

# IT'S YOUR MONEY

## A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR THE TRIENNIAL UPDATE PROCESS



**CRAWFORD COUNTY COURTHOUSE**

In the midst of the current global recession and housing crisis, many taxpayers have expressed concern about decreasing property values. While most taxpayers are concerned that lower property values may mean that their net worth has probably decreased, they also believe that lower property values will mean lower taxes (which isn't necessarily true and will be addressed in a later article).

All of this can be very confusing to the average taxpaying citizen who is just trying to survive the current economic crisis. As such, the goal of this article is to provide some basic answers to questions that are being asked by taxpayers and to hopefully provide some basic information to address some of the misinformation that is being discussed during this time of economic uncertainty.

### WHY APPRAISE?

Ohio law requires the County Auditor's Office to regularly appraise all real property within the County. The Ohio Constitution further requires that all real property be appraised at market value and that taxation must be uniform throughout the State of Ohio and between property classes (residential, agricultural, commercial industrial).

The primary objective for revaluing real property is adjusting and equalizing property values to reflect market changes during the last appraisal period.

### HOW IS PROPERTY REVALUED?

State law requires the County Auditor's Office to physically inspect all land and buildings within the County every six years. This is called a re-valuation and was last done in 2006.

Values are then reviewed at mid-point between reappraisals by the Tax Commissioner of Ohio and if values are not at market level, the Commissioner is required to order any necessary changes. This process is called a Triennial Update and will be completed during 2009.

Both valuation processes are required by Ohio law and are done in order to ensure that each person only pays their fair share of the local property tax burden because normal growth and development cause changes in land values, land use and property appeal. Property values do not change uniformly in that some values rise, some stay the same and others will actually drop.

### WHAT DOES ESTIMATED FAIR MARKET VALUE MEAN?

This is the most likely price your property will sell for in an open market, between a willing buyer and willing seller who are considering all relevant facts and information about the property. Foreclosures, sheriff sales, sales to relatives or sales made under pressure or duress cannot by law be considered when determining the estimated fair market value of a property.

### HOW DOES THE COUNTY AUDITOR KNOW WHAT A PROPERTY SELLS FOR AND WHETHER IT IS CONSIDERED A VALID SALE FOR APPRAISAL PURPOSES?

With each real estate closing, the buyer of real property is required to sign what is called a "Conveyance Form". This form certifies the actual price that is paid for the real estate ONLY. This form is then filed with the County Auditor's Office.

The County Auditor is required by law to forward this form to the Ohio Department of Taxation for them to use in analyzing real estate purchasing patterns and for establishing property values in Crawford County.

Independently, the County Auditor's Office also performs an analysis of all valid or arm's length sales that have taken place during the appraisal period which in this case is between January 1, 2006 and December 31, 2008.

The County Auditor's Office then prepares a list of recommended changes to the Ohio Department of Taxation which ultimately has the

responsibility for approving Crawford County's property valuations.

### WHAT DOES VALID OR ARM'S LENGTH SALE MEAN?

Ohio law defines arm's length sales as a sale between a willing seller and a willing buyer. Sheriff sales and foreclosures are not by law, considered arm's length sales.

### WHAT IS THE FORECLOSURE STATUS IN CRAWFORD COUNTY AND WHAT EFFECT, IF ANY, WILL THOSE FORECLOSURES HAVE ON LOCAL PROPERTY VALUES?

The number of foreclosure filings in Ohio and Crawford County continued to grow during 2008. According to a report from Policy Matters of Ohio, "the number of foreclosures in the state has been and remains at crisis levels." In fact, according to this report, in 2007, there was one foreclosure filing for every 60 housing units in the state. Interestingly, this increasing trend on the number of foreclosures in the state has been occurring since 1995.

There were 337 foreclosures filed in Crawford County during 2008 and these filings represent 1.77% of the total building units in the County. This can be compared to 281 foreclosure filings in 2007 and 1.48% of the total building units. Crawford County's foreclosure filings from 2007 to 2008 increased by about 19%.

Crawford County currently ranks 11th in the state in foreclosure growth and since 1998 has averaged about 228 foreclosures per year.

Foreclosures have always been an integral, although typically hidden, part of the real estate market and there may be some neighborhoods within the County that have a higher number of foreclosures in that geographic area.

**Continued on page 6.**

### Special points of interest:

- The Triennial Update
- General Fund Revenues vs Expenditures
- 2009 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 quarter of 2009 were \$3,244,859.67 or 34.63% of the \$9,370,207.56 estimated by the County Budget Commission in January. Operating revenues collected for the same period last year were \$2,659,421.59.

The General Fund revenue for the first quarter of 2009 increased by \$585,438.08 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 is also up 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 5% 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 2009 totaled \$2,956,169.99 or 24.76% of the \$11,940,026.38 appropriated by the County Commissioners in January. Operating expenditures for the same period last year totaled \$2,867,248.54, indicating an increase in expenditures of \$88,921.45. The increase in operating expenditures can be attributed in large part due to timing differences of when certain obligations such as the Emergency Management grant are paid and an overall increase in the cost of doing business.

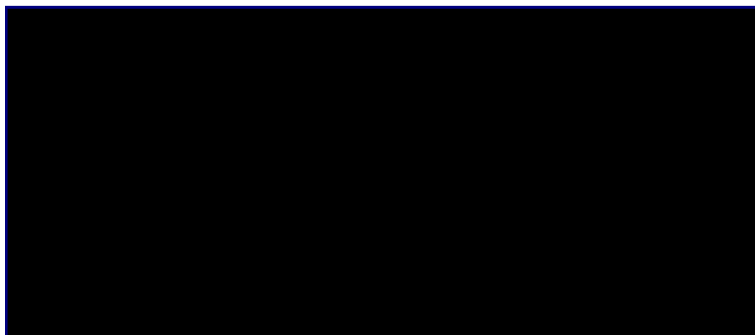
For the first quarter of 2009, operating revenues exceeded operating expenditures by \$288,689.68. For the first quarter of 2008, General Fund operating expenditures exceeded operating revenues by \$207,826.95.

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, 2009 was \$2,266,112.99 as compared to \$2,548,395.86 at March 31, 2008. The decrease in cash position is due in large part to loans being made to other funds.

## 2009 GENERAL FUND BUDGET VS ACTUAL REVENUES

	2009 ESTIMATED REVENUE	2009 ACTUAL REVENUE JANUARY-MARCH	PERCENT COLLECTED
PROPERTY TAXES	\$ 1,245,000.00	\$ 678,160.97	54.47%
SALES TAXES	\$ 3,000,000.00	\$ 822,751.24	27.43%
CHARGES FOR SERVICES	\$ 2,798,500.00	\$ 1,021,703.91	36.51%
LICENSES AND PERMITS	\$ 3,410.00	\$ 485.00	14.22%
FINES AND FORFEITURES	\$ 194,000.00	\$ 57,597.78	29.69%
INTERGOVERNMENTAL	\$ 1,543,671.00	\$ 293,199.90	18.99%
INTEREST	\$ 500,000.00	\$ 326,061.19	65.21%
OTHER	\$ 85,626.56	\$ 44,899.68	52.44%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 9,370,207.56</b>	<b>\$ 3,244,859.67</b>	<b>34.63%</b>



## 2009 GENERAL FUND BUDGET VS ACTUAL EXPENDITURES

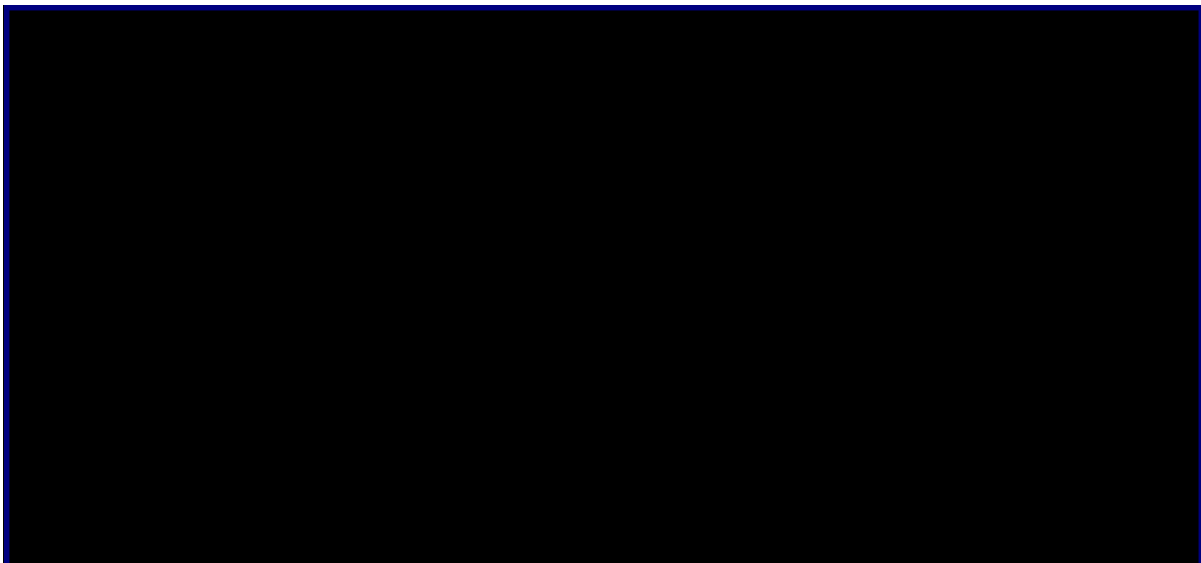
	<u>2009 Appropriation</u>		<u>Expenditures Jan-March</u>		<u>Unexpended Balance</u>	<u>Percent Expended</u>
<b>General Fund Operating</b>						
<b>Expenditures and Transfers</b>	\$ 11,940,026.38	\$	2,956,169.99	\$	8,983,856.39	24.76%
<b>Department Breakdown</b>						
COUNTY COMMISSIONERS	\$ 358,926.74	\$	90,513.92	\$	268,412.82	25.22%
COUNTY AUDITOR	\$ 390,583.00	\$	85,663.37	\$	304,919.63	21.93%
COUNTY TREASURER	\$ 126,727.96	\$	30,523.43	\$	96,204.53	24.09%
TOTAL PROSECUTING	\$ 658,098.77	\$	157,170.47	\$	500,928.30	23.88%
BUDGET COMMISSION	\$ 500.00	\$	-	\$	500.00	0.00%
BOARD OF REVISION	\$ 500.00	\$	-	\$	500.00	0.00%
BUREAU OF INSPECTION	\$ 127,082.90	\$	12,636.89	\$	114,446.01	9.94%
REGIONAL PLANNING	\$ 35,000.00	\$	-	\$	35,000.00	0.00%
DATA PROCESSING	\$ 139,153.00	\$	29,268.26	\$	109,884.74	21.03%
COURT OF APPEALS	\$ 31,445.00	\$	14,814.49	\$	16,630.51	47.11%
COMMON PLEAS COURT	\$ 690,929.50	\$	167,718.31	\$	523,211.19	24.27%
JUVENILE COURT	\$ 867,646.26	\$	175,338.16	\$	692,308.10	20.21%
PROBATE COURT	\$ 148,253.61	\$	28,929.33	\$	119,324.28	19.51%
CLERK OF COURTS	\$ 285,283.24	\$	68,977.35	\$	216,305.89	24.18%
CORONER	\$ 151,334.51	\$	24,872.91	\$	126,461.60	16.44%
MUNICIPAL COURT	\$ 629,676.99	\$	121,077.52	\$	508,599.47	19.23%
BOARD OF ELECTION	\$ 456,173.31	\$	65,449.76	\$	390,723.55	14.35%
CT HOUSE ADMIN/COMMISSIONERS	\$ 864,279.93	\$	210,895.62	\$	653,384.31	24.40%
SHERIFF ROAD PATROL ONLY	\$ 2,457,748.33	\$	547,287.10	\$	1,910,461.23	22.27%
COUNTY RECORDER	\$ 199,532.00	\$	45,813.58	\$	153,718.42	22.96%
EMERGENCY MANAGEMENT	\$ 75,000.00	\$	75,000.00	\$	-	100.00%
AGRICULTURE	\$ 330,961.00	\$	191,185.00	\$	139,776.00	57.77%
T.B. HOSPITAL	\$ 910.00	\$	-	\$	910.00	0.00%
VITAL STATISTICS	\$ 1,000.00	\$	-	\$	1,000.00	0.00%
TOTAL OTHER HEALTH	\$ 73,893.64	\$	11,866.84	\$	62,026.80	16.06%
VETERANS SERVICES	\$ 373,722.54	\$	91,624.89	\$	282,097.65	24.52%
PUBLIC ASST - GRANT	\$ 198,000.00	\$	47,766.33	\$	150,233.67	24.12%
CHILD WELFARE GRANT	\$ 215,000.00	\$	53,750.01	\$	161,249.99	25.00%
VICTIMS OF CRIME GRANT	\$ 12,800.00	\$	11,348.00	\$	1,452.00	88.66%
SANITARY ENGINEER	\$ 40,550.00	\$	8,633.14	\$	31,916.86	21.29%
COUNTY ENGINEER	\$ 133,198.01	\$	24,620.69	\$	108,577.32	18.48%
LAW LIBRARY	\$ 45,477.19	\$	11,776.20	\$	33,700.99	25.89%
LIABILITY/PROPERTY INSURANCE	\$ 274,200.00	\$	3,727.00	\$	270,473.00	1.36%
TRANSFERS/MISCELLANEOUS	\$ 1,546,438.95	\$	547,921.42	\$	998,517.53	35.43%
TOTAL OPERATING EXP/TRANSFERS	\$ 11,940,026.38	\$	2,956,169.99	\$	8,983,856.39	24.76%
LOANS TO OTHER FUNDS		\$	238,650.38			
TOTAL EXPENDITURES AND LOANS	\$ 11,940,026.38	\$	3,194,820.37	\$	8,983,856.39	

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 quarter totaled \$-0-.

## ***2009 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 2009. Real estate taxes are collected based on current tax rates applied to the taxable valuations assessed as of January 1, 2008.*

2009 1st Half Real Estate Collections Tax Year 2008/Payable 2009		
<u>District</u>	<u>1st Half 2009 Real Estate Collections</u>	<u>Percentage of Total</u>
County	\$2,525,396.99	17.11%
Schools	\$10,202,254.96	69.11%
JVS	\$704,371.21	4.77%
Townships	\$618,814.25	4.19%
Cities	\$711,596.14	4.82%
<b>TOTAL</b>	<b>\$14,762,433.55</b>	<b>100.00%</b>

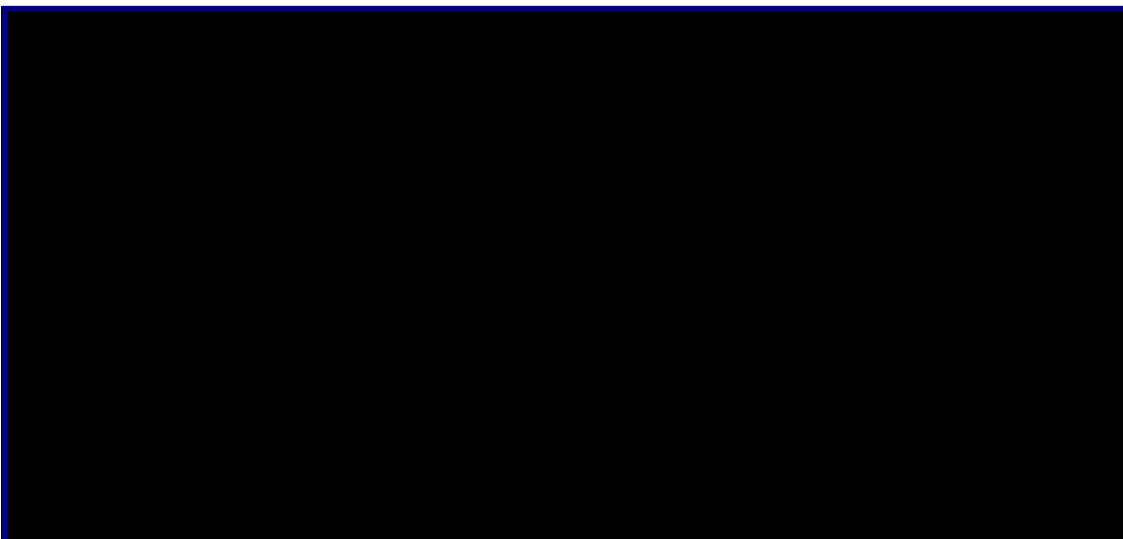


## ***2009 REAL ESTATE TAX DISTRIBUTIONS, CONTINUED***

*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.*

### 2009 1st Half Real Estate Collections Tax Year 2008/Payable 2009 Crawford County Breakdown

<u>District</u>	<u>1st Half 2009 Real Estate Collections</u>	<u>Percentage of Total</u>
Children Services	\$ 100,446.81	3.98%
Council on Aging	\$ 169,335.63	6.71%
Fairview Manor	\$ 282,226.08	11.18%
Fairway Schools	\$ 987,791.19	39.11%
General	\$ 677,598.11	26.83%
Mental Health	\$ 307,999.17	12.20%
<b>TOTAL</b>	<b>\$ 2,525,396.99</b>	<b>100.00%</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

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

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

May 15, 2009 or about - County Auditor required to make tangible personal property tax distributions to schools, townships, villages and cities.

May 30, 2009 - Annual financial statements filed with State Auditor.

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

June 1, 2009 - Last day to file homestead and 2 1/2 percent rollback tax credit forms with County Auditor.

June 22, 2009 - Last day to pay 2nd half real estate taxes without penalty.

## THE TRIENNIAL UPDATE PROCESS Continued From Page 1

### Foreclosures, continued from page 1:

Ohio law still requires the County Auditor's Office to develop a market value for these areas using the arm's length sales that occurred in the neighborhood during the most recent three-year period.

If there are a significant number of foreclosures or abandoned and vacant properties within a neighborhood that is affecting property appeal, then sales in the area will most likely reflect this fact and the values will be adjusted accordingly.

Remember the objective of both the triennial update and the revaluation is to determine the most probable estimated selling price for each property in the County and if foreclosures are having an impact on property sales then that data will be used to reflect this impact as new property values are determined.

### HAVE CRAWFORD COUNTY'S PROPERTY VALUES KEPT PACE WITH OTHER AREAS OF THE COUNTRY AND WILL PROPERTY VALUES CHANGE AT THE SAME RATE?

No. Areas that have seen large increases in population such as California,

Florida and Las Vegas enjoyed some very large rates of appreciation in their home values over the last few years. In some cases, double digit increases. Because these areas are incubators for real estate "booms", they also eventually became prone to the real estate "bust".

In Ohio and in particular rural Ohio, property values have remained relatively stable, generally only seeing annual increases equivalent to the rate of inflation. As such, because Crawford County never saw the double digit property value increases, preliminary sales analysis does not indicate double digit property value decreases are justified. Not all property values will change.

Any change in value will reflect how real estate purchasers are spending their money.

The County is subdivided into market areas or neighborhoods with similar characteristics.

In some of those areas, property values may increase, some may decrease and some may stay the same depending on neighborhood sales and conditions, relative to the County Auditor's tax value that is currently assigned and being updated.

### WHEN WILL THE NEW PROPERTY VALUES BE AVAILABLE AND WILL I HAVE A CHANCE TO DISCUSS THEM BEFORE THEY BECOME FINAL?

The new property values will be determined by late summer or early fall (2009). Property owners will be notified by mail of the new values so that taxpayers are given an opportunity to discuss these values before they are finalized with the State of Ohio. Informal review hearings will be held with the County's appraisal firm, Appraisal Research Corporation of Findlay, Ohio, to address any questions or concerns that property owners have about the appraisal process during these difficult economic times.

**Richard H. Hoffman, CAE, MAI, ASA, CRE  
President and Chief Appraiser of Appraisal  
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