I have chosen to republish some basic information about the CAUV program and how the taxable values are determined by the Ohio Department of Taxation.

CAUV Program Background

In 1973, voters approved a constitutional amendment establishing the CAUV program which continued from then until 2009 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 Agricultural 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, has 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 entirety by visiting the Department of Taxation's website at:

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 accurate yields, those yields of record have been updated annually since 2006. The yields are updated by a factor based on ten years of statewide yield information published by the Ohio Department of Agriculture. For 2012, yield data from calendar years 2001-2010 were averaged and divided by the 1984 yield for each crop. This factor is applied to the 1984 crop yield of record for each soil.

CROPPING PATTERNS

The cropping pattern for each map unit is assigned a rotation based on the most recent five-year average of crop acres harvested in Ohio: 38.6% corn, 51.1% beans, and 10.3% wheat. The rotation is based on data from 2006-2010 and closely reflects current agricultural production in Ohio. The acres harvested is extracted from the Ohio Dept. of Agriculture Annual Report with the following exceptions:

- Soil map units with a productivity index of 55 or less are assumed to be most profitably used as pasture.; in 2012, a minimum value of \$350 is used for these soils.
- A pattern of 50% corn and 50% soybeans is used for organic soils.

Special points of interest:

- CAUV Program Changes
- General Fund Revenues vs Expenditures
- County Sales Tax and First Half Real Property Tax Review

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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 quarter of 2012 were \$2,482,246.06 or 29.06% of the \$8,541,150.14 estimated by the County Budget Commission in January. Operating revenues collected for the same period last year were \$2,514,600.95.

The General Fund revenue for the first quarter of 2012 decreased by \$32,354.89 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 less monies received from charges for services revenue and intergovernmental revenue offset by increases in property taxes and sales taxes. Sales tax revenue is up about 12% 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 quarter of 2012 totaled \$1,997,896.88 or 23.76% of the \$8,407,378.96 appropriated by the County Commissioners. Operating expenditures for the same period last year totaled \$2,018,072.53, indicating a decrease in expenditures of \$20,175.65

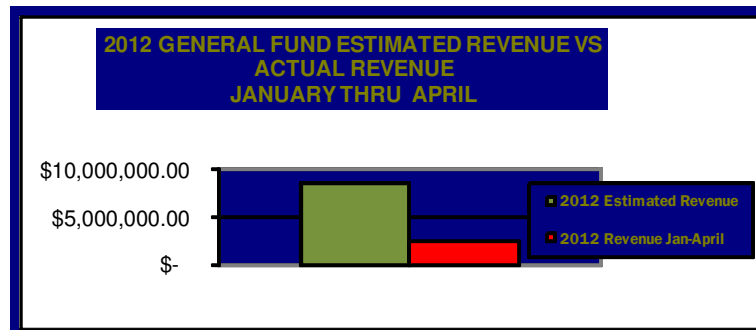
For the first quarter of 2012, operating revenues exceeded operating expenditures by \$484,349.18. For the first quarter of 2011, General Fund operating revenues exceeded operating expenditures by \$496,528.42.

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, 2012 was \$2,575,601.04 as compared to \$1,380,701.45 at March 31, 2011. The increase in cash position is due in part to the combination of operating revenues exceeding operating expenditures, and the advance repayments.

2012 GENERAL FUND BUDGET VS ACTUAL REVENUES

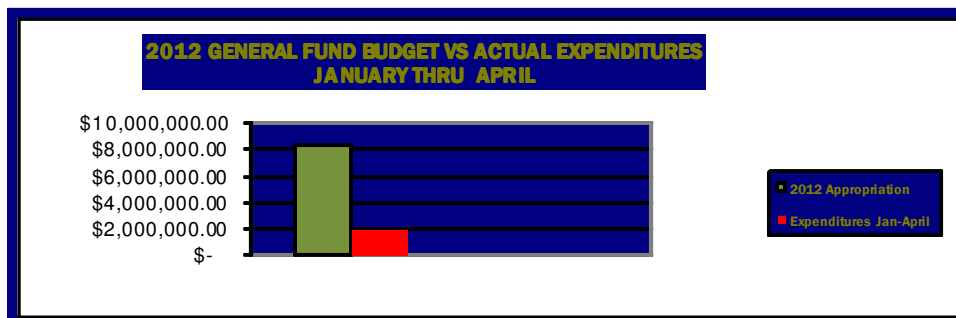
	2012 ESTIMATED REVENUE	2012 ACTUAL REVENUE JANUARY-APRIL	PERCENT COLLECTED
PROPERTY TAXES	\$ 1,229,142.31	\$ 680,994.77	55.40%
SALES TAXES	\$ 3,238,626.60	\$ 926,466.80	28.61%
CHARGES FOR SERVICES	\$ 2,472,796.00	\$ 553,698.14	22.39%
LICENSES AND PERMITS	\$ 2,310.00	\$ 222.50	9.63%
FINES AND FORFEITURES	\$ 168,000.00	\$ 43,736.64	26.03%
INTERGOVERNMENTAL	\$ 1,209,167.23	\$ 252,115.22	20.85%
INTEREST	\$ 180,000.00	\$ 2,922.29	1.62%
OTHER	\$ 41,108.00	\$ 22,089.70	53.74%
TOTAL OPERATING REVENUE	\$ 8,541,150.14	\$ 2,482,246.06	29.06%
ADVANCE REPAYMENT		\$ 143,142.17	



2012 GENERAL FUND BUDGET VS ACTUAL EXPENDITURES

	2012 <u>Appropriation</u>	Expenditures <u>Jan-April</u>	Unexpended <u>Balance</u>	Percent <u>Expended</u>
General Fund Operating				
Expenditures and Transfers	\$ 8,407,378.96	\$ 1,997,896.88	\$ 6,409,482.08	23.76%
Department Breakdown				
COUNTY AUDITOR	\$ 347,550.74	\$ 88,730.56	\$ 258,820.18	25.53%
COUNTY TREASURER	\$ 145,679.00	\$ 38,437.81	\$ 107,241.19	26.39%
PROSECUTING ATTORNEY	\$ 606,969.75	\$ 155,566.08	\$ 451,403.67	25.63%
COUNTY AUDIT	\$ 80,013.73	\$ 22,919.00	\$ 57,094.73	28.64%
COUNTY PLANNING	\$ 10,000.00	\$ -	\$ 10,000.00	0.00%
DATA PROCESSING	\$ 97,639.00	\$ 26,647.51	\$ 70,991.49	27.29%
COURT OF APPEALS	\$ 24,000.00	\$ 12,846.03	\$ 11,153.97	53.53%
COMMON PLEAS COURT	\$ 676,835.12	\$ 186,487.30	\$ 490,347.82	27.55%
JUVENILE COURT	\$ 707,167.28	\$ 161,695.07	\$ 545,472.21	22.87%
PROBATE COURT	\$ 117,875.52	\$ 30,271.27	\$ 87,604.25	25.68%
CLERK OF COURTS	\$ 276,172.38	\$ 68,200.61	\$ 207,971.77	24.69%
CORONER	\$ 117,899.99	\$ 30,675.69	\$ 87,224.30	26.02%
MUNICIPAL COURT	\$ 464,593.21	\$ 124,471.80	\$ 340,121.41	26.79%
BOARD OF ELECTION	\$ 472,221.50	\$ 110,471.22	\$ 361,750.28	23.39%
COURT HOUSE & MAINT	\$ 817,680.47	\$ 249,690.76	\$ 567,989.71	30.54%
COUNTY RECORDER	\$ 171,015.82	\$ 45,638.81	\$ 125,377.01	26.69%
EMA	\$ 60,000.00	\$ -	\$ 60,000.00	0.00%
AGRICULTURE	\$ 248,423.00	\$ 166,259.50	\$ 82,163.50	66.93%
T.B. HOSPITAL	\$ 3,243.35	\$ 902.38	\$ 2,340.97	27.82%
REGISTRATION	\$ 1,000.00	\$ 762.00	\$ 238.00	76.20%
OTHER HEALTH	\$ 66,683.32	\$ 15,799.91	\$ 50,883.41	23.69%
VETERANS SERVICES	\$ 350,218.18	\$ 65,753.26	\$ 284,464.92	18.77%
PUBLIC ASST - GRANT	\$ 153,947.00	\$ 38,486.97	\$ 115,460.03	25.00%
VICTIMS OF CRIME GRANT	\$ 12,481.00	\$ -	\$ 12,481.00	0.00%
SANITARY ENGINEER	\$ 6,165.00	\$ 2,318.66	\$ 3,846.34	37.61%
COUNTY ENGINEER	\$ 116,962.13	\$ 27,147.39	\$ 89,814.74	23.21%
PROP & LIABILITY INS	\$ 155,000.00	\$ -	\$ 155,000.00	0.00%
TRANSFER/MISCELLANEOUS	\$ 1,770,392.38	\$ 238,963.35	\$ 1,531,429.03	13.50%
TOTAL OPERATING EXP/TRANSFERS	\$ 8,407,378.96	\$ 1,997,896.88	\$ 6,409,482.08	23.76%
LOANS TO OTHER FUNDS		\$ 20,000.00		

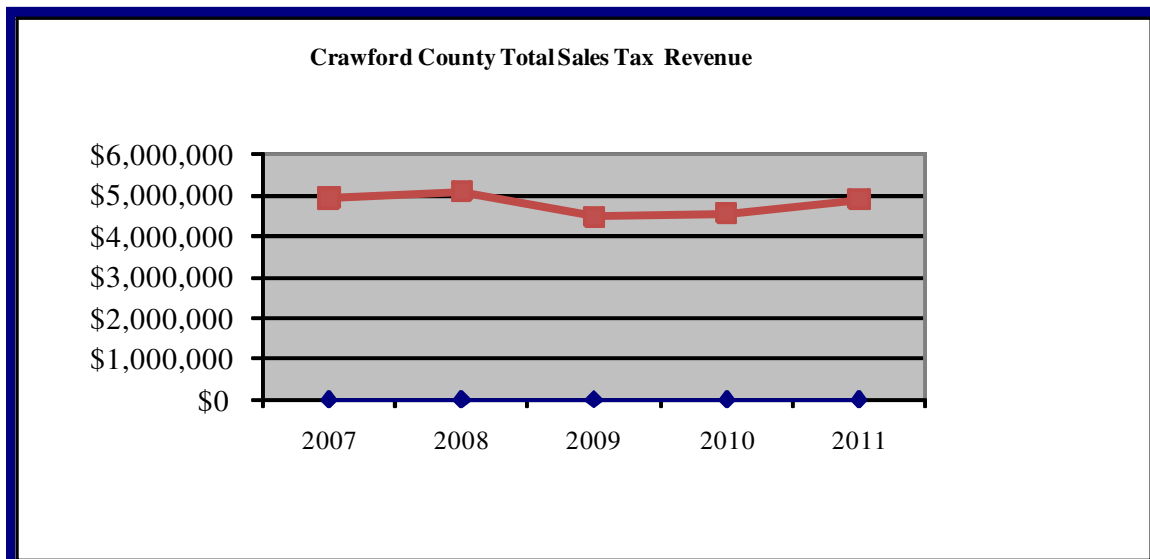
The 2012 appropriation includes all encumbrances carried forward from 2011 and any adjustments to the budget approved by the County Commissioners on January 1, 2012. 2011 encumbrances totaled \$128,204.54 and adjustments made to the 2012 budget during the first quarter of the year totaled \$-0-.



COUNTY SALES TAX REVIEW

Sales and use tax is the State of Ohio's second largest source of revenue and is levied at 5.5%. State law authorizes county governments to levy an additional sales tax rate for the support of local government programs. The sales and use tax that is levied locally is the largest source of revenue for the County General and Jail Operating Funds, and is levied at 1.50%. The 1% local sales tax rate was established by County Commissioners at two different times; first, in 1978 (.50%) and again in 1993 (.50%). In 1994, voters approved an additional .50% sales tax for the construction and operation of the jail. The total sales taxes paid (7%) by local consumers is remitted to the Ohio Department of Taxation. The Dept. of Taxation reconciles all sales tax payments and has oversight responsibilities for these monies. After deducting the State of Ohio's share of the sales tax collections, the Department of Taxation then returns to the County, on a monthly basis, the portion of the tax that is owed to the County based on local approval. Listed below is a five-year review of sales tax collections for both the County General Fund and the County Jail Fund.

<u>Year</u>	<u>Total Sales Tax Revenue</u>	<u>Percent Change from Prior Year</u>
2007	\$4,942,694	
2008	\$5,098,539	3.15%
2009	\$4,484,016	-12.05%
2010	\$4,564,150	1.79%
2011	\$4,910,477	7.59%



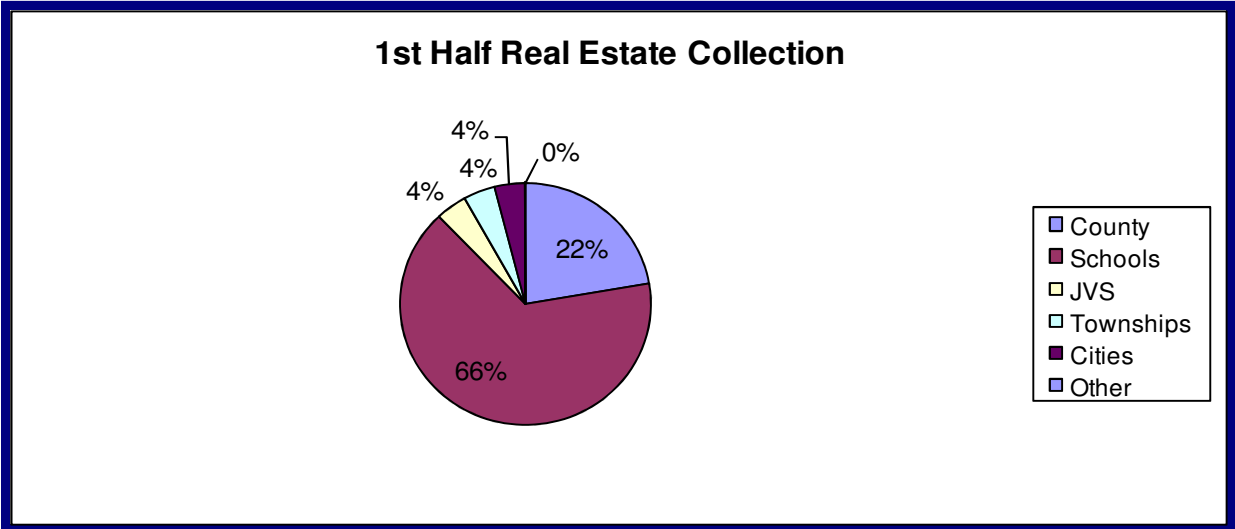
Source: Crawford County Auditor

**In 2009, County sales tax collections reduced for monies distributed by the State of Ohio to the county in error.
In 2011, sales tax distributions were restored by the State of Ohio.

2012 FIRST HALF REAL ESTATE TAX DISTRIBUTIONS

Ohio law requires the County Auditor to distribute many types of taxes collected by the County Treasurer. Shown below is the distribution of real estate taxes for first half 2012. Real estate taxes are collected based on current tax rates applied to the taxable valuations assessed as of January 1, 2011.

2012 1st Half Real Estate Collections Tax Year 2011/Payable 2012		
<u>District</u>	<u>1st Half 2012 Real Estate Collections</u>	<u>Percentage of Total</u>
County	\$3,677,736.69	22.30%
Schools	\$10,804,265.35	65.52%
JVS	\$668,198.18	4.05%
Townships	\$675,924.33	4.10%
Cities	\$648,635.05	3.93%
Other	\$14,871.40	.09%
TOTAL	\$16,489,631.00	100.00%



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 Court 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, 2012 - Monthly financial statements filed with County Commissioners.

May 30, 2012 - Annual financial statements filed with State Auditor.

June 1, 2012 - Monthly financial statements filed with County Commissioners.

June 4, 2012 - Last day to file homestead and 2 1/2 percent rollback tax credit forms with County Auditor.

June 20, 2012 - Last day to pay 2nd half real estate taxes without penalty.

CAUV PROGRAM TO SEE CHANGES IN 2013, 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 is collected for seven years and the highest and lowest prices eliminated, 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 2004 through 2010. The table below shows average weighted prices, reduced by 5% to allow for management.

NON-LAND PRODUCTION COSTS

		TY 2009	TY 2010	TY 2011	TY 2012
Crop	Unit	2001- 2007	2002- 2008	2003- 2009	2004- 2010
Corn	Bushel	\$2.29	\$2.66	\$2.89	\$3.19
Soy-beans	Bushel	\$5.60	\$6.41	\$7.22	\$7.74
Wheat	Bushel	\$3.05	\$3.41	\$3.64	\$3.98

Data on crop production costs were used to estimate average non-land production costs.

The data was taken from the Ohio Crop Enterprise Budget prepared by The Ohio State University Department of Agricultural, Environmental and Development Economics for 2005-2011, inclusive. Again, data was collected for the seven-year period and the highest and lowest costs for each category are eliminated from the array. For 2012, crop insurance costs are included for each crop.

CAPITALIZATION RATE

Five-year averaging is used to derive the Farm Credit Service interest rate of 6.79% assuming a 60% loan for a 15-year term, payable annually, and an interest rate of 6.9% for the 40% equity portion. A five percent appreciation over a period of 5 years is included to address the increase in farmland values due to the demand for additional land in an increasingly efficient operation. The capitalization rate for typical Ohio farmland is computed by the Akerson mortgage equity method. For tax year 2010 the statewide average effective tax rate after

application of the reduction factors levied on agricultural property was 46.07 mills.

The ten percent rollback authorized by State law reduced this rate to 41.46 mills. As a percent of market value the effective tax rate to be used in this year's capitalization formula is 1.5%, (.35 X 41.46)/1000. The 7.5% capitalization rate is the base rate for typical Ohio farmland.

What's Next?

Agricultural land owners will be given an opportunity to learn more about the changes to the CAUV formula at a meeting to be held in mid-summer. Agricultural property owners will be notified by mail of the date and time of the CAUV meeting.

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 2013.