

# IT'S YOUR MONEY

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

## Agricultural Land Values and the "Real Estate Crisis"



**CRAWFORD COUNTY COURTHOUSE**

### Role of Agriculture in the County

In a County where durable manufacturing and agriculture dominate the local economy, it is important for citizens to understand the role that agriculture plays in the community and whether agricultural land values have been effected by the so called "Real Estate Crisis".

Crawford County supports agriculture with 230,000 of its 260,000 acres being used for agricultural purposes. The average size farm within Crawford County is about 300 acres which compares to 189 acres on a state-wide basis.

Crop cash receipts exceed livestock cash receipts in Crawford County by more than three to one. Hogs and soybeans are dominant products, with total farm cash receipts of approximately \$80 million.

In addition to family farm establishments, Crawford County hosts numerous corporate crop and livestock entities as well as food processing facilities. The average per farm cash receipt in Crawford County is 50 percent higher than the state average. Soil qualities and farm-size based economics contribute to this outstanding productivity.

With more than 89 percent of the land within Crawford County in farms, agribusinesses have a significant presence in the local economy. As such, it is important to explore how agricultural land values are determined and evaluate what effects the "real estate crisis" may be having on agricultural property in the County.

### CAUV Program

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 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.

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.

The 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 and include: crop yields, cropping patterns, crop prices, non-land production costs and a capitalization rate.

The annual current agricultural use value of each acre of land is calculated by capitalizing the typical net income from agricultural products, assuming typical management, cropping and land use patterns, and typical yields for each of the various soil types.

Since the CAUV formula essentially hasn't been changed since 1973, it was recognized that typical yields for 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, the yields utilized in the formula 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 2008 the date used was

from calendar years 1997 through 2006. This change, has substantially changed the calculation of the CAUV values.

In 2005, there were some 3,358 types of soil that had an average value of \$123. In 2008, there are 3,510 soil types that have an average value of \$249. This change in value represents a substantial increase across the spectrum of the productivity index and is attributed to the change in yield information used by the Department of Taxation and also reflects the changes in crop prices.

### A Glance at Agricultural Land Sales

Agricultural land sales in Crawford County have remained relatively stable since 2006 in that the price paid per acre was about \$2,935 as compared to \$3,306 in 2007 and \$3,217 per acre in the first quarter of 2008. In 2006, there were 68 agricultural land sales, in 2007 there were 118 and in the first quarter of 2008 there were 27. A review of the data appears to indicate that property sales in this category have remained relatively stable both in terms of the number of sales and the price paid per acre.

### Summary

During these times of economic uncertainty and in the midst of the so called "real estate crisis", citizens are concerned that the market is slowing and may even be declining. However, in a County that has more than 230,000 acres of land that is being used for agricultural purposes, it would appear as if the stability of these land sales may be yet another indication at this time, that the effects of the "real estate crisis" may not be as severe in Crawford County as compared to other areas of the country.

On page 6, first quarter updates are provided on property transfer data, new home permits, property foreclosures and property sales for residential property within the County.

### Special points of interest:

- A Look at the County's Agricultural Land Values and Sales
- General Fund Revenues vs Expenditures
- 2008 1st Half Real Estate Tax Distributions

### 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 three months of 2008 were \$2,659,421.59 or 30.57% of the \$8,700,067.56 estimated by the County Budget Commission in January. Operating revenues collected for the same period last year were \$2,570,801.86.

First quarter sales tax revenue remained relatively constant; only realizing a small increase of \$35,754.24 when compared to first quarter 2007 receipts. Interest revenue is down slightly when compared to the first quarter of 2007. However, it should be noted that interest revenue is only posted to the General Fund in January, June and December.

First quarter operating expenditures totaled \$2,867,248.54 or 24.46% of the \$11,723,301.73 appropriated. Operating expenditures for the same period last year totaled \$2,660,615.75, indicating an increase in expenditures of \$206,632.79. The increase in expenditures can be attributed in part to timing differences of when certain grants are paid and the overall increased cost of doing business. Because there is a surplus in the County's self-funded health insurance program, County Commissioners were able to approve a rate reduction for both the employer's cost of providing health insurance and the employee's cost of having health insurance. This rate reduction went into effect during the first quarter of 2008 and is one area where employer costs could be reduced.

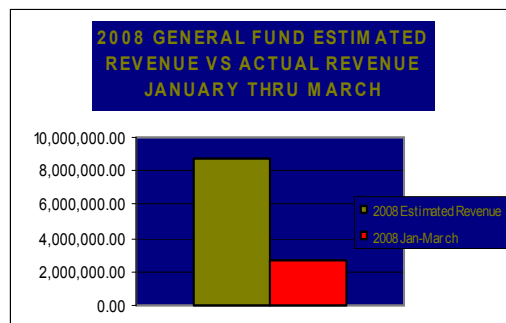
For the first quarter of 2008, General Fund operating expenditures exceeded operating revenues by \$207,826.95. For the first quarter of 2007, operating expenditures exceeded operating revenues by \$89,813.89.

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, 2008 was \$2,548,395.86 as compared to \$2,731,521.11 at March 31, 2007. The decrease in cash position is a result of expenditures exceeding revenues and loans made to other funds that were offset by a one-time transfer of cash to the General Fund from Auto License and Gas Tax for charges associated with prior years indirect costs.

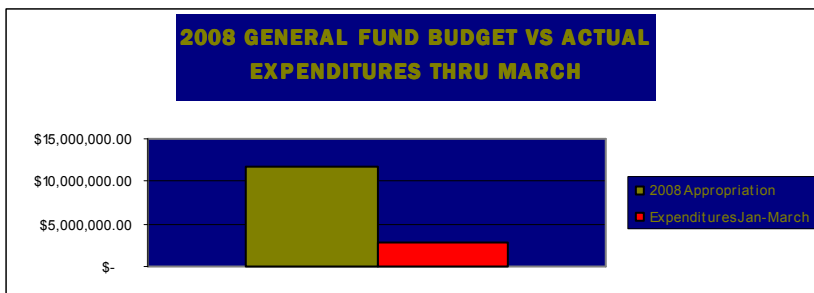
## 2008 GENERAL FUND BUDGET VS ACTUAL REVENUES

	2008 ESTIMATED REVENUE	2008 ACTUAL REVENUE JANUARY-MARCH	PERCENT COLLECTED
PROPERTY TAXES	\$ 1,375,000.00	\$ 676,503.39	49.20%
SALES TAXES	\$ 3,150,000.00	\$ 871,203.80	27.66%
CHARGES FOR SERVICES	\$ 1,866,750.00	\$ 490,999.58	26.30%
LICENSES AND PERMITS	\$ 3,410.00	\$ 530.00	15.54%
FINES AND FORFEITURES	\$ 180,282.00	\$ 57,615.34	31.96%
INTERGOVERNMENTAL	\$ 1,438,281.00	\$ 433,386.72	30.13%
INTEREST	\$ 600,000.00	\$ 68,108.48	11.35%
OTHER	\$ 86,344.56	\$ 61,074.28	70.73%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 8,700,067.56</b>	<b>\$ 2,659,421.59</b>	<b>30.57%</b>
ADVANCE REPAYMENT			
TRANSFERS-IN		\$ 159,097.41	



## 2008 GENERAL FUND BUDGET VS ACTUAL EXPENDITURES

	2008 <u>Appropriation</u>	Expenditures <u>Jan-March</u>	Unexpended <u>Balance</u>	Percent <u>Expended</u>
<b>General Fund Operating Expenditures and Transfers</b>	\$ 11,723,301.73	\$ 2,867,248.54	\$ 8,856,053.19	24.46%
<b>Department Breakdown</b>				
COUNTY COMMISSIONERS	\$ 361,231.75	\$ 91,916.96	\$ 269,314.79	25.45%
COUNTY AUDITOR	\$ 405,101.20	\$ 88,434.19	\$ 316,667.01	21.83%
COUNTY TREASURER	\$ 130,965.48	\$ 31,797.50	\$ 99,167.98	24.28%
PROSECUTING ATTORNEY	\$ 562,978.00	\$ 150,417.91	\$ 412,560.09	26.72%
BUDGET COMMISSION	\$ 500.00	\$ -	\$ 500.00	0.00%
BOARD OF REVISION	\$ 500.00	\$ -	\$ 500.00	0.00%
BUREAU OF EXAMINATION	\$ 131,727.06	\$ 13,851.96	\$ 117,875.10	10.52%
COUNTY PLANNING	\$ 35,000.00	\$ 10,000.00	\$ 25,000.00	28.57%
DATA PROCESSING	\$ 111,802.00	\$ 30,852.69	\$ 80,949.31	27.60%
COURT OF APPEALS	\$ 31,979.65	\$ 16,994.77	\$ 14,984.88	53.14%
COMMON PLEAS	\$ 684,202.93	\$ 157,853.75	\$ 526,349.18	23.07%
JUVENILE COURT	\$ 893,012.31	\$ 172,980.70	\$ 720,031.61	19.37%
PROBATE COURT	\$ 145,333.87	\$ 33,804.05	\$ 111,529.82	23.26%
CLERK OF COURTS	\$ 272,807.24	\$ 63,040.82	\$ 209,766.42	23.11%
CORONER	\$ 143,158.51	\$ 29,929.06	\$ 113,229.45	20.91%
MUNICIPAL COURT	\$ 603,555.00	\$ 124,790.46	\$ 478,764.54	20.68%
BOARD OF ELECTIONS	\$ 439,514.33	\$ 114,955.46	\$ 324,558.87	26.16%
CT HOUSE ADMIN/COMMISSIONERS	\$ 830,126.67	\$ 220,305.27	\$ 609,821.40	26.54%
SHERIFF ROAD PATROL ONLY	\$ 2,295,517.44	\$ 499,398.13	\$ 1,796,119.31	21.76%
COUNTY RECORDER	\$ 199,285.06	\$ 43,962.28	\$ 155,322.78	22.06%
EMERGENCY MANAGEMENT	\$ 75,000.00	\$ -	\$ 75,000.00	0.00%
AGRICULTURE	\$ 329,732.00	\$ 166,246.75	\$ 163,485.25	50.42%
T.B. HOSPITAL	\$ 610.00	\$ 393.51	\$ 216.49	64.51%
VITAL STATISTICS	\$ 1,000.00	\$ -	\$ 1,000.00	0.00%
OTHER HEALTH	\$ 69,771.43	\$ 26,337.59	\$ 43,433.84	37.75%
VETERANS SERVICES	\$ 381,781.26	\$ 87,977.42	\$ 293,803.84	23.04%
PUBLIC ASST - GRANT	\$ 285,000.00	\$ 48,042.48	\$ 236,957.52	16.86%
CHILD WELFARE GRANT	\$ 215,000.00	\$ 53,750.01	\$ 161,249.99	25.00%
VICTIMS OF CRIME GRANT	\$ 12,671.00	\$ -	\$ 12,671.00	0.00%
SANITARY ENGINEER	\$ 39,275.00	\$ 8,353.31	\$ 30,921.69	21.27%
COUNTY ENGINEER	\$ 157,424.80	\$ 25,919.70	\$ 131,505.10	16.46%
LAW LIBRARY	\$ 47,321.74	\$ 11,759.96	\$ 35,561.78	24.85%
LIABILITY INSURANCE	\$ 274,200.00	\$ -	\$ 274,200.00	0.00%
TRANSFERS/MISCELLANEOUS	\$ 1,556,216.00	\$ 543,181.85	\$ 1,013,034.15	34.90%
<b>TOTAL OPERATING EXP/TRANSFERS</b>	<b>\$ 11,723,301.73</b>	<b>\$ 2,867,248.54</b>	<b>\$ 8,856,053.19</b>	<b>24.46%</b>
LOANS TO OTHER FUNDS		\$ 249,018.68		
<b>TOTAL EXPENDITURES AND LOANS</b>	<b>\$ 11,723,301.73</b>	<b>\$ 3,116,267.22</b>	<b>\$ 8,856,053.19</b>	



The 2008 appropriation includes all encumbrances carried forward from 2007 and any adjustments to the budget approved by the County Commissioners on January 1, 2008. 2007 encumbrances totaled \$197,376.44.

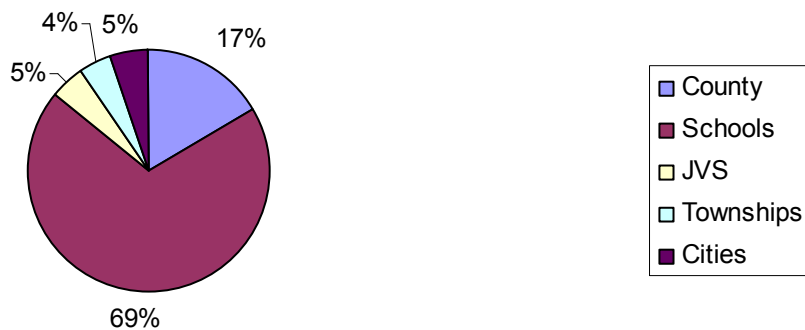
## **2008 REAL ESTATE TAX DISTRIBUTIONS**

*Ohio law requires the County Auditor to distribute many types of taxes collected by the County Treasurer. The two major types of property taxes are real estate and tangible personal. Shown below is the distribution of real estate taxes for first half 2008. Personal Property distributions are made in May and October each year, so these distributions will be reflected in future quarterly reports. Real estate taxes are collected based on current tax rates applied to the taxable valuations assessed as of January 1, 2007.*

### 2008 1st Half Real Estate Collections Tax Year 2007/Payable 2008

<u>District</u>	<u>1st Half 2008 Real Estate Collections</u>	<u>Percentage of Total</u>
County	\$ 2,387,030.92	16.59%
Schools	\$ 9,955,284.34	69.20%
JVS	\$ 704,958.75	4.90%
Townships	\$ 609,640.76	4.24%
Cities	\$ 729,156.92	5.07%
<b>TOTAL</b>	<b>\$ 14,386,071.69</b>	<b>100.00%</b>

**Tax Year 2007 1st Half Real Estate Collections**

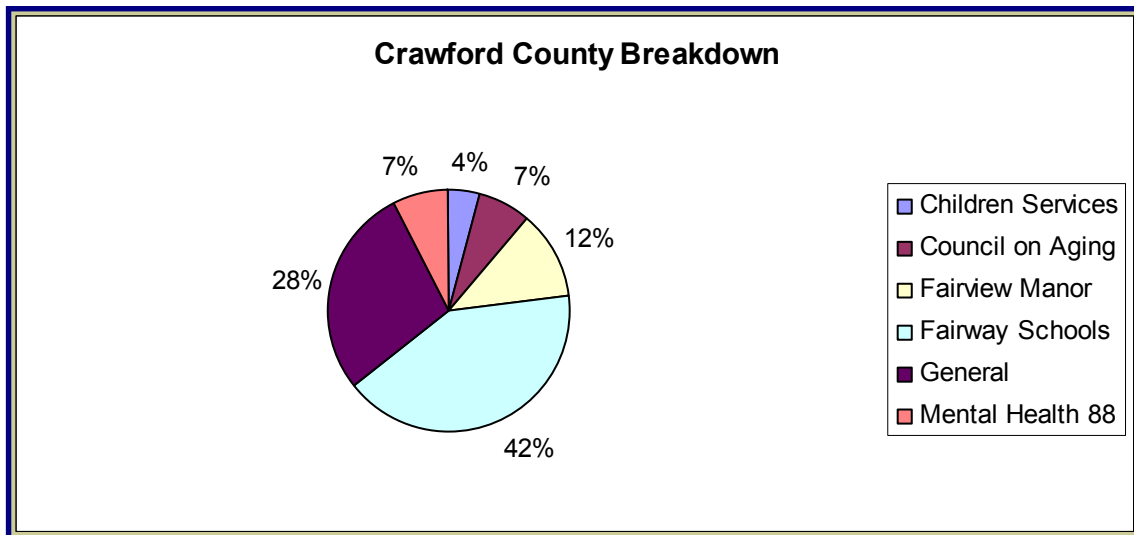


## **2008 REAL ESTATE TAX DISTRIBUTIONS, CONTINUED**

*The following table and graph illustrate how Crawford County's portion of your tax bill is utilized. The following tax levies have been approved by the voters with the exception of the General Fund which represents your proportional share of the cost of operating local government. Ohio law limits the amount of taxation without the vote of the people. Each political subdivision such as a school district, township, village, city and county are allocated millage, not to exceed 10 collectively, for general operating purposes.*

### 2008 1st Half Real Estate Collections Tax Year 2007/Payable 2008 Crawford County Breakdown

<u>District</u>	<u>1st Half 2008 Real Estate Collections</u>	<u>Percentage of Total</u>
Children Services	\$ 100,026.13	4.19%
Council on Aging	\$ 168,606.29	7.07%
Fairview Manor	\$ 281,010.44	11.77%
Fairway Schools	\$ 983,536.58	41.20%
General	\$ 675,529.82	28.30%
Mental Health	\$ 178,321.66	7.47%
<b>TOTAL</b>	<b>\$ 2,387,030.92</b>	<b>100.00%</b>



**A QUARTERLY NEWSLETTER FROM YOUR COUNTY  
AUDITOR**

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**UPCOMING DATES TO REMEMBER**

- April 1, 2008 - Monthly financial statements filed with County Commissioners.
- April 30, 2008 - Last Day to file or request extension of tangible personal property tax forms.
- May 1, 2008 - Monthly financial statements filed with County Commissioners.
- May 15, 2008 or about - County Auditor required to make tangible personal property tax distributions to schools, townships, villages and cities.
- May 30, 2008 - Annual financial statements filed with State Auditor.
- June 1, 2008 - Monthly financial statements filed with County Commissioners.
- June 2, 2008 - Last day to file homestead and 2 1/2 percent rollback tax credit forms with County Auditor.
- June 15, 2008 - Last day to file tangible personal property tax return if extension granted.
- June 20, 2008 - Last day to pay 2nd half real estate taxes without penalty.

**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

The County 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. Listed below is the first quarter information for property transfer data, new home permits, sales of property foreclosures and property sales for residential property. Also provided, is a comparison of the same information to the first quarter of 2007.

	First Quarter <u>2007</u>	First Quarter <u>2008</u>
Real Property Transfers	227	204
*New Home Permits Issued by County Auditor	7	4
Other Building Permits Issued by County Auditor	11	12
Sheriff Sales/Foreclosures	63	65
Sales Value as a Percent of County's Tax Value	91%	97%

\*Only includes permits issued for construction in unincorporated areas of the County.