

OMAC MuniNews

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Ohio City and County 2005 Ratings Comparison

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Standard & Poor's Ratings Services currently rates the GO debt of about 55 counties, cities, villages and townships in Ohio, with ratings ranging from 'AAA' to 'BBB-'. In general, Standard & Poor's assesses credit ratings according to established criteria using several factors, which are outlined below.

Ratings Criteria

Economy

The strength of the local economy is typically the most critical element in determining an issuer's rating. The rating analysis starts with an assessment of the issuer's economic characteristics, incorporating both local and national economic factors and trends. Standard & Poor's views the economy as the foundation of a community's fiscal health.

Important economic factors include population trends, employment depth and diversity, current and historical unemployment rates, median household and per capita income levels as a percentage of the U.S. average, assessed valuation growth, and the size of the tax base in terms of estimated market value and market value per capita. An issuer's geography and proximity to transportation networks and major employment markets play key roles in the rating analysis. Smaller municipalities that are located near a larger city are given credit for being part of a broader and more diverse economy.

Financial operations

Financial performance and flexibility are also important considerations in evaluating a municipality's creditworthiness. In general, finances must support the rating. Troubled financial operations, such as a string of fiscal imbalances or thinning reserves, can lead to lowered ratings. Key financial factors that Standard & Poor's examines include accounting and reporting methods;

revenue structure and flexibility; expenditure flexibility; general fund balance and unrestricted cash levels as a percentage of general fund expenditures and revenues; history of operating surpluses or deficits; general fund revenue and expenditure growth trends; budgeting and financial planning; contingent financial obligations, such as off-balance sheet debt or pension liabilities; and future expected increases in health care, labor, and other costs relative to capacity for revenue growth.

Management

Financial management is another major factor in the evaluation of state and local government creditworthiness. Communities can surmount economic weaknesses or financial challenges through the use of good management practices. Important management issues that Standard & Poor's looks at are: general fund balance policies or targets, expenditure controls and flexibility, frequency of budget reconciliations, degree of 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 overlapping per capita debt burden, overall debt as a percentage of the tax base's market value, debt service carrying charges, and debt amortization. The key debt ratios, as are all the ratios used in analysis, are held up against national statistics on rated communities of similar population size. If a community's debt ratios are significantly higher than national averages, it could potentially be troublesome from a ratings perspective.

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BOND ELECTION RESULTS

This report gives the preliminary results on the adjusted \$34,115,010 volume of bond issues submitted at the February Special Election. Of the total submitted, \$16,115,010 or 47.2% were approved, leaving \$18,000,000 or 52.8% 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.
2006	\$ 34,115,010	\$ 16,115,000	47.2%	2	1	50.0%
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%

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	\$ 34,115,010	2		\$ 16,115,010	47.2%	1	50.0%
Intermediate		0					
Small	\$	0					
TOTAL	\$ 34,115,010	2		\$ 16,115,010	47.2%	1	50.0%

*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	\$ 34,115,010	\$ 16,115,010	47.2%	2	1	50.0%
TOTAL	\$ 34,115,010	\$ 16,115,010	47.2%	2	1	50.0%



SCHOOL DISTRICT TAX LEVIES ELECTION RESULTS

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 *	1	11.10	1	100.0	11.10	100.0	0	0.0	0.00	0.0
Emergency	5	42.28	1	20.0	9.0	21.3	4	80.0	33.28	78.7
Permanent Improvement	3	2.50	2	66.7	2.0	80.0	1	33.3	0.50	20.0
TOTAL	9	55.88	4	44.4	22.10	39.5	5	55.6	33.78	60.5

*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	17.73	1	50.0	7.73	43.6	1	50.0	10.00	56.4
Emergency	4	32.90	3	75.0	28.20	85.7	1	25.0	4.70	14.3
TOTAL	6	50.63	4	66.7	35.93	71.0	2	33.3	14.70	29.0

* Includes Current Operating

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

TABLE III

	-----2006-----			-----2005-----			-----2004-----		
	Subm.	App.	% App.	Subm.	App.	% App.	Subm.	App.	% App.
Current Expense*	11.10	11.10	100.0	86.69	32.43	37.4	176.90	28.20	15.9
Permanent Improvement	2.50	2.0	80.0	14.20	1.50	10.6	20.16	1.00	5.0
Emergency	42.28	9.00	21.3	151.93	37.84	24.9	218.49	31.63	14.5
TOTAL	55.88	22.10	39.5	252.82	71.77	352.3	415.55	60.83	14.6



'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 27 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 25%. The 'AA' rated communities also tend to have excellent management, which is not reflected in the quantitative data.

'A' Rated Municipalities

The 22 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 nation's averages.

'BBB' Rated Municipalities

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

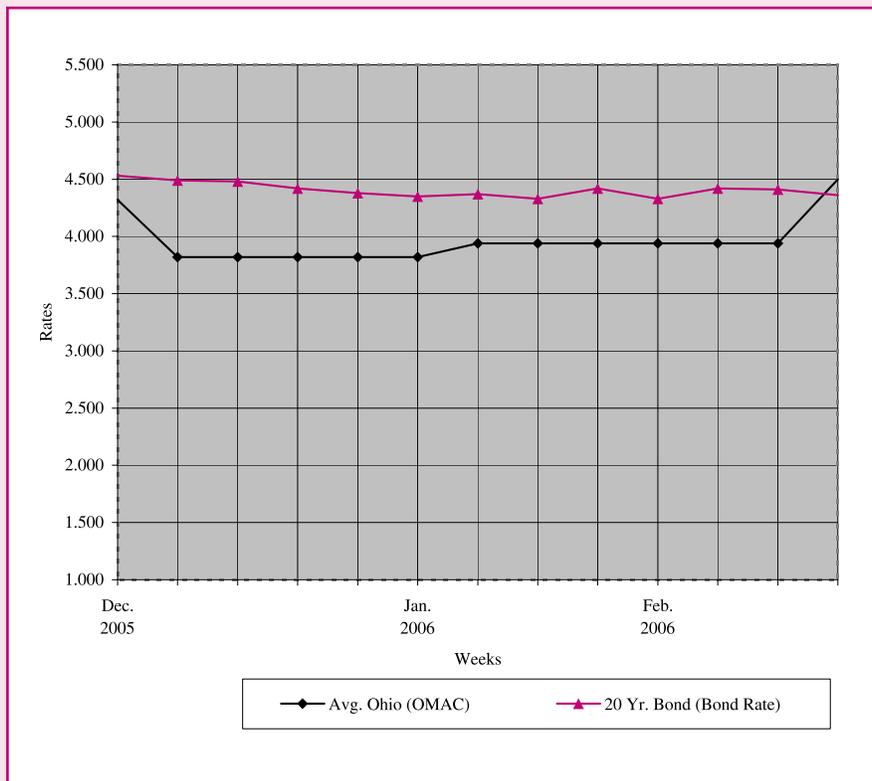
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MARKET UPDATE

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 Franklin County		Westlake City
	AA+	
Cincinnati City Cuyahoga County Delaware County City Indian Hill Village (City of)		Shaker Heights Solon City Worthington
	AA	
Cleveland Heights Liberty Twp Medina County Montgomery County Ottawa Hills Village		Portage County Powell Summit County Willoughby Wyoming
	AA-	
Akron Findlay Green City Hancock County Hilliard Medina County Dist Libr		Munroe Falls New Albany Vill Sharonville Sylvania Area Jt . Recr. Dist.
	A+	
Bedford Canton Champaign County Dayton		Logan County Lucas County Parma Wooster
	A	
Bath Twp Cleveland Clinton County Franklin Heath		Huron Parma Heights Putnam County Toledo
	A-	
Ashtabula Village Chardon Crawford County		Oakwood Urbana
	BBB+	
Washington		
	BBB-	
Carroll Wtr & Swr Dist		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 a 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 projections 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 4 – 6**

**Ohio Association of School Business Officials
Annual Workshop
April 25 – 28**

**Government Finance Officers Association
Annual Fall Conference
September 13 – 15**

**Ohio Asso. of Public Treasurers
Annual Conference
October 4 – 6**

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



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

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CALENDAR

Calendar of Issuer Conferences & Outings for 2006

NAME	EVENT	DATE	LOCATION
BMA	Annual Meeting	May 19	Waldorf-Astoria Hotel – New York, New York
CAAO	Summer Conference	June 5 – 8	Columbus Marriott Northwest – Columbus, Ohio
	Winter Conference	November 14 - 16	Columbus Marriott North - Columbus, Ohio
CCAO	Summer Conference	June 11 - 13	John S. Knight Center – Akron, Ohio
	Winter Conference	Dec. 10 - 13	Hyatt Regency – Columbus, Ohio
	Annual Golf Outing	July 12	Oakhaven Golf Club – Delaware, Ohio
CTAO	Spring Meeting	May 16 - 19	French Quarter -Holiday Inn - Perrysburg, Ohio
	Fall Meeting	November 14 – 16	Embassy Suites Hotel – Dublin, Ohio
GFOA	National Conference	May 7 - 10	Montreal Canada
	Annual Golf Outing	July 10	Dornoch Golf Club – Delaware, Ohio
	Annual Fall Conference	September 13 - 15	Hilton Netherlands Hotel - Cincinnati, Ohio
MFOA (OML)	Spring Conference	April 19 - 21	Marriott Northwest – Columbus, Ohio
	Annual Conference	September 20 - 22	Renaissance Hotel - Cleveland, Ohio
	Northeast Ohio Golf Outing	August 2	Sleepy Hollow Golf Course – Brecksville , Ohio
	North-Central Ohio Golf Outing	August 23	Tentatively - Woussicquet Golf Course – Sandusky, Ohio
NACO	National Conference	August 4 - 8	Lakeside Center at McCormack Place – Cook County, IL
OAPT	Annual Conference	October 4 – 6	Mohican State Park – Loudonville, Ohio
	National Conference	July 23 – 26	Peabody Hotel – Memphis, TN
	Golf Outing	June 21	Brookledge Golf Club – Cuyahoga Falls, Ohio
OASBO	Annual Workshop	April 25 – 28	Hyatt Regency Hotel – Columbus Convention Center
OMCA	Spring Conference	April 4 - 6	Hyatt on Capital Square – Columbus, Ohio
OPFOTP	Ohio Public Finance Officers Training Program	June 19 – 23	Sheraton Suites Hotel – Cuyahoga Falls, Ohio
	CMFA Maintenance Program	June 22 – 23	Sheraton Suites Hotel – Cuyahoga Falls, Ohio
	Golf Outing	June 21	Brookledge Golf Club – Cuyahoga Falls, Ohio
OSBA	Capital Conference	November 12 - 15	Hyatt Regency - Columbus Convention Center

BMA – Bond Market Association – (646) 637- 9200
 CAAO – County Auditor’s Association of Ohio – (614) 228-2226
 CCAO – County Commissioners Association of Ohio – (614) 221-5627
 CTAO – County Treasures Association of Ohio – (614) 233-6818
 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
 OAPT – Ohio Association of Public Treasurers – (216) 443-7814
 OASBO – Ohio Association of School Business Officials – (614) 431-9116
 OMCA – Ohio Municipal Clerks Association – (614) 221-4349
 OPFOTP – Ohio Public Finance Officers Training Program – (330) 672-7148
 OSBA – Ohio School Boards Association – (614) 540-4000

If you would like your event highlighted, contact Chris Scott at 1-800-969-6622, or by email at Chris@ohiomac.com