

# OMAC MuniNews

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News & Views About the Ohio Municipal Finance Industry

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This newsletter is available on our website: [www.ohiomac.com](http://www.ohiomac.com)

## Ohio City and County 2004 Ratings Comparison

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Standard & Poor's Ratings Services currently rates the GO debt of about 60 counties, cities, villages and townships in Ohio, with ratings ranging from 'AAA' rated to 'BBB-'. Most of these entities exhibit strong, or very strong credit characteristics with three 'AAA' rated municipalities, and 24 communities in the 'AA' rating category. The highly rated communities are not concentrated in any one area of the state, but reflect the state's wide dispersion of economic centers.

In general, Standard & Poor's assesses credit ratings according to established criteria using several factors, which are outlined below.

### Ratings Criteria

#### Economy:

The rating analysis starts with an assessment of the issuer's economic characteristics, which are viewed by Standard & Poor's as the foundation of a community's fiscal health, and usually establishes the rating category. An issuer's geography and proximity to transportation networks and major markets play key roles in the rating analysis. Municipalities that are located near a larger city are given credit for being part of a broader and more diverse economy. Other important economic factors include population trends, employment diversity, current and historical unemployment rates, income levels as a percentage of the U.S. average, assessed valuation growth, and the size of the base in terms of gross estimated market value, and market value per capita.

#### Financial operations:

Financial performance and flexibility are critical considerations in setting a rating within a general category. Key financial factors that Standard & Poor's examines include revenue structure and taxing flexibility, general fund and working cash levels as a percentage of general fund and expenditure, history of operating surpluses or deficits, general fund revenue and expenditure growth trends, and future expected increases in health care, labor, and other costs.

#### Management:

Communities can surmount economic weakness or financial challenges through the use of sound management practices. Important management issues that Standard & Poor's reviews are general fund balance policies or targets, expenditures controls and flexibility, frequency of budget reconciliations, multiple-year financial forecasting, and capital planning and debt management.

#### Debt:

To determine the magnitude of an issuer's debt burden, Standard & Poor's examines both direct debt of the municipality and overlapping debt from other governmental entities. Key debt ratios are per capita debt burden, debt as a percentage of the tax base's market value, and debt service carrying charges. Per capita overall debt higher than \$2,500, and overall debt that totals 6% or higher of market value are deemed to be "high". Debt service carrying charges at, or above 15% of expenditures is considered high. From a ratings

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perspective, high debt ratios are potentially troublesome.

### 'AAA' Rated Municipalities:

There are more than 50 'AAA' rated municipalities in the U.S., three of which are in Ohio. Columbus and Franklin County are both AAA, as is Westlake, a suburb of Cleveland. The 'AAA' communities exhibit exceptionally strong economic and financial characteristics, and have excellent management. The financial positions are very strong, and reflect diverse revenue sources with well-defined parameters for liquidity, investments and interfund transfers, despite the last two years of economic softness.

### 'AA' Rated Municipalities

Standard & Poor's rates 22 Ohio communities in the "AA" category. The income and per capita market value levels associated with 'AA' level communities tend to be very high. Overall, the tax bases of these communities are diverse, representing a good mix of residential and

commercial property. Very strong finances are the norm in 'AA' communities, and the average unreserved fund balance for the category exceeds 5%. 'AA' category communities also tend to have excellent management, which is not reflected in the quantitative data.

### 'A' Rated Municipalities

The 20 communities in the 'A' category are also dispersed throughout the state. The 'A' category is made up of issuers with good economic and financial characteristics that tend to have income and wealth levels on par with the nations averages.

### 'BBB' Rated Municipalities

Only two communities are in the 'BBB' category. These credits usually are blighted areas, have very concentrated tax bases, or simply have a limited local economy. Financial pressures are usually evident, which is further exacerbated by declining revenue streams.

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## MARKET UPDATE

### GENERAL OBLIGATION

#### Note and Bond Interest Rates for December thru February

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 Municipalities

### AAA

Columbus City	Westlake City
Franklin County	

### AA+

Cincinnati City	Shaker Heights
Cuyahoga County	Solon City
Delaware County	Worthington
City	
Indian Hill Village (City of)	

### AA

Cleveland Heights	Powell
Liberty Twp	Summit County
Medina County	Willoughby
Montgomery County	Wyoming
Ottawa Hills Village	

### AA-

Akron	Munroe Falls
Findlay	New Albany
Village	
Hancock County	Portage County
Hilliard	Sharonville

### A+

Bedford	Logan County
Canton	Lucas County
Champaign County	Parma
Dayton	Wooster

### A

Bath Twp	Heath
Cleveland	Huron
Clinton County	Parma Heights
Franklin	Putnam County
Toledo	

### A-

Chardon, (City of)	Oakwood Village
Crawford County	

### BBB+

Washington

### BBB-

Youngstown

## Conclusion

Although Standard & Poor's does not determine a municipality's rating based solely on comparative data, economic and financial comparisons can serve to develop a profile for each rating category. A rating revision, whether it is an upgrade or a downgrade, is based on material change in an issuer's credit characteristics. Most often, such changes are economic or financial, but debt burden changes or management initiatives can trigger a rating change, as well. Examples of material economic changes are substantial employment or tax-base growth, perhaps through redevelopment efforts, or increasing income levels. A material financial change can be represented by a trend of decreasing or increasing reserve levels, with indicating that such levels will be maintained.

*This article, reprinted with permission, is an excerpt from commentary provided by Standard and Poor's.*

## SEE OFIN IN ACTION!

*If you have ever wanted to see  
OMAC's Financial Information Network  
in person...*

## ***NOW is your chance!***

You can see and try the system yourself at any of the conferences listed below. OMAC personnel will be manning a booth at the conferences, so please stop by and see the benefits of the website; access to which is free to the subdivisions of Ohio.

**Ohio Municipal Clerks Association Spring Conference: April 12 – 14**

**Ohio Assoc. of School Business Officials Annual Workshop: April 25 – 27**

**Government Finance Officers Assoc. Annual Fall Conference: Sept. 13 – 15**

**Ohio Assoc. of Public Treasurers Annual Conference: October 12 – 14**

See the back page of this newsletter for the conference locations and association contact information.



This report gives the preliminary results on the adjusted \$288,378,579 volume of bond issues submitted at the February General Election. Of the total submitted, \$40,350,000 or 14.0% were approved, leaving \$248,028,579 or 86.0% having been defeated.

*The following table compares this years result with those of the past four years:*

**TABLE I**

YEAR	VOLUME SUBMITTED	VOLUME APPROVED	PCT. APP.	NUMBER SUBMITTED	NUMBER APPROVED	PCT. APP.
2005	\$ 288,378,579	\$ 40,350,000	14.0%	13	3	23.1%
2004	\$ 120,082,978	\$ 0	0.0%	8	0	0.0%
2003	\$ 208,119,066	\$ 10,150,000	4.9%	9	2	22.2%
2002	\$ 141,861,914	\$ 18,000,000	12.7%	4	1	25.0%
2001	\$ 50,315,000	\$ 4,506,000	9.0%	8	3	37.5%

*The following table shows by issue size, the volume and number of each submitted, and the volume and number of each approved (including ratio approved):*

**TABLE II**

Issue Size*	-----SUBMITTED-----			-----APPROVED-----		
	Volume	No.	Volume	% Vol.	No.	% No.
Large	\$ 254,375,000	8	\$ 28,500,000	11.2%	1	12.5%
Intermediate	\$ 30,931,579	4	\$ 8,778,000	28.4%	1	25.0%
Small	\$ 3,072,000	1	\$ 3,072,000	100.0%	1	100.0%
<b>TOTAL</b>	<b>\$ 288,378,579</b>	<b>13</b>	<b>\$ 40,350,000</b>	<b>14.0%</b>	<b>3</b>	<b>23.1%</b>

\*Large - \$10,000,000 or greater; Intermediate - \$5,000,000 to \$9,999,999; Small - less \$5,000,000

*The third table show by subdivision classification, the volume and number of issues approved:*

**TABLE III**

	-----VOLUME -----			-----NUMBER -----		
	Submitted	Approved	% App.	Submitted	Approved	% App.
County	\$ 0	\$ 0	0.0%	0	0	0.0%
Municipality	\$ 0	\$ 0	0.0%	0	0	0.0%
Township	\$ 0	\$ 0	0.0%	0	0	0.0%
School District	\$ 288,378,579	\$ 40,350,000	14.0%	13	3	23.1%
<b>TOTAL</b>	<b>\$ 288,378,579</b>	<b>\$ 40,350,000</b>	<b>14.0%</b>	<b>13</b>	<b>3</b>	<b>23.1%</b>



*The following table shows the total new millage levies submitted (number and volume), and also the results thereof.*

**TABLE I**

Type	--SUBMITTED--		-----APPROVED-----				-----DEFEATED-----			
	No.	Millage	No.	Pct.	Millage	Pct.	No.	Pct.	Millage	Pct.
Current Expense *	13	86.69	5	38.5	38.43	44.3	8	61.5	48.26	55.7
Emergency	22	151.93	7	31.8	44.78	29.5	15	68.2	107.15	70.5
Permanent Improvement	8	14.20	2	25.0	1.50	10.6	5	62.5	12.20	85.9
<b>TOTAL</b>	<b>43</b>	<b>252.82</b>	<b>14</b>	<b>32.6</b>	<b>84.71</b>	<b>33.5</b>	<b>28</b>	<b>65.1</b>	<b>167.61</b>	<b>66.3</b>

\* Includes Current Operating

*The following table shows the total renewal millage levies submitted (number and volume), and also the results thereof.*

**TABLE II**

Type	--SUBMITTED--		-----APPROVED-----				-----DEFEATED-----			
	No.	Millage	No.	Pct.	Millage	Pct.	No.	Pct.	Millage	Pct.
Current Expense *	2	12.10	1	50.0	8.90	73.6	1	50.0	3.20	26.4
Emergency	6	25.34	6	100.0	25.34	100.0	0	0.0	0.00	0.0
Permanent Improvement	1	4.00	1	100.0	4.00	100.0	0	0.0	0.00	0.0
<b>TOTAL</b>	<b>9</b>	<b>41.44</b>	<b>8</b>	<b>88.9</b>	<b>38.24</b>	<b>92.3</b>	<b>1</b>	<b>11.1</b>	<b>3.20</b>	<b>7.7</b>

\* Includes Current Operating

*The third table gives a three year comparison (General Election) by levy type, the total new millage submitted and approved.*

**TABLE III**

	-----2005-----			-----2004-----			-----2003-----		
	Subm.	App.	% App.	Subm.	App.	% App.	Subm.	App.	% App.
Current Expense	86.69	38.43	44.3	0.00	0.00	0.0	179.68	60.55	33.7
Permanent Improvement	14.20	1.50	10.6	0.00	0.00	0.0	33.44	3.62	10.8
Emergency	151.93	44.78	29.5	0.00	0.00	0.0	177.51	34.96	19.7
<b>TOTAL</b>	<b>252.82</b>	<b>84.71</b>	<b>33.5</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>	<b>390.63</b>	<b>99.13</b>	<b>25.4</b>



# !!! ATTENTION DEBT ISSUERS !!!

**www.DisclosureUSA.org**  
**Central Post Office Open to Receive Annual**  
**Filings and all Disclosure Documents**  
*Helping Your Finance Office with Streamlining Disclosure Filings*

Over the past three years, eighteen organizations within the municipal securities marketplace worked together to improve the continuing disclosure system established under the Securities and Exchange Commission's Rule 15c2-12. Groups representing issuer, broker/dealer, advisor, legal, analyst, investor, and banker communities determined that a voluntary, electronic, central filing location would assist issuers with their filing requirements and provide needed improvements to the disclosure system.

SEC Rule 15c2-12 states that, before a broker/dealer may recommend municipal securities, issuers must make an undertaking for the benefit of bondholders providing for disclosure of annual financial information and "material events," as defined by the SEC. In the past, most 15c2-12 disclosure documents have been submitted in hardcopy format directly to each of the NRMSIRs (Nationally Recognized Municipal Securities Information Repository) and applicable SIDs (State Information Depositories).

In early September, an Internet-based "electronic post office" became a reality with the launch of DisclosureUSA. Instead of mailing numerous hard copies to repositories and depositories, issuers and dissemination agents may use DisclosureUSA.org as a single filing location which meets the continuing disclosure requirements of SEC Rule 15c2-12, under a recent SEC letter of interpretation.

DisclosureUSA is easy to use even for organizations unfamiliar with the e-filing concept. DisclosureUSA will accept documents in any computer file format (e.g., MS WORD,

MS EXCEL, PDF), at no charge to issuers. Issuers who currently do not wish to make an e-filing may submit paper filings for a small fee. DisclosureUSA.org will scan the document into an electronic file and will send it to each NRMSIR. Instructions for making paper and electronic filings are available at [www.DisclosureUSA.org](http://www.DisclosureUSA.org).

## TREMENDOUS BENEFITS FOR ISSUERS

In addition to this free and secure web-based system, the benefits of using **DisclosureUSA.org** are numerous. This system will allow issuers, free of charge, to:

- Meet filing requirements of SEC Rule 15c2-12 by filing with one entity instead of the numerous NRMSIRs and SIDs, saving time and money;
- Utilize electronic submission capabilities;
- Receive a return receipt via email from **DisclosureUSA.org** when you make a filing;
- View the return receipt from the NRMSIRs and SIDs indicating that the filing has been received;
- Establish an "email reminder" system through the web site to remind issuers when filings are due;
- Verify their submission by reviewing documents sent to **DisclosureUSA.org** for a 30-day period. Please note that **ONLY** the filer will be able to view the documents in order to verify their completeness;
- Retrieve Issuer and security CUSIP numbers through a link to the Municipal Issuer

## OMAC Announces Board of Trustees for 2005

The following individuals were elected to the OMAC Board of Trustees by the OMAC membership at the October 22, 2004 Annual Membership Meeting: Alan G. Baucco of A. G. Edwards & Sons, Inc., Cleveland; Terri Stewart of Seasongood & Mayer, Cincinnati; and John Petty of NatCity Investments, Inc., Cleveland.

Their terms of office are for three years and will expire at the Annual OMAC Membership Meeting of 2007. OMAC congratulates our newly elected members and thanks retiring board members Carl Kalnow of Seasongood & Mayer, Cincinnati; and Kenneth Koralewski of J.J.B. Hilliard, W.L. Lyons, Inc., Columbus for their dedicated service on the OMAC Board.

OMAC congratulates James J. Balazsy, Jr. of Victory Capital Management, Cleveland on his election by the Board of Trustees as Chairman of the Board for 2005. Mr. Balazsy was elected on October 22, 2004 at the Board of Trustees meeting.

At the same meeting Charles Postel of KeyBanc Capital Markets was re-elected to serve another year as Secretary/Treasurer to the Board of Trustees. OMAC thanks Mr. Postel for his many years of continuing service in this capacity.

OMAC thanks Stephen Szanto of Fifth Third Securities, Inc., Cleveland for his leadership as Chairman of the Board of Trustees for 2004.

### *Debt Issuers Continued from Page 6*

Access page run by the CUSIP Service Bureau;

- View an index of the documents sent to **DisclosureUSA.org**, organized by entity name and/or CUSIP number. This index will be kept on the site for the public to review, however, the actual documents are not available through **DisclosureUSA.org**.

Additional features provided at [www.DisclosureUSA.org](http://www.DisclosureUSA.org) include: an easy-to-use Help section; an extensive, downloadable, and printable User Guide; and a complete Frequently Asked Questions section regarding the system, SEC Rule 15c2-12, and CUSIP numbers.

VISIT [www.DisclosureUSA.org](http://www.DisclosureUSA.org) to log-on to the system, and begin the process of easier and better transmission of disclosure documents TODAY!

### The OMAC Board of Trustees for 2005:

**James J. Balazsy, Jr.,**

*Chairman*

Victory Capital Management  
Cleveland

**Charles Postel**

*Secretary/Treasurer*

KeyBanc Capital Markets  
Cleveland

**Alan G. Baucco**

A. G. Edwards & Sons, Inc.,  
Cleveland

**William Matlock**

SBK-Brooks Investments,  
Cleveland

**John Petty**

NatCity Investments Inc.,  
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**Terri Stewart**

Seasongood & Mayer  
Cincinnati

**Paul Stubbins**

Seasongood & Mayer  
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**Stephen Szanto**

Fifth Third Securities, Inc.,  
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**Martin H. Vogtsberger**

Fifth Third Securities, Inc.,  
Columbus

**James E. Wilhelm, III**

RBC Dain Rauscher  
Columbus



**Ohio Municipal Advisory Council**  
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 Twinsburg, OH 44087-2445

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## CALENDAR

### *Calendar of Issuer Conferences & Outings for 2005*

NAME	EVENT	DATE	LOCATION
GFOA	National Conference	June 26 - 29	Gonzalez Convention Center – San Antonio
	Annual Golf Outing	July 25	Dornoch Golf Club – Delaware, Ohio
	Annual Fall Conference	September 13 - 15	Sheraton Cleveland City Center – Cleveland, Ohio
MFOA (OML)	Spring Conference	May 4 - 6	Embassy Suites – Dublin, Ohio
	Annual Conference	October 5 - 7	Columbus Convention Center – Columbus, Ohio
	Northeast Ohio Golf Outing	July 27	Sleepy Hollow Golf Course – Brecksville, Ohio
	North-Central Ohio Golf Outing	August 31	Woussicquet Golf Course – Sandusky, Ohio
CCAO	Summer Conference	June 19 - 21	Shisler Conference Center – Wayne County, Ohio
	Winter Conference	Dec. 11 - 14	Hyatt Regency – Columbus, Ohio
	Annual Golf Outing	August 10	Oakhaven Golf Club – Delaware, Ohio
OASBO	Annual Workshop	April 25 – 27	Hyatt Regency Hotel – Columbus Convention Center
OMCA	Spring Conference	April 12 - 14	Sawmill Creek Resort – Huron, Ohio
OSBA	Capital Conference	November 13 - 16	Hyatt Regency – Columbus Convention Center
NACO	National Conference	July 15 – 19	Honolulu, Hawaii
OPFOTP	Ohio Public Finance Officers Training Program	June 6 – 10	Holiday Inn – Hudson, Ohio
	CMFA Maintenance Program	June 9 – 10	Holiday Inn – Hudson, Ohio
	Golf Outing	June 8	Boston Hills Country Club – Hudson, Ohio
OAPT	Annual Conference	October 12 – 14	Sawmill Creek Resort – Huron, Ohio
	National Conference	July 31 – August 3	Chicago City Centre Hotel – Chicago, Illinois
CAAO	Summer Conference	June 6 – 9	Cincinnati Marriott North – Union Center
	Winter Conference	November 14 - 16	Embassy Suites – Dublin, Ohio
BMA	Annual Meeting	April 20	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

OAPT – Ohio Association of Public Treasurers – (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)