

OMAC MuniNews

Volume 3, Issue 4

News & Views About the Ohio Municipal Finance Industry

January 2002

www.ohiomac.com

*f*rom the Director



**KEN
GURNEY**

Update on Continuing Disclosure in Ohio

The continuing disclosure requirements of SEC Rule 15c2-12 (the Rule) have been with us now for about 6½ years. Those provisions of the Rule effectively require issuers of local government securities (or the obligated party on a publicly assisted private sector borrowing) to agree to file (i) certain annual financial information and operating data (including audited annual financial statements when available) for each fiscal year by a specified date in its following fiscal year, and (ii) notices of certain “material events” promptly whenever they may occur. The particular annual financial information and operating data required to be filed is specified in continuing disclosure agreements entered into in connection with the sale of its securities and is generally the financial information and operating data included in the official statements used in the original offering and sale of the securities. For Ohio issuers’ general obligation securities, that annual information and operating data typically includes information as to annual general fund receipts and expenditures, tax rates and tax levy and collection amounts, a history of voted taxes, current information concerning out-

standing debt and other long-term obligations, overlapping debt statements and debt limitation schedules, and general purpose financial statements. Those continuing disclosure agreements also specify the “material events” of which notice must be given – eleven events identified in the Rule (all of which may affect the value of the securities) – and require the filing of a notice of a failure to timely file annual information or a change in accounting principles applied in the preparation of financial statements.

Generally, the annual information and notices are to be filed with all of the nationally recognized municipal securities information repositories (NRMSIRs) and with any state information depository (such as OMAC) in the issuer’s state. The NRMSIRs with which the information and notices must be filed are: Bloomberg Municipal Repository, DPC Data Inc., FT Interactive Data and Standard & Poor’s J. J. Kenny Repository, and in Ohio, the SID is OMAC.

How are the issuers of tax-exempt debt doing with their continuing disclosure filings? About two and one-half years ago The Bond Buyer, a national trade publication, reported that only 42% of all issuers of securities in the previous year had filed annual financial information and operating data as required. In Ohio, for that same period, the percentage of issuers making their required annual filings with OMAC was over 93%. In the two years since then, the percentage of Ohio issuers meeting the requirement has slipped to 88%, a drop of some 5%. Although OMAC believes that compliance ratio is still

better than that of issuers in any of the other fifty states, it is important that we work to improve that ratio, since any failure of compliance could have significant negative consequences for an issuer, its officials and the owners of its securities.

In an attempt to encourage issuers to comply with their continuing disclosure agreements, OMAC has implemented the following:

1. The mailing of a reminder letter to all issuers who have not filed annual financial information and operating data with OMAC at least thirty days prior to the required filing date;
2. The availability of our database (via the Internet at Ohiomac.com) to all Ohio issuers of tax-exempt debt, in which certain of the required annual information is likely available; and
3. The creation of a web site in our capacity as Ohio’s SID (Ohiosid.com) where the Ohio issuers of tax-exempt debt can view what OMAC believes is required to be filed, and what documentation has been filed to date.

A password is required to access either of those Internet sites, and one may be obtained at no charge by contacting Christopher Scott at OMAC. The same password will allow access to either site.

Over the past few months we have noted the following:

1. Many issuers are attempting to meet their annual financial information and operating data filing requirements by delivering their Comprehensive Annual Financial Reports (CAFRs). However, the issuers’ agreed filing dates often pre-

Continued on next page

More On *ofin* Website...

This is the fourth in a series of articles explaining the information available in the *ofin* section of OMAC's website.

Direct Debt Limitations – This selection contains data showing the total debt outstanding as of a stated date and the assessed valuation being used for the calculations. Beneath this information is a table displaying the debt broken down into revenue, limited tax or unlimited tax categories. The next column shows unvoted/limited tax debt amounts by the categories mentioned previously and how much of the total debt is exempted from the limitations. It also shows the maximum debt allowable and the balance remaining of the maximum allowable. The last column shows both the unvoted and voted debt outstanding and is categorized as the previous column. This information is available for the current debt, the debt as of the last January 1st and the last July 1st.

Net Overall Debt – This option shows all overlapping subdivisions of the selected entity. This displays each subdivision net debt, the percentage that is applicable to the selected subdivision and then the dollar amount that is applied to the selected subdivisions net overlapping debt. Also displayed on this page is the population, the assessed valuation amount and valuation year. It also provides the total net debt and the per capita and percentage of assessed valuation. In addition it totals the net debt with the overlapping debt amounts and provides the per capita and percentage of assessed valuation for the overlapping debt.

Property Tax Rates – This screen displays the property tax rates broken down into the following categories: Inside Debt, Debt, Charter, Voted, Total and Overall Total. It provides the stated rates, as well as the residential / agricultural and other. The residential / agricultural and other rate lines reflect the rates after the reduction factors have been applied (effective rates). The rates in this format are displayed from 1988-89 through present (2000-01).

Look for our next newsletter where we will describe menu options dealing with Public Utility Earnings, Debt Comparison by Year and General Fund Activity.

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.

Employee Profile



Bob Snyder

Length of Service

8 ½ years

Main Dues with OMAC

Data Coordinator responsible for the entry and verification of tax collections and tax rates. Representative for OMAC at numerous statewide conferences.

Family

Father of lovely daughter, Toni.
Girlfriend Kathy

Interests

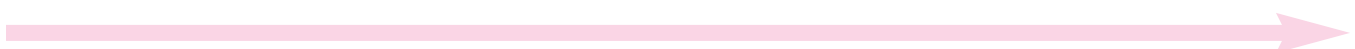
Weightlifting, travel, outdoor activities and dancing.

From the Director, cont.

cede the date on which their CAFRs become available. While audited annual financial statements are permitted to be filed "when available", issuers must file annual financial information and operating data (including unaudited financial statements if the audited ones are not yet available) by the date specified in their continuing disclosure agreements. By waiting to file the annual financial information and operating data with the CAFR, an issuer may fail to comply with its continuing disclosure agreement. Such a failure will trigger a separate requirement to file a notice of that failure with the NRMSIRs or the Municipal Securities Rulemaking Board that may result in unwanted negative publicity.

2. Issuers are having difficulty in complying with continuing disclosure agreements that provide filing dates six months or less from the end of their fiscal years. Issuers should be careful not to agree to a filing date that they will not be able to meet. In our experience, most issuers are able to file by a date nine months from the end of their fiscal years.

I would like to thank John Larson of Squire, Sanders & Dempsey L.L.P. for his contribution to this article. Also, if you have any questions regarding continuing disclosure please contact us.



OMAC 2001

2001 proved to be a very busy year for OMAC. During the year, OMAC produced approximately 944 reports. A breakdown of the 2001 reports is as follows:

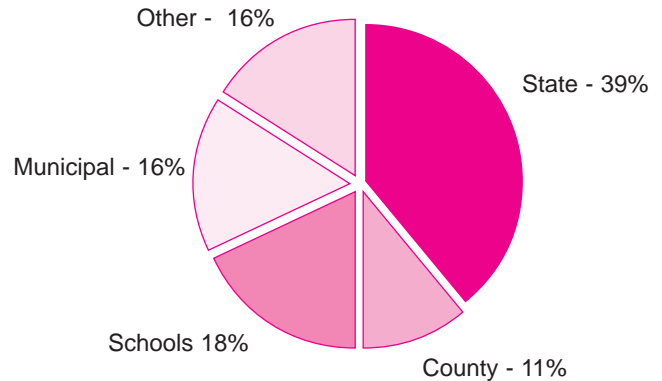
Description	Number of Reports
Weekly (Competitive) Notes	110
Weekly (Competitive) Bonds	15
Post Sale Bonds (Purchasers)	36
Special Notes (Requested)	491
Special Bonds (Requested)	196
Mortgage Revenue	15
Hospital Reports	16
IDR's	26
Election Reports	33
Public Utility	6
TOTAL	944

A significant portion of the 2001 volume can be attributed to an increase in the long term bond issuance due primarily to a lower interest rate environment.

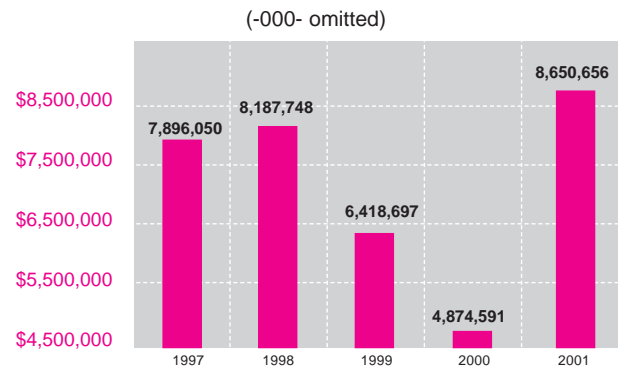
The graphs on page 3 highlight the 2001 Ohio Bond Sales by Subdivision and Debt Type. Similar to 2000, the State of Ohio was primary issuer with approximately 39% of the overall volume.

Looking ahead to 2002, OMAC anticipates issuance levels to remain healthy. Interest rates continue to remain low while issuers look to borrow as the means to pay for projects.

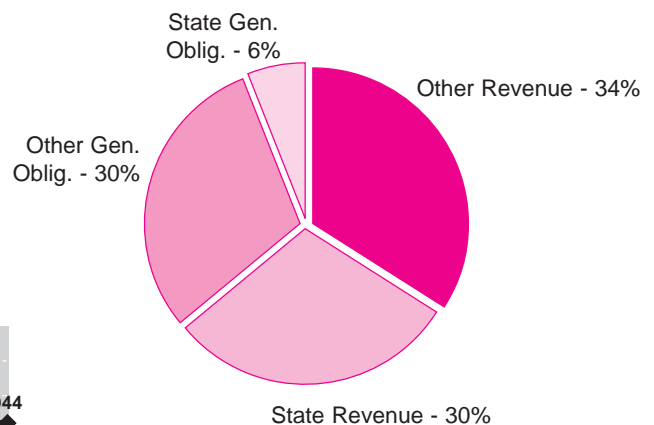
Volume of Bond Sales in 2001 - Subdivision



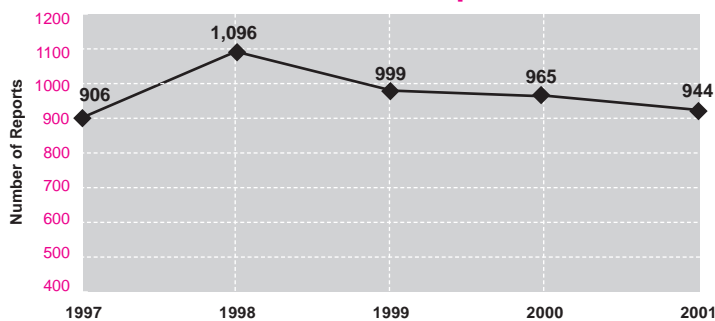
Bond and Over One Year Note Sales



Volume of Bond Sales in 2001 - Debt Type



Number of Reports





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

PRSRT STD
 US POSTAGE
PAID
 CLEVELAND OHIO
 PERMIT 4584

CALENDAR

Calendar of Issuer Conferences & Outings for 2002

NAME	EVENT	DATE	LOCATION
GFOA	National Conference Ohio Investment Sem/Golf Ohio Annual Fall Conference	June 16 – 19 May 28 September 11 - 13	Denver, Colorado Yankee Trace – Dayton, Ohio Cleveland Marriott Downtown, Cleveland, Ohio
MFOA (OML)	Spring Conference Annual Conference Northeast Golf Outing North-Central Golf Outing	May 15 – 17 October 2 – 4 Early August August 28	Marriott North – Columbus, Ohio Hyatt Regency Hotel - Columbus, Ohio Believed to be Ridgewood Golf Club – Parma, Ohio Woussicquet Golf Course – Sandusky, Ohio
CCAO	Summer Conference Winter Conference Annual Golf Outing	June 2 – 4 December 1 – 4 August 14	Kent State University – Stark Campus Canton Ohio Hyatt Regency – Columbus, Ohio Wooldridge Golf & Swim Club – Mansfield, Ohio
OASBO	Annual Workshop	April 21 – 24	Hyatt Regency Hotel – Columbus Convention Center
OMCA	Spring Conference	April 2 – 4	Radisson Hotel – Springdale, Ohio
OSBA	Conference	November 10 - 13	Hyatt Regency - Columbus Convention Center
NACO	National Conference	July 12 – 16	New Orleans, Louisiana
OPFOTP	Ohio Public Finance Officers Training Program CMFA Maintenance Program Golf Outing	June 24 – 28 June 27 – 28 June 26	Holiday Inn – Hudson, Ohio Holiday Inn – Hudson, Ohio Boston Hills Golf Course – Hudson, Ohio
OMTA	National Conference	August 11 – 14	Vancouver, Canada
CAAO	Summer Conference Winter Conference	June 10 – 13 December 3 - 5	Cherry Valley Lodge – Newark, Ohio Holiday Inn - Worthington, Ohio
BMA	Annual Meeting	April 25 – 26	Waldorf-Astoria Hotel – New York, New York
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