

IT'S YOUR MONEY

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

The Budgetary Process At A Glance



CRAWFORD COUNTY COURTHOUSE

GOVERNMENT IS BIG BUSINESS

County government is a very important business component of the local economy. With a budget of more than \$46 million and with more than 500 employees, County government is one of the largest employers in the County. County government also does business with more than five thousand different vendors, so government spending helps to fuel other business sectors of the economy as well. Since government spending is so important to the local economy and to the local taxpayer, this article is being offered to hopefully provide readers with a better understanding of the local government budgetary process and how spending levels and priorities are determined each year by the appropriate government officials.

UNDERSTAND THE BUDGETARY PROCESS

The County budget cycle actually begins each year in May when every department or agency is required by law to submit an appropriation (spending) request to the County Commissioners. Included in this budgetary request is an estimate of revenue from the various sources associated with that department or agency that is anticipated to be received during that budgetary cycle. Some examples of revenue sources are: fees, licenses, tax revenue, grant revenue, rent, etc. The County's fiscal year encompasses the calendar year, so appropriation requests and estimated revenues are made for that twelve month period.

The budgetary requests for the following calendar year are then reviewed and adjusted by the County Commissioners after determining the necessity of each spending request. Once the budget is finalized, then it is filed with the County Auditor (who is secretary to the County Budget Commission) in July each year.

THE COUNTY BUDGET COMMISSION'S ROLE IN THE BUDGETARY PROCESS

The County Auditor then submits the budget to the County Budget Commission which has the responsibility for setting the tax rates in the County based on the budgetary requests from the various governmental entities within the County (county, cities, schools, townships, villages). These rates cannot exceed the amount authorized by law or by the voters.

The County Budget Commission is comprised of the County Auditor, the County Prosecutor and the County Treasurer.

Ohio law sets forth the two types of tax levies that the Budget Commission has to review. The first is the non-voted levies that Ohio law authorizes for each taxing unit of government to be used for the basic operating needs of that entity. The second type of levy is one that requires a vote of the people. (School operating levies and fire levies are two examples of these type of levies.)

The County General Fund is an example of a non-voted levy that is required to be used to pay for the basic operating costs of County government.

Since both types of levies can only be authorized if the proper financial or budgetary information is provided, it is very important for each governmental taxing unit to make the budgetary process relevant.

Once the Budget Commission sets the tax rates for the upcoming tax year, property tax revenues are then estimated and both the rates and projected tax revenues are submitted to the County Commissioners (and other political subdivisions such as townships etc.) in September. By law, each entity may accept the tax rates and projected tax revenues of the Budget Commission or the entity may appeal the Budget

Commission's decision to the Board of Tax Appeals in Columbus.

FINALIZING THE COUNTY BUDGET

On or about January 1st of each year, the County Commissioners are responsible for submitting to the County Auditor a "Certificate of the Total Amount From All Sources Available for Expenditures, and Balances." This report is a combination of the prior year's cash balances and the estimated revenues from the various departments and agencies along with the Budget Commission's tax revenue projections for the upcoming fiscal year. The information from this report is then used to compile the "Amended Certificate of Estimated Resources" which establishes a limit on the amount the County Commissioners may appropriate in that fiscal year.

The County Commissioners then must adopt an "Appropriation Resolution" which establishes the annual spending limits of County expenditures. Before any spending can occur in a new fiscal year, the County Auditor must then certify to the County Commissioners that the appropriations of the county do not exceed the available resources that have been certified by the County Budget Commission.

Both the estimated resources and the appropriations may be amended during the calendar year if projected increases or decreases in revenue or spending levels are identified.

BALANCED BUDGET REQUIRED

Unlike the federal government, which can operate with a deficit financial position, County government is required by law to balance its budget each year within the resources that are available. At no time is the County allowed to ever operate with a deficit financial position, so it is very important for the annual budgetary process to take into account both historical and future financial trends.

Special points of interest:

- A Look at the County's Budgetary Process
- County Commissioners Approve \$46 Million Dollar Budget for 2009
- 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 2008 were \$9,497,979.22 or 109.17% of the \$8,700,067.56 estimated by the County Budget Commission in January. Operating revenues collected for the same period last year were \$9,308,412.95.

The General Fund revenue for 2008 increased by \$189,566.27 when compared to 2007. Sales tax revenue, charges for services and intergovernmental revenue of the County all realized increases that were offset by decreases in property tax revenue and interest revenue. The decreases in interest revenue and property tax revenue are a result of lower interest rates and the State of Ohio eliminating the tangible personal property tax.

2008 operating expenditures totaled \$10,331,198.28 or 88.34% of the \$11,695,310.76 appropriated by the County Commissioners in January. A comparison of 2007 and 2008 indicates that expenditures for 2008 increased by \$38,602.62. A review of 2008 financial activity indicates that about 11% of the General Fund appropriations were not spent during the year. Of the \$1,364,112.48 that was not spent during 2008, approximately \$177,000 was due to the County Commissioners reducing the health insurance premiums for a nine month period because excess reserves had accumulated in the Health Insurance Internal Service Fund.

On page 6 is a table that provides the General Fund's cash balances (reserves) over the last five years. Reserves have decreased from \$3,374,906.59 on December 31, 2004 to \$2,216,073.69 on December 31, 2008. Consistent, conservative spending patterns on the part of elected officials and department heads have contributed to the County's not utilizing more of the General Fund's cash reserves.

In 2008, General Fund operating expenditures exceeded operating revenues by \$833,219.06. For 2007, operating expenditures exceeded operating revenues by \$984,182.71.

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, 2008 was \$2,216,073.69 as compared to \$2,846,144.08 at December 31, 2007. The decrease in cash position is due to operating expenditures exceeding operating revenues by \$833,219.06 which was offset by the difference between \$622,472.35 in outstanding loans that were repaid and \$419,323.68 in loans issued by the County Commissioners.

2008 GENERAL FUND BUDGET VS ACTUAL REVENUES

	2008 ESTIMATED REVENUE	2008 ACTUAL REVENUE JANUARY-DECEMBER	PERCENT COLLECTED
PROPERTY TAXES	\$ 1,375,000.00	\$ 1,285,173.42	93.47%
SALES TAXES	\$ 3,150,000.00	\$ 3,399,356.36	107.92%
CHARGES FOR SERVICES	\$ 1,866,750.00	\$ 2,192,101.61	117.43%
LICENSES AND PERMITS	\$ 3,410.00	\$ 2,667.97	78.24%
FINES AND FORFEITURES	\$ 174,000.00	\$ 223,437.32	128.41%
INTERGOVERNMENTAL	\$ 1,438,281.00	\$ 1,651,156.50	114.80%
INTEREST	\$ 600,000.00	\$ 569,613.54	94.94%
OTHER	\$ 92,626.56	\$ 174,472.50	188.36%
TOTAL OPERATING REVENUE	\$ 8,700,067.56	\$ 9,497,979.22	109.17%
ADVANCE REPAYMENT		\$ 622,472.35	

2008 GENERAL FUND BUDGET VS ACTUAL EXPENDITURES

	<u>2008 Appropriation</u>	<u>Expenditures Jan-December</u>	<u>Unexpended Balance</u>	<u>Percent Expended</u>
General Fund Operating Expenditures and Transfers	\$ 11,695,310.76	10,331,198.28	1,364,112.48	88.34%
Department Breakdown				
COUNTY COMMISSIONERS	\$ 360,293.19	\$ 334,235.89	26,057.30	92.77%
COUNTY AUDITOR	\$ 404,901.20	\$ 366,444.32	38,456.88	90.50%
COUNTY TREASURER	\$ 130,965.48	\$ 122,789.50	8,175.98	93.76%
PROSECUTING ATTORNEY	\$ 562,613.71	\$ 550,221.78	12,391.93	97.80%
BUDGET COMMISSION	\$ 500.00	-	500.00	0.00%
BOARD OF REVISION	\$ 500.00	-	500.00	0.00%
BUREAU OF INSPECTION	\$ 129,523.45	\$ 72,540.55	56,982.90	56.01%
REGIONAL PLANNING	\$ 35,000.00	\$ 35,000.00	-	100.00%
DATA PROCESSING	\$ 111,782.00	\$ 108,000.60	3,781.40	96.62%
COURT OF APPEALS	\$ 31,979.65	\$ 26,877.33	5,102.32	84.05%
COMMON PLEAS COURT	\$ 696,052.64	\$ 659,676.23	36,376.41	94.77%
JUVENILE COURT	\$ 908,801.31	\$ 671,309.97	237,491.34	73.87%
PROBATE COURT	\$ 145,333.87	\$ 128,694.85	16,639.02	88.55%
CLERK OF COURTS	\$ 272,807.24	\$ 256,623.09	16,184.15	94.07%
CORONER	\$ 139,021.79	\$ 115,219.30	23,802.49	82.88%
MUNICIPAL COURT	\$ 603,555.00	\$ 505,710.22	97,844.78	83.79%
BOARD OF ELECTION	\$ 487,014.33	\$ 457,653.50	29,360.83	93.97%
COURT HOUSE/BUILDING MAINT	\$ 827,279.94	\$ 761,169.63	66,110.31	92.01%
SHERIFF ROAD PATROL	\$ 2,291,691.55	\$ 1,958,667.55	333,024.00	85.47%
COUNTY RECORDER	\$ 199,285.06	\$ 172,925.52	26,359.54	86.77%
EMA	\$ 75,000.00	-	75,000.00	0.00%
AGRICULTURE	\$ 331,534.00	\$ 330,709.14	824.86	99.75%
T.B. HOSPITAL	\$ 960.00	\$ 787.02	172.98	81.98%
VITAL STATISTICS	\$ 1,000.00	\$ 738.00	262.00	73.80%
OTHER HEALTH	\$ 69,771.43	\$ 69,771.43	-	100.00%
VETERANS SERVICES	\$ 381,417.69	\$ 349,215.29	32,202.40	91.56%
PUBLIC ASSISTANCE GRANT	\$ 285,000.00	\$ 244,117.62	40,882.38	85.66%
CHILD WELFARE GRANT	\$ 215,000.00	\$ 215,000.00	-	100.00%
VICTIMS OF CRIME GRANT	\$ 12,671.00	\$ 12,671.00	-	100.00%
SANITARY ENGINEER	\$ 39,275.00	\$ 37,175.93	2,099.07	94.66%
COUNTY ENGINEER	\$ 159,130.02	\$ 136,581.02	22,549.00	85.83%
LAW LIBRARY	\$ 47,321.74	\$ 44,654.43	2,667.31	94.36%
LIABILITY INSURANCE	\$ 274,200.00	\$ 256,268.00	17,932.00	93.46%
TRANSFERS/MISCELLANEOUS	\$ 1,464,128.47	\$ 1,329,749.57	134,378.90	90.82%
TOTAL OPERATING EXP/TRANSFERS	\$ 11,695,310.76	\$ 10,331,198.28	1,364,112.48	88.34%
LOANS TO OTHER FUNDS	\$	\$ 419,323.68		
TOTAL EXPENDITURES AND LOANS		\$ 10,750,521.96		

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 \$169,385.47 and adjustments made to the 2008 budget during the year totaled \$-0-.

2009 APPROVED BUDGET, CONTINUED

CAPITAL PROJECTS FUNDS	
MRDD CAPITAL FUND	\$ 90,000.00
WESTMOOR SEWER PROJECT	\$ 10,607.00
TOTAL CAPITAL PROJECTS FUNDS	\$ 100,607.00
DEBT SERVICE FUNDS	
BOND RETIRE. DEPT.HUMAN SERVICE	\$ 71,775.00
DEBT SERV.-WATERLINE	\$ 74,960.00
DEBT SERV-99 REFUND BONDS-JAIL	\$ 371,122.50
DEBT SERV-99 REFUND BONDS-LDFL.	\$ 351,462.50
DEBT SERV-1.5M 99 LDF.NOTES	\$ 259,600.00
DEBT SERV-CO.ADDITIONAL SPACE	\$ 126,132.50
DEBT SERV-JOBS & FAM.SERV.ADD'L	\$ 104,517.50
DEBT SERV-CT.HOUSE RENOVATION	\$ 256,560.00
DEBT SERV-LDFL CAP CONST/REPAIR	\$ 89,537.50
DEBT SERV.-ADMINISTRATION BLDG.	\$ 166,700.00
DEBT SERV-MORTON SEW OPWC LOAN	\$ 2,500.00
TOTAL DEBT SERVICE FUNDS	\$ 1,874,867.50
ENTERPRISE FUNDS	
SANITARY LANDFILL FUND	\$ 703,000.00
SEWER DISTRICT #2 WATERLINE	\$ 176,460.00
SEWER DIST.# 2-DEPOSITS	\$ 1,200.00
SEWER DIST #3 SUGAR GROVE	\$ 13,620.00
SEWER DIST #2 LINLARE	\$ 19,860.00
SEWER DIST #2 MORTON	\$ 18,110.00
TOTAL ENTERPRISE FUNDS	\$ 932,250.00
INTERNAL SERVICE FUND	
CRAW. CO. HEALTH INS FUND	\$ 3,508,434.40
EXPENDABLE TRUST FUNDS	
CO. HOME DONATION TRUST FUND	\$ 4,000.00
CHILDREN'S TRUST	\$ 9,000.00
JUVENILE'S TRUST	\$ 400.00
TOTAL EXPENDABLE TRUST FUNDS	\$ 13,400.00
AGENCY FUNDS	
LDF CONST/DEMOLITION (C&DD)	\$ 55,000.00
INFRASTRUCTURE GRANT PUBLIC HLT	\$ 115,000.00
IMMUNIZATION ACTION PLAN GT.	\$ 20,000.00
HELP ME GROW DIST HEALTH	\$ 291,324.00
TRAILER PARK & RECREA. CAMP FUND	\$ 7,886.00
DISTRICT HEALTH FUND	\$ 399,815.00
SWIMMING POOL FUND	\$ 3,329.00
SEWAGE FUND	\$ 27,700.00
DISTRICT HEALTH SOLID WASTE	\$ 66,060.00
PUBLIC AND SCHOOL HEALTH SERV.	\$ 309,994.00
FOOD SERVICE FUND	\$ 60,433.00
SOIL & WATER CONSERVATION FUND	\$ 253,431.00
CRAWFORD PARK DISTRICT	\$ 145,084.00
REGIONAL PLANNING COMMISSION	\$ 53,278.00
WATER SYSTEM FUND	\$ 22,580.00
W.I.C. CONSORTIUM	\$ 199,584.00
DOMESTIC SHELTER FUND	\$ 12,000.00
TOTAL AGENCY FUNDS	\$ 2,042,498.00

The 2009 budget for Crawford County was approved by the County Commissioners and filed with the County Auditor on December 31, 2008. The total 2009 budget for all funds of the County which are governed by the County Commissioners is \$46,402,822.85.

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, Domestic Shelter and Soil & Water Conservation.

The 2009 appropriations for agencies not included in the 2009 budget or which are governed separately (Soil and Water and Domestic Shelter) are considered agency funds because these agencies are considered by law to be legally separate and not under the budgetary control of the County Commissioners. The total budget approved by the various boards and commissions which have oversight of these agencies is \$2,042,498.00 for 2009.

The 2009 General Fund appropriations are \$11,699,214.31 or 25.21% of the total County appropriations governed by the County Commissioners.

The 2009 General Fund revenue estimate is \$9,370,207.56. This revenue estimate along with the \$2,216,073.69 cash balance/reserves at year-end, reduced by the 2008 encumbrances of \$255,245.10 will provide the operating resources available for operating expenditures in the County General Fund in 2009. Outstanding loans to the General Fund of \$401,216.17 are expected to be repaid during 2009. 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, 2009 - Monthly financial statements filed with County Commissioners.

January 1, 2009 - Fiscal year begins for County, Townships, Villages, and Municipalities.

January 1, 2009 - or about Budget Commission certifies amended certificates of estimated resources to all political subdivisions.

January 1, 2009 - or about Auditor's certificate filed with appropriating authority showing appropriations do not exceed estimated resources.

January 31, 2009 - Last day to purchase dog license without penalty.

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

February 6, 2009 - Last day to pay 1st half real estate taxes without penalty.

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

March 2, 2009 - Last day to pay 1st half mobile home taxes without penalty.

March 2, 2009 - Last day to renew CAUV program for 2010.

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.

	2004	2005	2006	2007	2008
Operating Revenues	\$8,868,006.58	\$9,074,596.58	\$9,130,672.68	\$9,308,412.95	\$9,497,979.22
Operating Expenditures	\$9,090,977.94	\$9,232,277.69	\$9,771,707.14	\$10,292,595.66	\$10,331,198.28
Gap Between Revenues and Expenditures	\$(222,971.36)	\$(157,681.11)	\$(641,034.46)	\$(984,182.71)	\$(833,219.06)
Cash Balance @ 12/31	\$3,374,906.59	\$3,490,939.06	\$2,884,705.06	\$2,846,144.08	\$2,216,073.69