

IT'S YOUR MONEY

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

OHIO TAXPAYERS WILL SEE TAX REFORMS



CRAWFORD COUNTY COURTHOUSE

OVERVIEW

Nearly every Ohio taxpayer will see some tax relief as a result of recent changes in Ohio law that took effect on July 1, 2005.

According to Ohio's Tax Commissioner, William W. Wilkins, the tax reform package will substantially modernize state tax laws including providing significant tax relief with cuts to the state income and sales taxes.

The tax reform package also phases out two major business taxes, corporation franchise and tangible personal property while at the same time phases in a new commercial activities tax (CAT) on businesses.

SIGNIFICANT TAX LAW CHANGES

The most significant tax law changes include:

- New commercial activity tax (CAT) for businesses that have annual gross receipts of \$150,000 or more.

- Phases-out over five years the corporation franchise tax at a rate of 20% annually.
- Phases-out the tangible personal property tax on most businesses inventory, manufacturing machinery and equipment, furniture and fixtures over four years at about 25 percent annually.
- Reduces the individual income tax rate for all tax brackets by 4.2 percent for tax year 2005 and an additional 4.2 percent (from 2004 rates) each year through 2009. (Total tax cut is 21 percent)
- The tax on trust income has been made permanent.
- Reduces the state sales tax rate from 6 percent to 5.5 percent.
- Increases the cigarette excise tax from .55 cents to \$1.25 per pack of 20 cigarettes.
- Eliminates the ten percent property tax rollback on most commercial and industrial real property .
- Eliminates Ohio's additional estate tax (sponge tax) while maintaining the basic estate tax in effect currently.
- Provides for a tax amnesty program from January 1, 2006 to February 12, 2006 on delinquent state, tangible personal, county and transit sales taxes and school district income taxes.

For more information or to ask questions regarding these major changes in Ohio's tax system, taxpayers are encouraged to visit the Ohio Department of Taxation's website at tax.ohio.gov.

Special points of interest:

- NEW TAX REFORMS IN OHIO
- TANGIBLE PERSONAL PROPERTY CHANGES
- GENERAL FUND REVENUES VS EXPENDITURES
- 2004 POPULAR ANNUAL REPORT RELEASED
- UPCOMING DATES TO REMEMBER
- DEPARTMENT FOCUS—COUNTY COMMISSIONERS

Inside this issue:

General Operating Revenues	2
General Fund Budget vs Actual	3
2004 Popular Annual Report	4
Department Focus—County Commissioners	6

DEDICATED TO SERVING CRAWFORD COUNTY WITH ACCOUNTABILITY, INTEGRITY AND PROFESSIONALISM

TANGIBLE PERSONAL PROPERTY ELIMINATION (A CLOSER LOOK)

OVERVIEW OF TANGIBLE PERSONAL PROPERTY CHANGES
All components of the tangible personal property tax (TPP), inventory, manufacturing machinery and equipment, furniture and fixtures will be phased out over the next four years.

All new manufacturing machinery and equipment installed on or after January 1, 2005 is immediately exempt.

In the first five years of the phase-out, the State of Ohio will fully reimburse schools and local governments for the loss of revenue that resulted from the phase-out of TPP. Beginning in tax year 2011, these reimbursements will be phased out

over the next eight years.

Tax levies that are eligible for reimbursement from the State are those that were in existence in 2004 or voted (and approved) before September 2005.

LOCAL TAX IMPLICATIONS

During 2004, tangible personal property collections were based on charges that totaled more than \$7,000,000 locally.

The tax implications that will result from the elimination of the Personal Property Tax vary based on the type of political subdivision (school, township, county, municipality) involved. One example is, Col. Crawford School

District, whose tax base includes more than \$30,000,000 in tangible personal property value.

For Col. Crawford SD this value translates to approximately \$1.7 million dollars in tax revenue that will ultimately be eliminated from the current tax base as the tangible personal property reimbursements are phased out by the State.

For questions regarding the phase out of the tangible personal property tax and the local government reimbursement provisions, please contact the Department of Taxation's website established for this purpose at tpp@tax.state.oh.us.

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 quarters of 2005 were \$6,893,529.16, or 84.90% of the \$8,119,604 estimated by the County Budget Commission in January. Operating revenues collected for the same period last year were \$7,069,964.44.

Overall, operating receipts of the County General Fund are down by \$176,435.28 as compared to last year. A review of the County's actual operating revenue indicates that sales tax receipts have increased approximately \$116,000 as compared to the same period last year. Also, increases in revenue have been realized for various charges for services. However, interest revenue has decreased by approximately \$200,000. The net result is an overall decrease in operating revenue for the first nine months.

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.

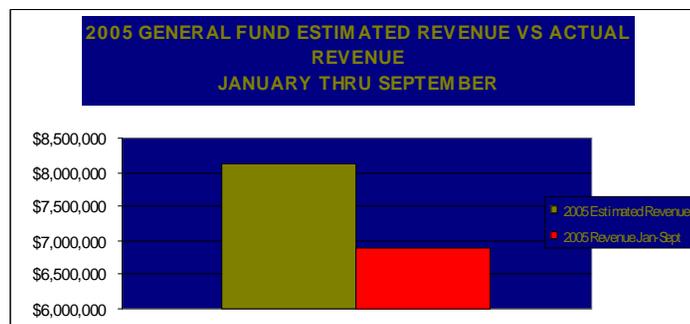
Operating expenditures totaled \$7,105,034.69 or 67.27% of the \$10,562,095.82 appropriated for 2005. Operating expenditures for the same period last year totaled \$7,114,391.05, indicating an overall decrease in expenditures of approximately \$9,000. A review of the 2005 budget and expenditures for the first nine months of the year indicate that while overall expenditures have decreased for the period, additional debt service obligations that are due in December will potentially offset any savings realized thus far.

The cash balance of the General Fund at September 30, 2005 was \$3,439,824.77 as compared to \$1,840,578.36 at September 30, 2004. The increase in cash position can be attributed in large part to the one time \$2,000,000 transfer of monies from the Capital Projects Fund in late 2004. This transfer was done to replenish reserves that had been utilized by the General Revenue Fund for prior construction projects.

Operating expenditures continued to exceed operating revenues for the first nine months of 2005. Further review indicates that the gap between operating revenues and operating expenditures for the first nine months of 2005 as compared to the first nine months of 2004 has increased by approximately \$167,000. This increase appears to be directly related to the decrease in operating revenues for the year.

2005 GENERAL FUND BUDGET VS ACTUAL REVENUES

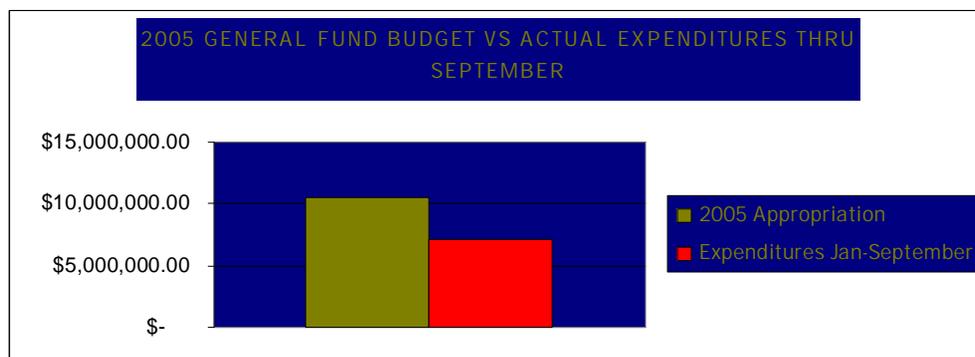
	2005 ESTIMATED	2005 ACTUAL REVENUE	PERCENT
	<u>REVENUE</u>	<u>JANUARY-SEPTEMBER</u>	<u>COLLECTED</u>
PROPERTY TAXES	\$ 1,275,000	\$ 1,157,421.87	90.78%
SALES TAXES	\$ 3,150,000	\$ 2,575,346.55	81.76%
CHARGES FOR SERVICES	\$ 1,726,488	\$ 1,548,737.29	89.70%
LICENSES AND PERMITS	\$ 5,300	\$ 2,688.94	50.73%
FINES AND FORFEITURES	\$ 150,826	\$ 148,205.18	98.26%
INTERGOVERNMENTAL	\$ 1,445,258	\$ 1,149,879.22	79.56%
INTEREST	\$ 240,000	\$ 211,168.75	87.99%
OTHER	\$ 126,732	\$ 100,081.36	78.97%
TOTAL OPERATING REVENUE	\$ 8,119,604	\$ 6,893,529.16	84.90%
ADVANCE REPAYMENT		\$ 595,864.06	



2005 GENERAL FUND BUDGET VS ACTUAL EXPENDITURES

	<u>2005 Appropriation</u>	<u>Expenditures Jan-September</u>	<u>Unexpended Balance</u>	<u>Percent Expended</u>
General Fund Operating Expenditures and Transfers	\$ 10,562,095.82	\$ 7,105,034.69	\$ 3,457,061.13	67.27%
Department Breakdown				
Commissioners	\$ 335,554.80	\$ 240,495.13	\$ 95,059.67	71.67%
Auditor	\$ 355,476.57	\$ 271,725.65	\$ 83,750.92	76.44%
Treasurer	\$ 108,125.00	\$ 77,848.32	\$ 30,276.68	72.00%
Recorder	\$ 187,479.81	\$ 108,646.93	\$ 78,832.88	57.95%
Prosecutor	\$ 501,184.04	\$ 375,892.76	\$ 125,291.28	75.00%
Common Pleas/Jury Comm	\$ 572,337.28	\$ 396,653.90	\$ 175,683.38	69.30%
Adult Probation	\$ 63,427.00	\$ 46,815.49	\$ 16,611.51	73.81%
Juvenile Court	\$ 309,917.47	\$ 203,022.70	\$ 106,894.77	65.51%
Juvenile Probation	\$ 480,629.24	\$ 298,183.24	\$ 182,446.00	62.04%
Probate Court	\$ 115,339.37	\$ 85,519.19	\$ 29,820.18	74.15%
Clerk of Courts	\$ 262,475.05	\$ 193,354.16	\$ 69,120.89	73.67%
Coroner	\$ 134,383.02	\$ 66,100.81	\$ 68,282.21	49.19%
Municipal Court	\$ 522,411.00	\$ 356,314.82	\$ 166,096.18	68.21%
Bd. Of Elections	\$ 282,399.12	\$ 177,961.59	\$ 104,437.53	63.02%
Ct. House Admin/Commissioner	\$ 745,300.84	\$ 581,840.60	\$ 163,460.24	78.07%
Sheriff Road Patrol Only	\$ 1,974,807.00	\$ 1,325,721.04	\$ 649,085.96	67.13%
Emergency Management Agency	\$ 75,000.00	\$ -	\$ 75,000.00	0.00%
Agriculture	\$ 271,980.51	\$ 234,050.76	\$ 37,929.75	86.05%
Veterans	\$ 372,160.68	\$ 221,987.05	\$ 150,173.63	59.65%
Engineer	\$ 134,872.00	\$ 97,152.54	\$ 37,719.46	72.03%
Liability Insurance	\$ 435,338.00	\$ 435,216.00	\$ 122.00	99.97%
Transfers to Other Funds	\$ 1,340,695.00	\$ 714,545.50	\$ 626,149.50	53.30%
County Examination	\$ 66,000.00	\$ 65,774.57	\$ 225.43	99.66%
Data Processing for County	\$ 107,882.23	\$ 80,629.99	\$ 27,252.24	74.74%
Court of Appeals	\$ 33,929.74	\$ 22,359.84	\$ 11,569.90	65.90%
Public Assistance Grant	\$ 255,000.00	\$ 254,996.00	\$ 4.00	99.99%
Child Welfare Grant	\$ 215,000.00	\$ -	\$ 215,000.00	0.00%
Victim of Crime Grant	\$ 12,017.00	\$ 12,017.00	\$ -	100.00%
Law Library	\$ 52,547.95	\$ 30,919.51	\$ 21,628.44	58.84%
Miscellaneous	\$ 238,426.10	\$ 129,289.60	\$ 109,136.50	54.23%
Total Operating Exp/Transfers	\$ 10,562,095.82	\$ 7,105,034.69	\$ 3,457,061.13	
Loans to Other Funds	\$ -	\$ 319,440.35		
Total Expenditures and Advances	\$ 10,562,095.82	\$ 7,424,475.04		

The 2005 appropriation includes all encumbrances carried forward from 2004 and any adjustments to the budget approved by the County Commissioners on January 1, 2005. 2004 encumbrances now total \$98,288.53 and adjustments made to the 2005 budget during the first two quarters total \$17,063.31 and were given to Juvenile Court, Juvenile Probation and Agriculture.



2004 POPULAR ANNUAL FINANCIAL REPORT

As Chief Financial Officer of Crawford County, Ohio, I am pleased to present certain data that has been extracted from the 2004 Popular Annual Financial Report (PAFR). This report is prepared for business and residential taxpayers that help to provide financial support to Crawford County. This report is presented to the citizens of Crawford County to increase public confidence in County government and its elected officials by reporting financial information in a format understandable to the general public. A copy of the full report is available on the County Auditor's website at www.crawford-co.org or by contacting the Auditor's Office.

SUMMARY

The Financial Activity Statement, known in accounting terms as the "Income Statement," provides a record of the money received and spent during the year. Explanations of specific Resources and Services are provided on the next page.

ACTIVITY STATEMENT GENERAL COUNTY GOVERNMENT For the Year Ended December 31, 2004

<u>Resources</u>	
Property Taxes	\$ 4,382,951
Sales Taxes	5,028,685
Special Assessments	109,080
Charges for Services	5,746,967
Licenses and Permits	12,540
Fines and Forfeitures	284,082
Intergovernmental	13,520,913
Interest	335,053
Rent	18,789
Other	<u>974,811</u>
Total Resources	<u>\$30,413,871</u>
<u>Services Provided</u>	
Legislative and Executive	\$ 3,581,420
Judicial	2,152,575
Public Safety	5,298,771
Public Works	4,255,307
Health	4,637,611
Human Services	10,686,566
Capital Outlay	575,624
Intergovernmental	470,586
Debt/Principal Retirement	380,000
Debt/Interest and Fiscal Charges	<u>500,469</u>
Total Services Provided	<u>\$32,538,929</u>
Resources (Under) Services Provided	<u>(\$ 2,125,058)</u>

Readers of the Financial Activity Statement should keep in mind that the statement is presented on a non-GAAP basis, and those desiring to review GAAP basis reports should refer to the County's 2004 Comprehensive Annual Financial Report.

2004 POPULAR ANNUAL FINANCIAL REPORT, CONTINUED

Resources are defined as monies received by the County, from a variety of different sources, used to pay for the services the County provides.

Property Taxes include Real Estate Tax, Personal Property Tax and a variety of smaller taxes. Sales Taxes represent monies received from the County's one percent tax on retail sales. This category also includes the sales tax approved for the construction and operation of a new County jail. The portion of the sales tax that must be used for the jail is kept in a separate fund.

Special Assessments are the revenues received from the various assessments levied against real property owners for improvements such as ditch maintenance or lighting.

Charges for Services represents the fees charged to the public for services provided by the various County departments and agencies.

Licenses and Permits are the revenues derived from selling these items.

Fines and Forfeitures are the resources received from Court levied fines and proceeds from properties forfeited to the County.

Intergovernmental Revenues are grant monies received from the state and federal government.

Interest is the County's earnings on investments made by the County Treasurer.

Rent represents money received for the use of County office space. Included in this category is money received from the State of Ohio, Department of Job and Family Services for the use of their building.

Services provided are categorized by program and represent the County's expenditures. Listed below are the individual County departments and functions that comprise the County's programs.

Legislative and Executive

? County Auditor

* Accounting

* Payroll/Personnel Records

* Appraising and Real Estate

* Personal Property

* Dog, Vendor, Cigarette and
Junk Yard Licensing

* Weights and Measures

* Estate Tax

* Data Center

? County Treasurer

? County Recorder

? Board of Elections

? County Prosecuting Attorney

? Board of County Commissioners

Judicial

? Common Pleas Court

* General

* Juvenile

* Probate

? Court of Appeals

? County Municipal Court

Public Safety

? County Sheriff

? Adult and Juvenile Probation

? Coroner

? Emergency Management

Public Works

? County Engineer

Health

? Board of Mental Retardation and
Development Disabilities

? Dog and Kennel

? Solid Waste Management

Human Services

? Job & Family Svc

? Child Support

? Children Services

? Veterans

? County Home

? Council on Aging

Intergovernmental

? Mental Health Board

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 46,966.

UPCOMING DATES TO REMEMBER

- October 1, 2005 - Monthly financial statements filed with County Commissioners.
- October 1, 2005 - New Consolidation Report due to Auditor of State.
- October 1, 2005 - 2006 real and public utility tax values completed and delivered to County Treasurer and State of Ohio.
- October 31, 2005 on or before - County Auditor to make settlement with County Treasurer on general personal property tax collections.
- November 1, 2005 - Monthly financial statements filed with County Commissioners.
- About November 1, 2005 - Newly delinquent real estate parcels will be advertised in the local newspaper.
- December 1, 2005 - Monthly financial statements filed with County Commissioners.
- December 1, 2005 - 2006 dog licenses go on sale.

DEPARTMENT FOCUS

All Ohio counties organized under the general statutory law have three county commissioners, two being elected at the time of the presidential election and one at the time of the gubernatorial election. The commissioner elected at the gubernatorial election takes office on January 1 and the two elected at the presidential election take office on January 2 and 3. Candidates for these two commissioner positions must file for either the January 2 or 3 position (ORC 305.01).

The organizational meeting of the board of county commissioners occurs on the second Monday of January each year by the election of one of its members as president (ORC 305.05). The commission must hold 50 regular meetings per year (ORC 305.06) and as many special meetings as necessary to conduct their business.

County commissioners are the general administrative body for county government. County government does not possess home rule authority. If the Ohio Revised Code is silent on a subject, counties do not possess the authority to act. Therefore, the commissioners can perform those duties which are specifically authorized by the state legislature and no more. They are the county government taxing, budgeting, appropriating, and purchasing authority. They hold title to county property. Individual commissioners have no power to act independently. All formal and official actions must be taken by the board of county commissioners acting as a body by majority or unanimous vote.

Commissioners also have a myriad of other responsibilities including hearing and ruling on annexations, approving drainage improvements through the peti-

tion ditch process, establishing water and sewer districts and making improvements, and providing for solid waste disposal.

Commissioners also appoint department heads of offices for which they have responsibility and also appoint members to a variety of boards and commissions, and also serve on some boards such as the board of revision, the county records commission, and the planning commission. Commissioners must work with all other county elected officials and with judges to assure that they are properly funded to perform their statutory duties.

But it is the non-statutory duties of county commissioners that make them different from other county elected officials. By necessity county commissioners must take a broad view of

actions necessary to make the county a better place to live and work. Many commissioners are thus active in promoting public/private partnerships in human services, economic development, health, and infrastructure development. Other commissioners take an active role in improving the environment, promoting job training programs, and improving agriculture in their counties.

County commissioners must be astute and have good business sense. Perhaps the most important attribute of a county commissioner is the ability to lead, to listen to the needs of the citizens and other elected officials, to compromise, and to develop consensus on priority issues to improve the county.

Submitted by: Ron Hoelt
Mo Ressallat and Carl Watt
Crawford County Commissioners