

# OMAC MuniNews

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## OHIO SCHOOL FACILITIES COMMISSION: CHANGES CONTINUE

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The programs of the Ohio School Facilities Commission ("OSFC") continue to evolve. H.B. 94, H.B. 299, a June directive from the Ohio Department of Taxation and DeRolph III all impact OSFC programs. Couple that with unanticipated consequences from implementation of prior legislation, and it is clear that the only constant for OSFC this summer is change.

H.B. 94, the June state budget bill, seemingly swept away the 9% direct debt limitation for school districts participating in OSFC programs, but after much analysis by bond counsel, the Ohio Department of Taxation and the Ohio Department of Education, the consensus has become that the provision is problematic and poses unnecessary risk to school districts. Other H.B. 94 provisions fine-tuned additional assistance under the Classroom Facilities Assistance Program ("CFAP") and changed the approval cycle for the Expedited Local Partnership Program ("ELPP") to a rolling approval cycle rather than the summer approval cycle of CFAP.

The basic nature of the CFAP and ELPP programs remain. With CFAP, the local and state shares of the project are appropriated at the outset. ELPP is an after-the-fact program; cost-sharing percentages are fixed as between the school district and the state, but only qualifying expenditures count toward the local share when the school district later becomes eligible for CFAP and thus state assistance.

Meanwhile, also in June the Tax Commissioner announced that maintenance levies, which heretofore had been characterized as state loan repayment and hence exempt from the reduction factors of R.C. 319.301 (still commonly known as H.B. 920), would now

God Bless America,  
Land that I love.  
Stand beside her,  
and guide her  
Thru the night with a  
light from above.  
From the mountains,  
to the prairies,  
To the oceans,  
white with foam  
God bless America,  
My home sweet home.

**God Bless America**  
by Irving Berlin



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## More On *ofin* Website...

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This is our third article in a series explaining part of the OMAC website known as *ofin*. *Ofin* is where you can access data the OMAC has collected over the years. In the next few paragraphs we will describe what you can find on a few of the menu options.

**Debt Statement** - By selecting this option you will see a statement showing the outstanding debt of a community grouped by debt type (revenue, general obligation, special assessment, etc.) Within each of these sections the debt is broken down into purpose types (sewer, water, hospital, etc.) These statements are dated anywhere from two to four weeks in advance depending on the dated date of the new issues presently going out for bid. By doing this we are including the new debt and deleting any maturities maturing in that time period and any debt being refunded or replaced. You will also see the current population, assessed valuation total and the debt service total as of January 1 or July 1. There is also the calculation of net debt of the particular subdivision and net overlapping debt with the per capita and percentage of assessed value calculation for each. This statement is also available for the previous January 1 and July 1.


**Indirect 10 mill Limitation** - This menu selection shows a calculation of the millage used by the particular subdivision you are looking up and the overlapping subdivisions that make up the largest amount of used millage for any taxing line that the selected subdivision is part of. Also on this screen you will find the total debt service amount based on next years maturities and the current assessed valuation that OMAC is using in this calculation. You will also find a listing of the other subdivisions and entities appearing on that taxing line. Each of these will show how much millage is being used of the 10-mill limitation, the assessed value and the amount of debt service used in the calculation. The last item is the unused millage still available. This data is also available for the previous January 1 and July 1.

**Real Estate Valuation Breakdown** - This screen takes the Real Estate Valuation from the Assessed Value screen and breaks it down into: Residential, Commercial, Industrial, Agricultural, Mineral and Railroad Valuations. It also shows the percentage of the total for each category. These numbers are available from present back to the 1983/84 taxing year.

**Election History** - By selecting this menu option you will see a listing of bond issues, levies, sale and income tax issues put before the voters. The listing will show the election date, the issue amount, the millage, purpose and the vote result. You can then select a specific issue to view additional information such as the issue amount the number of years, and the results including the unofficial vote count for and against the issue.

Look for our next newsletter where we will describe menu options dealing with Direct Debt Limitations, Net Overlapping Debt and Property Tax Rates.

If you are a finance person for an Ohio governmental entity or a member of OMAC and would like access to this type of data, please contact OMAC at (800) 969-6622.





## Facilities Commission *cont.*

have reduction factors calculated and applied beginning with the 2001 tax year, just like other property tax levies. Such levies will be classified as permanent improvement levies.

H.B. 299, the budget correction bill, became effective June 29, 2001 and added a cash offset provision to the requirement for school districts to fund maintenance for CFAP projects. It can be a full or partial offset. Unfortunately, the budget provision was not drafted to include ELPP participants who would prefer to proceed rather than delay funding their maintenance obligation.

In early September, the decision in the latest DeRolph case was announced. While the state and OSFC received recognition for efforts to date in assisting with school construction, both in terms of funding and design, the Ohio Supreme Court urged the state to find alternative means to fund "enormous" school construction needs. This summer, only 13 CFAP projects were funded by the state and the horizon for meeting ELPP timetables seems to be lengthening.

Implementation of ELPP this summer under last year's S.B. 272 has been difficult in a variety of instances, particularly with those school districts trying to fund a discrete part of a single building. Another disturbing trend is the number of school districts unable to fund their local share under CFAP within a year of state approval. Also, school districts trying to use some of the tools provided under S.B. 272 have found that several are impossible to use as a practical matter. No investor will buy bonds "leveraged by an income tax" if that income tax is subject to repeal while the bonds are outstanding.

The only other constant in this mid-year mix is that bond counsel continues to work with OSFC and members of the Ohio General Assembly to deepen understanding of the evolution of OSFC programs and attendant problems.

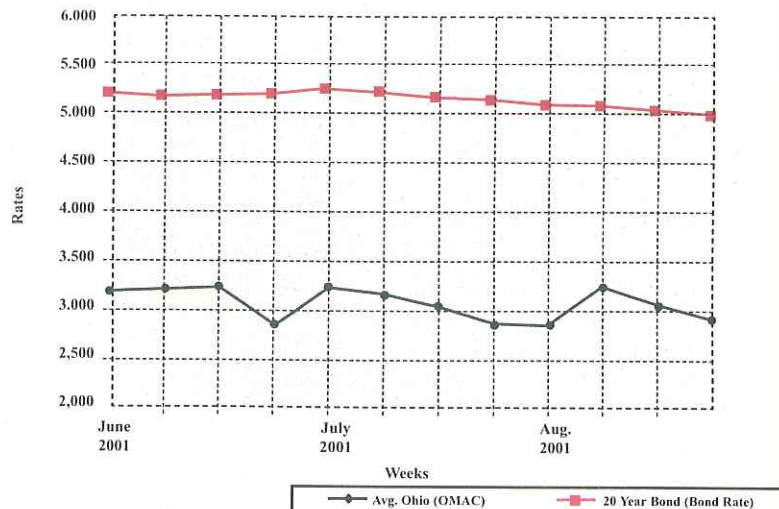
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## MARKET UPDATE

### GENERAL OBLIGATION

Note and Bond Interest Rates for June thru August

The following graph compares Ohio short-term note rates with the Bond Buyer's 20 year bond index. The short-term rates represent actual rates reported to OMAC by Ohio purchasers and reported on OMAC's weekly calendar.





**Ohio Municipal Advisory Council**  
9321 Ravenna Rd, Unit K  
Twinsburg, OH 44087-2445

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## CALENDAR

### *Calendar of Issuer Conferences & Outings for 2001*

NAME	EVENT	DATE	LOCATION
GFOA	Annual Fall Conference	September 19 - 21	Hilton Columbus at Easton – Columbus, Ohio
MFOA (OML)	Annual Conference	October 10-12	Radisson Hotel – Toledo, Ohio
CCAO	Winter Conference	December 9 – 12	Hyatt Regency – Columbus, Ohio
OSBA	Conference	November 11 - 14	Hyatt Regency - Columbus Convention Center
OPFOTP	Ohio & West Virginia Municipal Clerks Career Development Program	September 17 – 21	Holiday Inn – Hudson, Ohio
	Master Municipal Clerk Academy	September 20 – 21	Holiday Inn – Hudson, Ohio
	Golf Outing	September 19	Boston Hills Golf Course – Hudson, Ohio
CAAO	Winter Conference	December 4 - 6	Columbus Marriott North – Columbus, Ohio
OPEC	Annual Meeting	TBD	Columbus, Ohio

CCAO – County Commissioners Association of Ohio – (614) 221-5627  
GFOA – Government Finance Officers Association – (614) 221-1900  
MFOA – Municipal Finance Officers Association of Ohio – (614) 221-4349  
NACO – National Association of Counties – (614) 221-5627  
OASBO – Ohio Association of School Business Officials – (614) 431-9116  
OMCA – Ohio Municipal Clerks Association – (614) 221-4349

OSBA – Ohio School Boards Association – (614) 540-4000  
OMTA – Ohio Municipal Treasurers Association – (440) 885-8812  
CAAO – County Auditor's Association of Ohio – (614) 228-2226  
OPFOTP – Ohio Public Finance Officers Training Program – (330) 672-7148  
BMA – Bond Market Association – (212) 440- 9429  
OPEC – Ohio Public Expenditure Council – (614) 221-7738

*If you would like your event highlighted, contact Chris Scott at 1-800-969-6622, or by email at [Chris@ohiomac.com](mailto:Chris@ohiomac.com)*