

CITY OF FAIRFIELD, OHIO
2013
ANNUAL INFORMATION STATEMENT

in Connection with Bonds and Notes of



This Annual Information Statement pertains to the operations of the City of Fairfield for the calendar year 2012.

In addition to providing information on an annual basis, the City of Fairfield intends that this Statement will be used, together with information to be specifically provided by the City for that purpose, in connection with the original offering and issuance by the City of its bonds and notes.

Questions regarding information contained in this Annual Information Statement should be directed to Mrs. Mary Hopton, Director of Finance, Municipal Building, 5350 Pleasant Avenue, Fairfield, Ohio 45014.

The date of this Annual Information Statement is August 1, 2013.

TABLE OF CONTENTS

	Page
INTRODUCTORY STATEMENT	1
THE CITY	2
City Government.....	2
General Government.....	3
Administration of Justice System	4
City Owned Utilities (Please update).....	4
Financial Management.....	5
Income Tax and Other Major Fees and Charges	5
Management of City Facilities.....	5
Personnel Administration (Please update).....	5
Employee Relations (Please update).....	6
City Services and Responsibilities.....	6
Welfare and Public Assistance.....	6
Health.....	6
Demographic Information.....	7
Population	7
ECONOMIC INFORMATION	7
Business and Industry	7
Transportation.....	10
Utilities.....	11
Fire and Police Services (Please update, as needed).....	11
Print and Broadcast Media.....	12
Culture, Recreation and Education (Please update, as needed).....	12
EMPLOYMENT STATISTICS.....	14
Largest Employers in Fairfield (Please update, as needed).....	14
Largest Employers in Cincinnati Metropolitan Area.....	16
Income and Housing Data.....	17
Building Permits, Home Construction and Housing Valuation (Please update).....	17
FINANCIAL MATTERS	17
Introduction.....	17
Budgeting, Tax Levy and Appropriations Procedures (Please update).....	18
Financial Reports and Examinations of Accounts	18
Insurance	19
INVESTMENT POLICIES OF THE CITY OF FAIRFIELD (Please update).....	20
AD VALOREM TAXES	23
Assessed Valuation	23
Largest Taxpayers (Auditor, please update).....	24
Ad Valorem Tax Rates (Please update, as needed).....	25
Changes to Ad Valorem Taxation.....	27

Collection of Ad Valorem Property Taxes and Special Assessments (Auditor, please update).....	30
Delinquency Procedures	31
OTHER MAJOR CITY GENERAL FUND REVENUE SOURCES (Please update).....	32
Income Tax (Please update).....	32
Local Government Fund* (Please update).....	33
City General Fund (Please update).....	33
SECURITY AND SOURCES OF PAYMENT	33
FOR GENERAL OBLIGATION BONDS AND NOTES	33
Ad Valorem Property Tax Security	33
Sources of Payment.....	35
INVESTMENT CONSIDERATIONS	35
Municipal Fiscal Emergency Legislation	36
CITY DEBT AND OTHER LONG TERM OBLIGATIONS.....	37
Statutory Direct Debt Limitations.....	37
Indirect Debt Limitations and Overlapping Debt (PSW will update).....	38
Bond Anticipation Notes (Please update).....	40
Water Pollution Loans	41
Debt Currently Outstanding (Please update).....	41
FUTURE FINANCING	45
Long Term Obligations Other Than Bonds and Notes (Please update).....	45
LEGAL MATTERS.....	46
Litigation.....	46
Bond Counsel.....	46
RATINGS	46
CONTINUING DISCLOSURE.....	47
CONCLUDING STATEMENT	48

APPENDICES

- Appendix A – Comprehensive Annual Financial Report, 2011 and 2012
- Appendix B – Summary of 2013 Proposed Budget
- Appendix C – Financial Statement (Direct Debt Limitations)
- Appendix D – Ten-Mill Certificate (Indirect Debt Limitations)
- Appendix E – Rates of Taxation in Butler County, Ohio

CITY OF FAIRFIELD, OHIO



INTRODUCTORY STATEMENT

The Annual Information Statement of the City of Fairfield, Ohio (the “Annual Statement”), including the Appendices hereto, has been prepared by the City of Fairfield (the “City”) to provide, as of its date, financial and other information relating to the City. The City intends that this Annual Statement be used in conjunction with specific offering information to be provided by the City for the original offering and issuance by the City of specific issues of bonds and notes which, taken together, would serve as the Official Statement for each such issue. Following the distribution of this Annual Statement and concurrently with the original offering by the City of each particular issue of its bonds and notes, the City will distribute or make available the specific offering information relating to that issue along with information updating or revising information contained in this Annual Statement.

The City has not bound itself contractually to furnish current information, in the form of a statement such as this or otherwise, on a continuing or regular basis and does not covenant to do so except for specific Continuing Disclosure Agreements entered into for specific transactions (see “CONTINUING DISCLOSURE” herein). From time to time the City may elect to provide such information to parties named on a mailing list maintained by the City for such purpose. Names may be entered on the mailing list by writing Mrs. Mary Hopton, Director of Finance, Municipal Building, 5350 Pleasant Avenue, Fairfield, Ohio 45014 or via email at mhopton@fairfield-city.org.

All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as might be shown by such financial and other information will necessarily continue in the future.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code (the “Revised Code”) or uncodified, or the Ohio Constitution, are references to such provisions as they presently exist. Any of those provisions may from time to time be amended, repealed or supplemented.

Certain information contained in this Annual Financial Information Statement is attributed to the Ohio Municipal Advisory Council (OMAC). OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

Any addresses of or links to web sites, which may be contained herein, are given for the convenience of the user only. The City has not participated in the preparation, compilation or selection of information on these websites, and therefore presents no warranties or representations of the material contained therein. Further, the City assumes no responsibility or liability for the contents thereof.

As used in this Annual Statement, “debt service” means principal (including mandatory redemptions) of and interest on the obligations referred to and “State” or “Ohio” means the State of Ohio.

THE CITY

The City of Fairfield, located just north of Cincinnati, Ohio, was incorporated as a village in 1954 and became a city in 1955. It had an estimated 2010 population of approximately 42,510 and is able to provide a full range of services to its citizens, businesses and industries. The City is comprised of more than 20 square miles and has the 23rd largest land area of any city in Ohio.

City Government

The City has operated under its Charter since January 1, 1980, but is also subject to the general statutes of the State of Ohio that are applicable in all municipalities in the State. In addition, the City may exercise all powers of local self-government permitted under Article XVIII, Section 3, of the Ohio Constitution.

The legislative power of the City is vested in a Council of seven members, three of whom are elected from the City at large and four of whom are elected from wards of substantially equal population. All members of Council are elected for terms of four years commencing on the first day of January following their election.

The Mayor is also elected to a four-year term and is the presiding officer of the Council, but does not cast a vote upon matters before Council unless the vote of the members results in a tie. In addition to duties as the presiding officer of the Council, the Mayor acts as the ceremonial head of the City, and appoints members of committees created by Council. The City Council appoints the City Manager, Law Director and Clerk of Council.

The City Manager is the chief executive, administrative and law enforcement officer of the City. The Manager is charged with responsibility for enforcing the laws and ordinances of the City. The Manager appoints and removes all heads of departments and all subordinate officers and employees of the City, except the City Law Director. The City Manager also exercises control over all departments created by the City Council.

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The current elected and appointed City Officials are:

	<u>Legislative</u>	<u>Term Commenced or Appointed</u>	<u>Present Term Expires</u>
Mayor	Ron D'Epifanio	01/01/06	12/31/13
Council Member	Terry Senger	11/01/07	12/31/15
Council Member	Mike Oler	01/01/06	12/31/13
Council Member	Tim Meyers	01/01/06	12/31/13
Council Member	Tim L. Abbott	01/01/06	12/31/13
Council Member	Adam Jones	01/01/12	12/31/15
Council Member	Jeffrey Holtegel	01/01/12	12/31/15
Council Member	Debbie Pennington	01/01/12	12/31/15
Clerk of Council	Alisha Wilson	06/04/12	Indefinite

Executive

City Manager	Arthur E. Pizzano
Assistant City Manager	Mark Wendling
Finance Director	Mary Hopton
City Law Director	John Clemmons
Police Chief	Michael J. Dickey
Fire Chief	Donald G. Bennett
Director of Public Utilities	David Crouch
Director of Public Works	David Butsch
Parks and Recreation Director	James A. Bell
Development Services Director	Timothy Bachman
Human Resources Manager	Carol Mayhall

General Government

Of the offices that can be grouped under the category of general government, in addition to the Council and the City Manager, four officials are of particular pertinence.

The Assistant City Manager is appointed by the City Manager and is responsible for all personnel functions. The Assistant City Manager is the principal assistant to the City Manager and performs the City Manager's duties in the event of the City Manager's absence.

The Director of Finance is appointed by the City Manager and performs the functions of establishing accounting systems, financial records and reports used by the offices, departments, divisions, bureaus, boards and commissions of the City; assisting the City Manager in the preparation and submission of appropriation measures, estimates, budgets, capital programs and other financial matters; providing complete information concerning the financial affairs and status of the City as required by the City Manager or the Council; and providing full and complete information and assistance concerning the finances or accounting systems or records of

any office, department, division, bureau, board or commission of the City as requested by the City Manager.

The Development Services Director is appointed by the City Manager. The Development Services Department is made up of the department for planning, economic development and the building division. The director has the following powers, duties and functions: advises the City Manager on matters affecting the development, redevelopment and renewal of the City; coordinates the work of, and advises the Council, the City Manager, the Planning Commission and other departments, boards and commissions of the City in the development and modification of comprehensive plans for the City; advises, by way of review and recommendation, the Council, the City Manager and the City's departments, boards and commissions concerning programs and activities to implement the comprehensive plans of the City; and advises and assists the Planning Commission in the exercise of its powers, duties and functions.

The Public Works Department Director oversees the Public Works Department, which includes the divisions of Construction Services and Streets & Transportation. The Public Works Director also oversees the duties and functions of the City Engineer.

Administration of Justice System

As a part of the administration of the justice system, the City maintains the Municipal Court. The Law Director is designated by Ohio law and the City Charter as the chief legal counsel for all City officers, boards and agencies, including the Council, the Director of Finance and the City Manager.

The Clerk of Courts keeps all official records of the Municipal Court. The office of Clerk of Courts operates on a system of fees charged for services and is essentially self-supporting. Butler County operates the Court of Common Pleas and the Appellate Court. The United States District Court and the Sixth Circuit Court of Appeals are located in Cincinnati.

The Chief of Police is the chief administrative officer of the Police Department and the final departmental authority in all matters of policy, operations and discipline. As such, the Chief of Police exercises all lawful powers of the office and issues such lawful orders as are necessary to assure the effective performance of the department. Through the Chief of Police, the department is responsible for the enforcement of all laws and ordinances coming within its legal jurisdiction. The Chief of Police is responsible for planning, directing, coordinating, controlling and staffing all activities of the department for its continued and efficient operation, for the enforcement of rules and regulations within the department, for the completion and forwarding of such reports as may be required by competent authority, and for the department's relations with local citizens, the City government and other related agencies.

City Owned Utilities

The Fairfield Department of Utilities provides water and sewage treatment on a citywide basis. It employs 39 full-time people and its 2012 annual payroll was \$1.31 million for the Water Division and \$1.52 million for the Wastewater Division. The Department operates one water plant with a production capacity of 9 million gallons per day, with an average daily demand of 5 million gallons per day. Wastewater is treated by the City's one treatment plant,

which has a treatment capacity of 10 million gallons per day and a hydraulic capacity of 15 million gallons per day. The average daily demand at the wastewater treatment plant is 4.7 million gallons per day. The Department maintains approximately 180 miles of water lines and 180 miles of sewer mains.

The capacities of the treatment plants were expanded recently in response to master plans developed for both Water and Wastewater Divisions, which evaluated capacities in relation to anticipated growth demands. Expansions of both were completed during the period from 1994 to 2005 and all expansions have been approved by the Ohio Environmental Protection Agency (OEPA). The improvements to the wastewater system included a plan to collect, convey and treat peak wet weather flows. As part of this program, a 25.0 million gallons per day pumping station was constructed to pump wet weather flows to equalization basins adjacent to the plant. As part of this system, 45,000 linear feet of large diameter, gravity relief sewers and force mains were constructed to convey flows to the equalization basins. The equalization basins were constructed to retain approximately nine million gallons of wet weather flow. In addition, the treatment plant was upgraded to provide a treatment capacity of 10.0 million gallons per day and 18.0 million gallons per day for wet weather flows.

Financial Management

The Council is responsible for providing and managing the funds used to support the various City activities. The Council exercises its legislative powers in budgeting, appropriating, levying taxes, issuing bonds and notes and letting contracts for public works and services to provide this financial management.

Income Tax and Other Major Fees and Charges

The one and one half percent (1.5%) municipal income tax was the largest source of revenue for the City in 2012, and sewer and water charges were the second largest source of revenue. Other taxes, including ad valorem property taxes collected by Butler County and returned in part to the City (see “Ad Valorem Taxes” herein), and state-shared taxes accounted for the third largest portion of the City revenues.

Management of City Facilities

The Council has certain responsibilities for the management of most City facilities, including the Municipal Court, administrative and general City government facilities.

Personnel Administration

Personnel wages of \$11,365,426 accounted for the largest share of the City's general fund expenditures in 2012 at approximately 49.6% of all expenses. Council controls the offices of City Manager and City Law Director and also funds all other personnel costs of the City, with power to approve or disapprove salary and wage appropriations submitted in the operating budgets for all City employees.

Employee Relations

As of December 31, 2012, the City of Fairfield employed approximately 272 full-time and 269 part-time and seasonal employees in various job classifications. Its 2012 annual payroll was \$20,401,979.

Under the Collective Bargaining Law, public employees of the State and many local subdivisions (including the City) have the right to organize, bargain collectively and have union representation. The employer must recognize and grant exclusive representation rights to a representative approved by the State Employment Relations Board (“SERB”). SERB approval may be granted either after fulfillment of the requirements promulgated in its regulations or by majority approval of the employees at a SERB-supervised election. The employer has the right to insist on an election. Any agreements under the Collective Bargaining Law must be in writing, must specify a grievance procedure and cannot exceed three years in duration.

The Collective Bargaining Law also designates those actions that constitute unfair labor practices and prescribes procedures for their remedy. It also sets forth dispute resolution procedures for contract negotiation impasses, including arbitration or other mutually agreeable methods. If the impasse persists after conciliation procedures, then police, fire, correctional officers and other public safety employees must take the dispute to binding arbitration and do not have the right to strike. All other employees have the right to strike after 10 days written notice.

The City has labor agreements with the following employee unions:

<u>Union</u>	<u>Type of Personnel Covered</u>	<u>Number of Employees Covered</u>	<u>Date Contract Commenced</u>	<u>Date Contract Expires</u>
Fire IAFF 4010	Fire	27	04/01/11	03/31/14
AFL-CIO Local 20	Wastewater	21	03/01/11	02/28/14
FOP Lodge 166	Police	57	04/01/11	03/31/14
AFSCME	Water, Street, Park, Clerical	97	04/01/11	03/31/14

The City knows of no other union organization seeking recognition at this time.

City Services and Responsibilities

Welfare and Public Assistance. The Butler County Job and Family Services administers the public welfare functions within the County, including services to residents of the City.

Butler County also provides public assistance via the Board of Mental Health and Mental Retardation, the Soldiers' Relief Commission and the County Children's Services Board.

Health. There is one acute care hospital in the City, Mercy Hospital of Fairfield, which consists of 220 beds. There are several other acute care hospital facilities in Butler County, including Fort Hamilton Hospital part of Kettering Health Network, Bethesda Butler Hospital,

West Chester Hospital and Cincinnati Children’s Hospital - Liberty Campus. There are a total of 38 hospitals in the Cincinnati Metropolitan Area.

Middletown Regional Hospital has a new health and technology campus located approximately a quarter mile east of Interstate 75 at the Middletown exit. The first phase of the 200-acre campus included a new hospital, Atrium Medical Center, and attached professional office building, a cancer center and the Greentree Health Science Academy.

The Butler County Health Department provides various health related services throughout the County, including the City, such as home nursing, food service and sanitary inspections.

Demographic Information

Population. The estimated 2010 population of the City was 42,510 people. Statistics from the last five censuses of population are indicated below.

	<u>Census 1970</u>	<u>Census 1980</u>	<u>Census 1990</u>	<u>Census 2000</u>	<u>Census 2010</u>
City of Fairfield	14,680	30,777	39,729	42,097	42,510
Butler County	266,207	258,787	289,199	332,807	368,130
Cincinnati PMSA	1,384,851	1,401,491	1,452,656	1,634,600	2,130,151*

Source: U.S. Bureau of the Census

* The Cincinnati PMSA has been changed by the US Census Bureau to the Cincinnati-Middleton MSA and is provided with Census 2010 data. Data supplied by the Department of Commerce.

ECONOMIC INFORMATION

Business and Industry

Because the City lies at the southern boundary of Butler County, residents work in Butler County and in Hamilton County, immediately to the south. Both counties are part of the Cincinnati Metropolitan Area (the “Metropolitan Area”).

Metropolitan Cincinnati includes 15 counties: Hamilton, Butler, Warren, Clermont, and Brown counties in Ohio; Boone, Bracken, Campbell, Kenton, Gallatin, Grant and Pendleton counties in Kentucky; and Dearborn, Franklin and Ohio counties in Indiana. There are approximately 15.3 million net square feet of office space in the downtown area and 21.9 million square feet of industrial space in the metropolitan area. The retail market includes more than 50 million square feet regionally (3.8 million square feet downtown).

A transportation and industrial center since the early development of the territory west of the Appalachians, the Metropolitan Area has grown and developed into a major center for insurance and finance companies, wholesaling, retailing, government installation, medical services and service industries as well as manufacturing. Among the Metropolitan Area's prominent manufacturing groups are: transportation equipment, which includes aircraft engines and auto parts, food and kindred products, metal working and general industrial machinery, chemicals, fabricated metal products, and printing and publishing. In addition, toys, apparel,

mattresses, house wares and shoes are produced locally by nationally known enterprises. The Metropolitan Area is also the location of major federal government installations, including a regional postal service center, a Food and Drug Administration office, a center for environmental research, an occupational health and safety research center, and the Sixth Circuit Court of Appeals.

This diverse economic base continues to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle. More than half of the U.S. population, purchasing power and manufacturing establishments are within one hour's flight time and 600 miles of the Metropolitan Area.

The Metropolitan Area is a growing center for international business, with over 2,000 firms engaged in international trade. Metropolitan Area companies generate sales of approximately \$6.7 billion to customers outside the U.S. each year. Major export products include jet engines, plastics, machinery, computer software, paper and consumer goods. Directly imported products create over \$2 billion in annual revenue. Over 300 firms are also owned by foreign firms from Japan, England, Western Europe and Canada. Foreign Trade Zone status is also available in the Metropolitan Area to assist firms engaged in international trade to lower import duty and tax expenses.

The City is continuing its strong efforts to attract and retain quality economic development. The Enterprise Zone and Community Reinvestment Programs have been widely used by the City to encourage businesses to relocate in the City of Fairfield. As a result of this initiative, the City has created over 5,000 jobs over the years.

The City's diversified industrial area is located strategically West of I-75 and just North of I-275 providing access to available land in this expanding corridor for industrial development, as well as one of the best aquifers for water supply in the United States. In addition, a labor force of 1.5 million people lives within 30 minutes driving time of the City.

In 2012, the Western States Machine Company announced the construction of a new 76,000 square foot facility in Fairfield on an 11.4 acre site on Commerce Center Drive. This investment is estimated at over \$6.5 million. Western States develops and manufactures improvements for centrifuges in the sugar industry. One of the driving factors for Western States to move from their current location in Hamilton to Fairfield was the close proximity to major transportation corridors. Western States will employ approximately 100 employees at this location.

Koch Foods, the City's largest utility user and one of the largest employers, began a major expansion, investing over \$45 million, in its current location on Port Union Road in Fairfield. Koch Foods is one of the largest integrated poultry processing processors in the country. The expansion will double the plant's production capacity and add approximately 390 employees to the existing 700+ employees.

Ohio Casualty, now a member of the Liberty Mutual Group, is the second largest employer in Fairfield. Liberty Mutual has consolidated their various locations in the greater

Cincinnati area into the Fairfield location and in 2012 added some additional subsidiaries to the Fairfield location. Ohio Casualty currently employs over 1,300 employees.

Improvements to the property, formerly a Fisher Body (General Motors) stamping plant were completed in 2012 through funding from a Community Development Block Grant. The project totaled approximately \$200,000 and included demolition of a blighted vacant building to allow for further economic development and growth at that property.

City Council established a 150 acre North Town Center Tax Increment Financing (TIF) District. The TIF District is expected to facilitate new public infrastructure investment and to encourage new private redevelopment in the area north of Nilles Road over a 30 year term. The first project in the district is the redevelopment of the former Fair Plaza site. Redevelopment plans call for a mixed-use project with renovated retail space, and a senior landownership community. Due to declining property values, the amount of money generated by the TIF has been minimal.

The City of Fairfield has agreements with two different townships regarding Joint Economic Development Districts (JEDD). Fairfield partnered with Fairfield Township for collection and distribution of the income tax generated from the JEDD which encompasses several different geographic areas. The allocation of revenues is 20% Fairfield and 80% Fairfield Township.

Fairfield partnered with West Chester Township and the City of Springdale to create the West Chester Township JEDD. The only employer currently located in the JEDD is the General Electric Company. GE is consolidating engineering operations from its Evendale and Springdale facilities into these office buildings. The payroll for the JEDD in 2012 was \$148 million with taxes of \$1.48 million. The allocation to the partners for the first ten years is: Fairfield 10%, West Chester 83% and Springdale 7%. In year eleven and beyond, the proposed allocation is: Fairfield 10% and West Chester 90%.

Emerald Lake is a 150-lot single-family subdivision located on the former Morris farm. Over two-thirds of the lots are occupied or have homes under construction. Envisioned as an upscale neighborhood, in the mid \$200,000 range, at least 75 percent of the houses will have side-entry garages and all of the homes will have brick, stone or similar masonry on the front facade with continuation of the same material on the first floor of the remaining sides.

Transportation

The Metropolitan Area is an important rail freight center fed by three major trunk line railroads, operating twelve divisions with total mileage of 64,000 in 27 states. The area is also served by the Amtrak passenger network. The Chessie System serves Fairfield, with sidings available at three of the four industrial park sites in the City, and reciprocal switching privileges tying the line into the major trunk rail lines.

The Metropolitan Area is also on the 15,000-mile Great Mississippi River Inland Waterway and Intracoastal Canal System. As a major Ohio River port with 37 commercial water terminals, Cincinnati is the second largest inland coal port. Towboats also handle petroleum, iron, steel, grain, chemicals, fertilizer and automobiles. One hundred seventy-five million tons are annually transported on the Ohio River. There are eight barge lines based in the area with 36 barge lines serving the area.

Four airports serve Fairfield residents. The most important of these is the Cincinnati/Northern Kentucky International Airport, located in the Northern Kentucky and 35 minutes from Fairfield via two interstate routes. The airport is served by 12 major, regional and commuter scheduled air carriers providing nonstop and one-stop service to 113 cities, including service to six international cities. Delta Airlines has established the Cincinnati/Northern Kentucky International Airport as a major regional hub for its network.

The City is also served by the Hamilton-Butler Airport. The airport maintains operation under the Butler County Regional Airport Authority. The airport is designated a relief airport for the Cincinnati/Northern Kentucky Airport and has air charter available to both Cincinnati and Dayton. The airport served private aircrafts with a 5,480 foot paved runway.

In addition, the Dayton International Airport is located approximately 60 miles north of Fairfield in Dayton, Ohio. The airport is within fifty minutes driving time and is served by all major mid-west carriers.

Traveline provides service between Cincinnati, Fairfield and other nearby points. Cincinnati Metro buses provide service to many areas of the City. Butler County Regional Transit Authority (BCRTA) Shuttle-on-Demand provides curb-to-curb service in Butler County.

A system of five interstate highway routes (I-71, I-74, I-75, I-275 and I-471) and seven U.S. Routes (22, 25, 27, 42, 50, 52 and 127) serve the Metropolitan Area. There are also approximately 272 miles of county roads, including 377 bridges, facilitating transportation in Butler County. Of these highways, Interstate 275 has three interchanges at the southern border of Fairfield providing access to Interstate 74 (twelve miles), Interstate 75 (two miles), Interstate 71 (eight miles) and the Butler Regional Highway; a four-lane, 16 mile, limited access highway that connects the City of Hamilton to I-75; U.S. Route 127 also passes through Fairfield.

Ohio Routes 4 and Alternate 4 also provide major transportation arteries through the City. More than 150 motor freight carriers including 60 interstate carriers and 42 freight forwarders serve the City of Fairfield.

Distance from Fairfield to Major Urban Markets

<u>City</u>	<u>Highway Miles</u>
Chicago, Illinois	270
Cincinnati, Ohio	18
Cleveland, Ohio	235
Columbus Ohio	99
Dayton, Ohio	36
Detroit, Michigan	249
Indianapolis, Indiana	90
Lexington, Kentucky	100
Louisville, Kentucky	123
Nashville, Tennessee	291
Pittsburgh, Pennsylvania	281
Toledo, Ohio	190

Utilities

Duke Energy and Butler Rural Electric Cooperative provide the City with gas and electricity. The Metropolitan Area is near the center of one of the nation's largest concentrations of electrical power. Duke Energy's plants are connected to other utility company plants in the Ohio River Valley and also to a regional network of high voltage lines, thus providing substantial reserve capacity.

Fairfield's municipally owned water plant provides water to city residents and businesses. The municipally owned sewer treatment facility provides sewer service to substantially the entire City. The City maintains all maintenance functions and all billing and collection functions relative to these services.

The City contracts with a private solid waste collection firm for solid waste serves for weekly collection of waste from residential dwellings, schools, hospitals and public institutions.

Fire and Police Services

Fire protection in the City is provided by the City's fire department, which operates 3 fire stations (which are located in the City) and 20 vehicles including 3 fully equipped pumpers, 1 pumper with a 75 foot ladder, 1 heavy rescue vehicle and 1 grass fire unit. The fire department has mutual aid response agreements with other nearby municipalities. The fire department employs 1 chief, 1 full-time deputy chief, and 25 full-time fire fighters/paramedics. Crews are on duty at the station 24 hours a day. The City's fire insurance rating is Class 3.

The City's nationally accredited police department consists of 57 commissioned officers, including the chief, 3 lieutenants, and 10 sergeants. The police department also employs 1 full-time park ranger, 1 part-time park ranger, 9 full-time dispatchers, 8 full-time non-commissioned

employees including a juvenile diversion counselor, and 2 part-time non-commissioned employees. The department has 2 canines assigned to evening and night shifts.

Programs offered at the department geared toward community service include bicycle patrol program, business and vacation check services, crime prevention activities, safety tours and events, Drug Abuse Resistance Education (DARE) program, resource officers assigned to the city's intermediate and high schools, a juvenile diversion program, and citizen police academy. The city's police department operates a fleet of 18 fully equipped marked patrol vehicles which provide general police services to the city on a 24-hour a day basis. The department has several specialty vehicles including an evidence van and traffic crash reconstruction van.

Print and Broadcast Media

The Metropolitan Area has one daily newspaper of general circulation and approximately 40 community weeklies. Six television stations from Cincinnati, three from Dayton, and one from Oxford - including the nation's oldest educational station - are available in addition to cable and satellite television. Thirty-five AM and FM radio stations serve the area, including two stations based in Fairfield. The City is also served by two local weekly papers.

Culture, Recreation and Education

Few areas in the country can offer the stimulating cultural life of the Metropolitan Area. The Cincinnati Symphony Orchestra calls home the century-old Music Hall, as do the Cincinnati Opera and the Cincinnati Ballet. The Aronoff Center for the Arts hosts a wide range of productions including the Broadway Series. Also available are the Taft Theater, the Playhouse in the Park, the College Conservatory of Music, the Showboat Majestic and the Corbett Center for the Performing Arts. Museums include the Cincinnati Art Museum, Contemporary Arts Center, Taft Museum, the Museum of Natural History, the Children's Museum, the Krohn Conservatory, the Cincinnati Fire Museum, the John Hauck House, and the National Underground Railroad Freedom Museum.

Near Middletown is the Miami-Erie Canal Museum. Also, throughout the county are over 1,000 acres of parkland and historical sites including Gano, Governor Bebb Preserve, Old West-Chester and Indian Creek.

Fairfield is rich in culture with its 40,000 square foot Community Arts Center which houses a theater, arts studio, fitness studio, children's room, senior lounge, community room and an art gallery.

The quality of life in the City is further enhanced by the Lane Public Library system with 230,000 volumes in five branches and two mobile offices throughout Butler County, with 26,093 volumes at the Fairfield Branch.

The educational environment in the Metropolitan Area is set by more than 24 universities, colleges and technical colleges with a combined enrollment of approximately 125,000 in 2011. Approximately 72% of the 521 teachers in the Fairfield public schools have more than a Baccalaureate degree, and the average years of teaching experience is fifteen years.

For the school year 2012-2013, the total enrollment was approximately 10,053 in the Fairfield City School District.

The City's Parks and Recreation System consists of 29 park sites and recreational facilities, ranging from its 161 acre municipal park to its ¼ acre green spaces. The City also operates an 18-hole golf course and a public swimming pool. Its recreational offerings cover all ages and abilities.

Huffman Park opened in the fall of 2012. The Park was possible through donations of land and over \$900,000 from the Anna and Harold W. Huffmann Foundation. Huffmann Park is adjacent to the South Trace Golf Course and features nature learning stations, such as a pond, aeration windmill designed to keep the pond clean and a fruit and nut orchard. The Parks and Recreation Department offer a variety of nature programs, educational workshops and summer camps.

The Joe Nuxhall Pavilion is a new concession stand for the Water Works Park which will serve many baseball players and spectators attending the games at the complex. The Joe Nuxhall Pavilion, which is dedicated to the great Cincinnati Reds pitcher and long-time Fairfield resident, replaced the antiquated little league concession stand. The pavilion is 2,100 square feet with a 1,400 square foot covered picnic area. In addition, a bronze sculpture of Joe Nuxhall was commissioned in remembrance for all he has done for the community. The Pavilion was dedicated on June 16, 2009.

The Fairfield Aquatic Center offers pools, diving boards, a wading pool, large slide, volleyball court, sand play area and a water play structure. Qualified lifeguards and instructors are on duty at all times. The City added a spray park to the Aquatic Center that opened for the 2010 season. Also, in the summer of 2010, work began on the development of Black Bottom Park. The park is situated along the Great Miami River, and will allow park goers to have access to the river.

The new Joyce Park Bike Path has been constructed along Forest Lake Lane giving cyclists, walkers and runners another connection to the Great Miami River Bike Path. The path, which is a joint venture with the City of Hamilton, begins at River Road and winds its way through Joyce Park where it connects the existing path. The path originates to the south in Water Works Park and extends to the north as it hugs the Great Miami River until it reaches the Fitton Center in downtown Hamilton. The new path provides a convenient connection to the bike path, while serving as a separate walking path for Forest Lake Lane, providing a safe means for visitors to walk to soccer, baseball, and the skate park.

The Butler County Park District contains nine parks, and fishing and boating facilities, covering approximately 1,000 acres in addition to Hueston Woods State Park in the northern sector of Butler County. The State park consists of 3,500 acres and includes a lodge, swimming pools and beaches.

The Metropolitan Area supports the Cincinnati Reds, the first professional baseball team, as well as the Cincinnati Bengals of the National Football League and the Cincinnati Cyclones, a

minor league team competing in the International Hockey League. Horse racing takes place at nearby Turfway, River Downs and Lebanon Raceway.

Fairfield City residents also have easy access to the Cincinnati Zoo and Botanical Gardens, the nation's second oldest zoo, known throughout the world for its success in breeding rare species in captivity. Across the river, the Newport Aquarium in Newport, Kentucky draws 3 million visitors a year.

EMPLOYMENT STATISTICS

The following table lists the unemployment rates for the United States, the State of Ohio and Butler and Hamilton Counties for the past five years. The monthly data is not seasonally adjusted. The figures are expressed in percentages and represent the ratio of the total unemployed to the total labor force.

<u>Year</u>	<u>United States</u>	<u>State of Ohio</u>	<u>Butler County*</u>	<u>Hamilton County*</u>
2008	5.8%	6.5%	5.9%	5.6%
2009	9.3	10.2	9.4	8.9
2010	9.5	10.5	10.1	9.9
2011	8.9	8.8	9.0	8.6
2012	8.1	7.2	7.1	7.0
April, 2013*	7.1	6.7	6.1	6.3

* Not Seasonally Adjusted

Source: Ohio Department of Job & Family Services.

Largest Employers in Fairfield (Please update, as needed)

	<u>Company</u>	<u>Nature of Business</u>	<u>Number Employed</u>
1.	Cincinnati Insurance	Financial Services	3,171
2.	Mercy Hospital Fairfield	Health Care	1,917
3.	Fairfield Board of Education	Education	1,649
4.	Liberty Mutual Group	Insurance	1,471
5.	Koch Foods	Food Processing	895
6.	Jungle Jim's Market	Retail	885
7.	Medco Health Solutions	Pharmaceuticals	816
8.	Pacific Industries	Manufacturing	601
9.	City of Fairfield	Government	540
10.	Devco Holdings	Automotive	302

Source: City of Fairfield Finance Department

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Largest Employers in Cincinnati Metropolitan Area

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
1. Kroger Company	Consumer Goods Dist	20,646
2. University of Cincinnati	Education	15,329
3. Cincinnati Children's Hospital	Health Care	12,564
4. The Procter & Gamble Company	Consumer Goods Dist	12,000
5. TriHealth Inc.	Health Care	10,400
6. Mercy Health Partners	Health Care	8,940
7. UC Health	Health Care	8,670
8. GE Aviation	Aircraft Engines	7,500
9. St. Elizabeth Medical Center	Health Care	7,251
10. Fifth Third Bancorp	Financial Institution	7,180

Source: Greater Cincinnati Chamber of Commerce, 2012 Business Courier Book of Lists

Nonagricultural Employment and Average Weekly Earnings Cincinnati-Middletown Metropolitan Statistical Area

<u>Employment</u>	<u>Employment</u>	<u>Average Weekly Earnings*</u>
Goods-Producing Industry	141,000	\$961.07
Construction	35,500	711.76
Manufacturing	105,500	998.56
Durable Goods	63,200	N/A
Nondurable Goods	42,300	N/A
Service-Producing Industry	743,700	957.76
Trade, Transportation and Utilities	198,900	715.75
Wholesale Trade	57,800	N/A
Retail Trade	100,600	N/A
Transportation, Warehousing and Utilities	40,500	N/A
Information	13,600	N/A
Financial Activities	63,400	1,003.90
Professional and Business Services	166,800	923.10
Educational and Health Services	155,300	684.26
Leisure and Hospitality	108,100	293.06
Other Services	37,600	544.07
Government	126,600	N/A

Source: Ohio Job and Family Services, Labor Market Review, April, 2013

* For the State of Ohio

Income and Housing Data

The following shows the Median Household Income, Per Capita Income, Median Family Income and the Median value of Owner-Occupied Housing Units for the City of Fairfield in comparison to Butler County, the State of Ohio and the Nation:

	City of <u>Fairfield</u>	Butler Cou nty	State of <u>Ohio</u>	<u>United States</u>
2011 Median Household Income	\$ 54,581	\$ 55,497	\$ 48,071	\$ 52,762
2011 Per Capita Income	28,940	26,397	25,618	27,915
2011 Median Home Value	150,000	160,400	135,600	186,200
2009 Median Family Income	66,815	66,527	59,208	62,363

Source: U.S. Census Bureau 2005-2009 American Community Survey Estimates

Building Permits, Home Construction and Housing Valuation

The City issues non-residential and residential building permits. The following details the number of permits issued by category and the estimated valuation for those construction projects for the past five years:

<u>Year</u>	Residential <u>Number</u>	Non-Residential <u>Number</u>	Combined Total <u>Est. Value (millions)</u>
2008	15	15	\$18.2
2009	15	4	18.5
2010	19	5	5.0
2011	16	9	6.5
2012	16	7	6.4

Source: City Building Department

FINANCIAL MATTERS

Introduction

The City's fiscal year corresponds with the calendar year.

The administrative functions of the City are performed by or under the supervision of the following:

1. Overall planning and development, the City Council
2. Assessment of real and personal property, the Butler County Auditor
3. Financial control functions, the Director of Finance
4. Inspection and supervision of the accounts and reports of the City as required

by law, the State of Ohio Office of the Auditor and by independent certified public accountants.

5. Public utility property assessment, the State of Ohio

Budgeting, Tax Levy and Appropriations Procedures (Please update)

Detailed provisions for City budgeting, tax levies and appropriations are made in the Revised Code. The procedures involve collective review by County officials at several stages.

City budgeting for a fiscal year formally begins in July of the prior year with the preparation and adoption, after a public hearing, of a tax budget for the fiscal year. With respect to payment of debt service in the fiscal year, the tax budget must show the amounts required, the estimated receipts from sources other than property taxes for payment, the net amount for which a property tax levy must be made, and the portions of that levy to be inside and outside the ten-mill tax rate limitation (see “Indirect Debt Limitations” herein). The tax budget is then presented for review by the County Budget Commission comprised of the County Auditor, Treasurer and Prosecuting Attorney.

The County Budget Commission reviews the budget and with respect to debt service determines and approves levies for debt service inside and outside the ten-mill rate limitation. The law expressly provides that “if any debt charge is omitted from the budget, the commission shall include it therein.” Upon approval of the tax budget, the County Budget Commission certifies its action to the City together with the estimate by the County Auditor of the tax rates inside and outside the ten-mill tax limitation. Thereafter and before the end of the then calendar year, the Commissioner approves the tax levies and certifies them to the proper officials. The tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two installments, the first usually in February and the second in June.

By statute, no later than each January, the City Council must adopt a temporary appropriation measure and by April 1, a permanent appropriation measure for that fiscal year. On December 10, 2012, the City adopted a final Budget for 2013, alleviating the need to comply with the above-described steps. Annual appropriations should not exceed the County Budget Commission's official estimates of resources and appropriation measures are to be certified by the County Auditor as not appropriating more moneys than set forth in those latest official estimates.

Financial Reports and Examinations of Accounts

The City maintains its accounts and other fiscal records on an appropriation and cash basis in accordance with the procedures established and prescribed by the Office of the Auditor. The Auditor of State is charged by Ohio law with the responsibility for inspecting and supervising the accounts and reports of the City. An examination by the Auditor of State of the accounts of the Director of Finance may be made every two years, but this examination may be waived by the Auditor of State. In that regard, independent certified public accountants have, with two exceptions, examined the accounts of the Director of Finance in every year since 1979 and these audits have satisfied all requirements of the Auditor of State. In 1983, and again in 2000, the Auditor of State undertook its own examination.

The City received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for the Fiscal Years Ended December 31, 1986 through December 31, 2003 and December 31, 2005 through December 31, 2011.

The most recent examination of the Director of Finance's accounts and records by an Independent Public Account has been completed through December 31, 2012.

Financial reports are prepared annually by the City and filed with the Auditor of State pursuant to Ohio law. Such reports are required to be submitted to the Auditor of State within 150 days after the close of each year, and have been filed by the required time.

Appendix A contains portions of the City's Comprehensive Annual Financial Reports for the years ended December 31, 2011 and 2012. Appendix B presents a summary of the City's 2013 Budget.

Insurance

The City carries insurance to cover general liability risks, fire protection, police professional liability, automobile fleet and errors and omissions for public officials. The City has seven separate policies to cover these risks, and the policies are purchased from private insurance companies with coverage ranging from \$1 million to \$9 million.

Pursuant to current law, the liability of political subdivisions, including counties in Ohio, has been significantly reduced. As a general rule, Ohio law provides that political subdivisions such as the City have an immunity from liability in damages for injury, death or loss to persons or property allegedly caused by an act or omission of such political subdivisions or their employees in connection with governmental and proprietary functions, as defined in the Ohio statutes. The statutes have no effect on any liability imposed by federal law or other federal cause of action. Pursuant to Ohio law, there are, however, 5 areas in which a political subdivision may be held liable for such loss. These include the negligent operation of a motor vehicle; negligent performance of proprietary functions; negligent failure to remove obstructions from public roads or to keep public roads, highways, streets, sidewalks, bridges or public grounds open, in repair and free from nuisance; negligence of employees within or upon the grounds of buildings used in the performance of governmental functions which buildings have physical defects within or upon the grounds thereof, but excluding jails, juvenile detention workhouses and other detention facilities; and liability specifically imposed by statute. Ohio law imposes a two-year statute of limitations, prohibits the garnishment or judicial sale of assets and funds of political subdivisions, and puts limits on the damages that may be recovered from such political subdivisions. The political subdivision is also required to indemnify and defend its officers and employees when the officer or employee was acting in good faith and within the scope of duties. No punitive or exemplary damages can be recovered, and any insurance benefits are deducted from any award against a political subdivision. Although there is no limitation with respect to compensatory damages representing a person's economic loss, there is a \$250,000 per person ceiling on the compensatory damage that represents a person's non-economic loss in cases other than wrongful death, in which case there is no maximum limitation.

INVESTMENT POLICIES OF THE CITY OF FAIRFIELD

Chapter 135 of the Ohio Revised Code sets forth the requirements and limitations for investments of the state's political subdivisions, including the City. Under Section 135.14 of the Revised Code, the City may invest its funds provided that such investments must mature or be redeemable within five years from the date of purchase. The only classifications of obligations that are eligible for such investment by the City are as follows:

- (1) United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
- (3) Interim deposits in the eligible institutions applying for interim moneys as provided in Section 135.08 of the Revised Code. The award of interim deposits shall be made in accordance with Section 135.09 of the Revised Code and the treasurer or the governing board shall determine the periods for which such interim deposits are to be made and shall award such interim deposits for such periods, provided that any eligible institution receiving an interim deposit award may, upon notification that the award has been made, decline to accept the interim deposit in which event the award shall be made as though the institution had not applied for such interim deposit.
- (4) Bonds and other obligations of this state;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this Section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in Section 135.03 of the Revised Code;
- (6) The Ohio subdivision's fund as provided in section 135.45 of the Revised Code; and
- (7) Up to twenty-five percent of interim moneys available for investment in either of the following:
 - (a) Commercial paper notes issued by an entity that is defined in division (D) of Section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:

- (i) The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services;
 - (ii) The aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; and
 - (iii) The notes mature not later than one hundred eighty days after purchase;
- (b) Bankers acceptances of banks that are insured by the Federal Deposit Insurance Corporation and to which both of the following apply:
- (i) The obligations are eligible for purchase by the Federal Reserve System; and
 - (ii) The obligations mature not later than one hundred eighty days after purchase.

Nothing in the classification of eligible obligations set forth in division (1) of this Section or in the classifications of eligible obligations set forth in divisions (2) through (7) of this Section shall be construed to authorize any investment in stripped principal or interest obligations of such eligible obligations.

No investment shall be made pursuant to division (7) of this Section unless the treasurer or governing board has completed additional training for making the investments authorized by division (7) of this section. The type and amount of additional training shall be approved by the Auditor of State and may be conducted by or provided under the supervision of the Auditor of State.

The treasurer or governing board may also enter into a written repurchase agreement with any eligible institution mentioned in Section 135.03 of the Revised Code or any eligible dealer pursuant to Division (M) of Section 135.14 of the Ohio Revised Code, under the terms of which agreement the treasurer or governing board purchases, and such institution or dealer agrees unconditionally to repurchase any of the securities listed in division (1) or (2) of this Section.

The City invests in United States Treasury obligations and eligible guaranteed obligations of the United States, the State Treasurer's investment pool ("Star Ohio") certificates of deposit and repurchase agreements. All investments comply with the limitations with respect to length of maturities contained in Chapter 135 of the Ohio Revised Code (the Uniform Depository Act). The City interprets the limits on Federal guaranteed investments and all other legal investments very conservatively. The City has never owned any derivative investments, interest only investments or reverse repurchase agreements. The Finance Director has attended special training in all of the investment areas to assure compliance with the strictly conservative philosophy of the City. All investments are transacted with banks which the City believes to be reputable or other financial institutions operating in the State of Ohio that are well versed in the

statutory restrictions that Ohio political subdivisions operate under and which have an understanding of the City's investment requirements.

The City values safety, liquidity and return in that order. Interest earned by the City in 2012 totaled \$198,797.

All brokers, dealers and financial institutions who give advice or make investment recommendations to the City shall sign the City's Investment Policy, thereby acknowledging their agreement to abide by the Policy's contents; those who execute transactions for the City shall read and sign the Policy, thereby acknowledging their comprehension and receipt of the Policy.

Since the financial condition of the County indirectly affects the financial condition of the City, the County Treasurer has stated that Butler County invests in United States Treasury obligations and eligible guaranteed obligations of the United States further defined as bonds, notes or other obligations or securities issued by any federal government agency. Butler County also invests in Repurchase Agreements not to exceed 30 days with any eligible institution as defined in Section 135.03 of the Revised Code. Under the terms of which agreement such institution agrees unconditionally to repurchase any of the U.S. Treasury or Federal government obligations that will mature or are redeemable within five years from the date of purchase (to be used as a sweep vehicle). The maximum maturity for any one issue is two years by special agreement at Butler County's request with each institution handling Butler County investments. Butler County additionally invests in certificates of deposit and mutual funds that are invested exclusively in United States Treasury obligations.

Butler County, Ohio has never owned any derivative investments, interest-only investments or reverse purchase agreements. The Treasurer has attended special training in all of the investment areas to assure compliance with the strictly conservative philosophy of Butler County. All investments are transacted with banks which the Treasurer believes to be reputable or other financial institutions operating in the State of Ohio, including Star Ohio, the State of Ohio Investment Pool, which are well versed in the statutory restrictions Ohio political subdivisions operate under and which have an understanding of the Butler County investment requirements.

AD VALOREM TAXES

Assessed Valuation

The following is the assessed valuation, for the most recent five years, of property in the City subject to ad valorem property taxes levied by Butler County.

<u>Tax Year</u>	<u>Collection Year</u>	<u>Real Estate (a) Other Than Public Utility</u>	<u>Public Utility Property (b)</u>	<u>Tangible Personal Property (c)</u>	<u>Total</u>	<u>Change From Previous Year</u>
2008	2009	\$1,021,253,020	\$24,308,010	\$0	\$1,045,561,030	1.59%
2009	2010	976,996,690	25,642,990	0	1,002,635,680	(4.10)
2010	2011	966,795,310	27,873,600	0	994,668,910	(0.79)
2011	2012	923,744,720	30,787,720	0	954,532,440	(4.03)
2012	2013	906,602,870	31,816,000	0	938,418,870	(1.69)

Source: Butler County Auditor

- (a) Real property taxes collected in a calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year.
- (b) Public utility property taxes collected in a calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.
- (c) Tangible personal property taxes collected in a calendar year are levied in the same calendar year, on assessed values during and at the close of the most recent fiscal year of the taxpayer (ending on or before March 31 of said calendar year) at tax rates determined in the preceding year.

All property taxes in Butler County, including taxes upon property in the City, are levied and collected by the County. A portion of those funds are returned to the City with remaining property taxes going to the County, the schools and the township. (See Tax Table B herein.)

The Tax Year 2011 (collection year 2012) assessed valuation of \$938,418,870 is comprised of the following types of property in the indicated amounts:

<u>Type</u>	<u>Assessed Valuation</u>	<u>Percent of Total</u>
Agriculture	\$2,799,720	0.29%
Commercial	232,436,490	24.77
Industrial	90,449,950	9.64
Residential	580,944,020	61.90
Public Utility - Real	73,180	0.01
Public Utility - Personal	<u>31,816,000</u>	<u>3.39</u>
Total	\$938,418,870	100.00%

Largest Taxpayers (Auditor, please update)

The ten largest ad valorem property taxpayers with respect to property for the 2013 collection year are:

Tax Table A
Largest Taxpayers

	<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation</u>	<u>% Total City Assessed Valuation</u>
1.			\$	%
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
	TOTAL		\$	%

Source: Butler County Auditor

During 2008, Butler County experienced the statutory sexennial, on-site reappraisal of real property, whereby the true value of real property was adjusted to reflect current market values as of January 1, 2008. The laws of the State of Ohio presently require that the County Auditor reassess real property at any time the County Auditor finds that the true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed if ordered by the State Commissioner of Tax Equalization (the "Commissioner"). Such a triennial update, which is not accomplished by on-site inspection, was completed during 2012.

Taxable value of real property may not exceed thirty-five per cent (35%) of its true value. The County Auditor must determine the true value of real property and improvements thereon, or the current agricultural use value of agricultural land, and reduce that value by the percentage established by the Tax Commissioner. Certain real property declared by the property owner and deemed to qualify as "forest land" under Section 5713.22 of the Revised Code is taxed at fifty percent (50%) of the local tax rate.

Ad Valorem Tax Rates (Please update, as needed)

Tax Table B sets forth the rates, in mills per \$1.00 of assessed valuation, of the levies in the County for ad valorem property taxes for the general categories of purposes with proper Reduction Factors.

Tax Table B
(Tax Year 2012, Collection Year 2013)

	<u>Inside</u> <u>10 Mill</u>	<u>Outside</u> <u>10 Mill</u>	<u>Total</u>
City of Fairfield			
General Fund	0.99	-	0.99
Police Pension	0.30	-	0.30
Fire Levy	-	4.65	4.65
Total (City)	1.29	4.65	5.94
Board of Education			
General Fund	6.79	53.71	60.50
Permanent Improvement	-	-	-
Bond Retirement	-	2.80	2.80
Joint Vocational School	-	1.93	1.93
Total (Board)	6.79	58.34	65.23
Butler County			
Child Services	-	2.00	2.00
Comprehensive Mental Health	-	1.50	1.50
General Fund	1.92	-	1.92
Library	-	0.75	0.75
Park	-	0.50	0.50
Mental Retardation Operating Levy	-	3.00	3.00
Senior Citizens	-	1.30	1.30
Total (County)	1.92	9.05	10.97
Total Tax Rates	10.00	72.14	82.14

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Tax Table C
Rates of Taxation (Mills) for City of Fairfield, Ohio

Duplicate	Collection	County	Fairfield					
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>CSD</u>	<u>JVSD</u>	<u>Park</u>	<u>Library</u>	<u>City</u>	<u>Total</u>
2008	2009	9.75	56.59	1.93	0.00	0.00	5.94	74.21
2009	2010	9.75	56.52	1.93	0.00	0.00	5.94	74.14
2010	2011	9.75	56.60	1.93	0.50	0.75	5.94	75.44
2011	2012	9.72	63.10	1.93	0.50	0.75	5.94	81.94
2012	2013	9.72	63.30	1.93	0.50	0.75	5.94	82.14

Source: Butler County Auditor

Ohio law dictates that the amount realized by each taxing subdivision from real property taxation is limited to the amount realized from real property taxes in the preceding year, plus any new taxes (other than renewals) approved by the electorate and taxes on new or improved real property. Given the standard assessment base determined under the provisions noted in “Assessed Valuation”, Section 319.01 of the Revised Code provides for a two-phase tax reduction of real property taxes, with respect to taxes other than taxes levied at a rate required to produce a specified amount of tax money, including certain taxes levied for school districts under Sections 5705.199 and 5705.211 of the Revised Code, or an amount to pay debt service, taxes levied inside the ten-mill limitation, or taxes authorized by a municipal charter.

(1) The Tax Commissioner must annually determine by what percent (the “Tax Reduction Factor”) the sums levied by a tax against carryover real property would have to be reduced to equal the same number of dollars charged by the tax against such property the preceding tax year before a 10% reduction under Section 319.302 of the Revised Code. For first time levies, the Tax Commissioner must determine by what percentage the sums levied by a tax against carryover real property would have to be reduced to equal the same number of dollars that would have been charged against such property the preceding tax year. Replacement levies under Section 5705.192 of the Revised Code are not considered renewals for the purposes of calculating the Tax Reduction Factor.

If in the case of a school district (excluding a joint vocational or cooperative education district) this percentage would cause the total taxes charged and payable for current expenses to be less than two percent of the taxable value of real property in that district, the Tax Commissioner must determine the percentage that, after the 10% reduction on real property not primarily used for business purposes authorized in Section 319.302 of the Revised Code, produces the lesser of the sum of the rates authorized against that property or two percent of the taxable value of the property in that class. This percentage will be the Tax Reduction Factor for that class of real property.

(2) The Tax Commissioner must then certify the Tax Reduction Factor to the County Auditor for each class of real property. The County Auditor must reduce the sum of the taxes collected against the real property by the Tax Reduction Factor. The County Auditor must further reduce the sum of the taxes collected against the real property not primarily used for business purposes by 10% as authorized by Section 319.302 of the Revised Code. An additional

2.5% reduction will be made upon a taxpayer's application for a "homestead" property tax reduction for owner-occupied property. The additional "homestead" reductions are partially reimbursed to the local taxing authority by the state; for more information on this reimbursement, see "Collection of Ad Valorem Property Taxes and Special Assessments."

Such reductions shall not affect the determination of the principal amount of notes that may be issued in anticipation of any tax levies or the amount of notes for any planned improvements. If after application of the reductions, there would be insufficient funds for payments of debt charges on bonds or notes payable from taxes reduced by these factors, the reduction of taxes will be adjusted to the extent necessary to provide sufficient funds from such taxes. In addition, levies for voted bond retirement continue for the life of the bonds in annual amounts sufficient to pay debt service on such bonds as the same becomes due. For a discussion of the ten-mill unvoted tax limitation, and the priority of claims for debt service on unvoted general obligation debt of the City and all overlapping taxing subdivisions, see "Indirect Debt Limitations."

Failure of the County Auditor to supply to the Tax Commissioner requested information required to determine the Tax Reduction Factor may result in substantial withholding of State revenues to the local government until such time as the County Auditor has complied.

See Appendix E for the County Tax Rate Table for all County subdivisions for tax year 2011 (collection year 2012).

Changes to Ad Valorem Taxation

Beginning in 2006, taxation affecting three classes of tangible personal property used in business changed. Tangible personal property taxes on (i) manufacturing equipment, (ii) furniture and fixtures and (iii) inventory was phased-out over a four year period, ending in 2009. Tangible personal property taxes on a fourth class, telephone, telegraph and interexchange communication companies, were phased-out from 2007-2011. A portion of the commercial activities tax (the "CAT tax"), implemented in 2005, replaced the tax on business tangible personal property. Prior to the passage of Am.Sub. HB 153, effective June 30, 2011 ("HB 153"), as part of the CAT tax, gross rents and royalties from tangible personal property, as well as gross receipts from the sale of tangible personal property (among several other categories of receipts) were credited to the State's general revenue fund and used to reimburse local taxing units for the phase-out of taxes on business tangible personal property. These payments are commonly referred to as "replacement payments."

The application of the CAT to certain types of business receipts has been the subject of litigation. On September 17, 2009, the Ohio Supreme Court held that the CAT is not an excise tax "upon the sale or purchase of food" and does not violate the State's constitutional prohibitions against such a tax. On July 26, 2011, an Ohio appellate court held that the CAT "is not a tax upon motor vehicle fuel" and, thus, upheld the constitutionality of the application of the CAT to gross receipts from the sales of motor fuels. The Ohio Supreme Court has reversed the appellate court and declared that the allocation to non-highway purposes of revenue derived from the application of Ohio's CAT to gross receipts from the sale of motor vehicle fuel violates the

Ohio Constitution. The Court determined the decision would be prospective and that such revenue would be held until properly appropriated by the General Assembly.

The division of CAT tax revenue among these sources was scheduled to be phased-out in 2018, with the State's general fund receiving 100% of the CAT tax revenues thereafter. HB 153 has generally accelerated the phase-out and reduces the reimbursement payments, depending on the type of levy and the financial resources of each particular taxing unit.

Generally, HB 153 accelerates the phase-down of the reimbursement amounts for fixed-rate levies by means of a formula based on a taxing unit's reliance on such reimbursements as a percentage of its total budget (or "total resources"), rather than by a fixed fractional reduction of reimbursement amounts through 2019, as provided under prior law. For example, under this recently implemented formula for reimbursement, certain thresholds for fixed-rate levy loss reimbursement (which, in some cases, apply to current expense fixed-rate levies) have been established for school districts (2% for fiscal year 2012 and 4% for fiscal year 2013 and thereafter) and for other taxing units (4% for fiscal year 2012 and 6% for fiscal year 2013 and thereafter). If a taxing unit does not receive reimbursement (also referred to as an "allocation") for fixed-rate levy loss in an amount equal to these respective minimum thresholds, then the taxing unit receives no reimbursement. By the end of fiscal year 2013, fixed-rate levy loss reimbursements will be either reduced or terminated. Reimbursement for fixed-rate levies other than current expense levies will be reduced by 50% for school districts by 2013 and 75% for municipalities by 2013. Reimbursement will continue to be paid for fixed-sum and unvoted debt levy losses although the phase-out period has generally been accelerated. Fixed-sum levy losses and losses on unvoted debt levies will be calculated in a manner similar to the manner in which losses for fixed-rate levies are calculated.

For additional information regarding expected changes to reimbursement amounts, please reference the following website: http://www.tax.ohio.gov/personal_property/phaseout.aspx and [http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?Page=3\\$TopicRelationID=990&Content=137784](http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?Page=3$TopicRelationID=990&Content=137784).

(a) Beginning with tax year 2006, the percentages used to determine the assessed value of electric company personal property used in the production of electricity were reduced to 24% of true value; taxable transmission and distribution property are assessed at 85% of true value (50% of true value for rural electric companies). The State is to local taxing districts for a portion of the revenues lost due to this reduction in tax valuation with proceeds of a kilowatt-hour excise tax imposed on electricity consumers as well as natural gas distribution tax revenue (the "Utility Taxes"). The reimbursement paid to taxing units as a result of the lower Utility Taxes are commonly referred to as "replacement payments." Prior to the passage of Am. Sub. H.B. 153, effective June 30, 2011 ("HB 153"), qualifying levy reimbursements to school districts were scheduled to be distributed, in full, through 2016 (or, for fixed-rate levies, the reimbursement period could end prior to 2016 if increases in a school district's state aid exceeded its fixed-rate reimbursement measured against 2002 levels) with no further reimbursements thereafter for losses resulting from the reduction in tax valuation against utility property. Reimbursements for such losses to other taxing units were scheduled to be made through 2017 on a declining basis after 2006. HB 153 changes the manner in which replacement payments are made to school districts and local taxing units.

Generally, reimbursement for fixed-rate levy loss is calculated by determining the difference between personal property taxes due using the higher assessed rates under a pre-determined prior year (which prior year varies depending on whether the property is electric or gas) and taxes due using lower rates under the new law. Similar to determining reimbursement amounts for business tangible personal property losses, HB 153 provides a methodology for determining reimbursement amounts for fixed-rate levies by means of a formula based on a taxing unit's reliance on such reimbursements as a percentage of its total budget (or "total resources"). For example, under this recently implemented formula for reimbursement, certain thresholds for fixed-rate levy loss reimbursement (which, in some cases, apply to current expense fixed-rate levies) have been established for school districts (2% for fiscal year 2012 and 4% for fiscal year 2013 and thereafter) and for other taxing units (4% for fiscal year 2012 and 6% for fiscal year 2013 and thereafter). If a taxing unit does not receive reimbursement (also referred to as an "allocation") for fixed-rate levy loss in an amount equal to these respective minimum thresholds, then the taxing unit receives no reimbursement. By the end of fiscal year 2013, fixed-rate levy loss reimbursements will be either reduced or terminated. Reimbursement for fixed-rate levies other than current expense levies will be reduced by 50% for school districts by 2013 and 75% for municipalities by 2013. Reimbursement will continue to be paid for fixed-sum and unvoted debt levy losses with reimbursement for all but $\frac{1}{4}$ of a mill per dollar. Fixed-sum levy losses and losses on unvoted debt levies will be calculated in a manner similar to the manner in which losses for fixed-rate levies are calculated.

For additional information regarding expected changes to reimbursement amounts, please reference the following website: http://www.tax.ohio.gov/personal_property/phaseout.aspx.

The Ohio General Assembly has exercised from time to time its power to revise the Ohio statutes applicable to the determination of assessed valuation of property subject to ad valorem taxation and the amount of tax proceeds produced by ad valorem taxation against such property. It is anticipated that the General Assembly will continue to make similar provisions.

Collection of Ad Valorem Property Taxes and Special Assessments (Auditor, please update)

The following are the amounts billed and collected by Butler County as ad valorem taxes on the tax duplicates of the County for property in the City, and the special assessments billed and collected, for the indicated tax collection years. “Billed” amounts include the current charges, plus current and delinquent additions, less current and delinquent abatements. “Collected” amounts include current “Billed” amounts that are collected and delinquencies collected.

Real Estate and Public Utility

Current Collection Year	Billed	Delinquent Collected	%	Billed	Collected
2008	\$5,058,491	\$4,792,610	94.74%	N/A	\$219,405
2009	5,174,402	4,863,458	93.99	N/A	173,884
2010	5,184,904	4,963,811	95.73	N/A	63,638
2011	5,225,619	4,993,958	95.57	N/A	175,800
2012					

Source: Butler County Auditor

Special Assessments

Collection Year	Current Billed	Total Collected*	%
2008	\$143,508	\$142,506	99.30%
2009	333,058	37,251	11.18
2010	24,617	25,576	103.90
2011	344,656	274,721	79.71
2012			

* Includes delinquent assessments
Source: Butler County Auditor

Tangible and Intangible Personal Property

Current Collection Year				Delinquent	
	Billed	Collected	%	Billed	Collected
2008	\$377,108	\$180,729	47.92%	N/A	\$22,857
2009	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A
2011	N/A	2,678	N/A	N/A	N/A
2012	N/A		N/A	N/A	

Source: Butler County Auditor

Pursuant to Ohio law, the current and delinquent taxes and special assessments are billed and collected by County officials for the County and other taxing or assessing subdivisions in the County.

Included in the above figures for ad valorem property taxes “Billed,” “Collected,” and “% Collected” are certain real property tax relief payments made by Ohio from State revenue sources; such payments are not made with respect to special assessments. “Homestead” exemptions are made available for the elderly and handicapped. Ohio law provides for the payment to taxing subdivisions from State funds of an amount equaling approximately 10% (12½% with respect to owner-occupied non-business residential property) of ad valorem real property taxes levied, thereby reducing the tax obligation of any real property owner in any given year by an equivalent percentage. As an indication of the extent of such State assistance as applied to the City's share of the County's tax collections, the elderly/handicapped homestead and the “rollback” payment made by Ohio to the City in 2012 was \$460,369.

Delinquency Procedures

Taxes for real and utility property for fiscal year 2012 became a lien on January 1, 2013.

The following is a general description of delinquency procedures under Ohio law. The implementation of these procedures may vary in practice among Ohio counties.

If real estate taxes and special assessments are not paid in the year in which they are due, they are certified by the County Auditor's office as delinquent. A list of delinquent properties is then to be published in a newspaper of general circulation in the County. If the delinquent taxes and special assessments are not paid within one year after such certification, the properties are then to be certified as delinquent to the County Prosecuting Attorney. If the property owner so requests, a payment plan is arranged with the County Treasurer. If such payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the County. Ohio law also provides for notice by publication and mass foreclosure proceedings and sales after three years' delinquency.

Proceeds from the foreclosure sales of delinquent property become part of the current collection and are distributed as current collections to the taxing subdivisions in the County, or,

if applicable to special assessments, are remitted to the subdivisions that levied such assessments.

OTHER MAJOR CITY GENERAL FUND REVENUE SOURCES

Described under this caption are major sources of revenue to the City's general fund in addition to ad valorem taxes. See Appendices A and B for further information regarding other sources of revenue for the general fund and other funds.

The City collects revenues from a number of fees, permits and licenses issued by the City's various departments and agencies. The City also collects revenue from the operations of the Fairfield Municipal Court for fines, court costs and bond forfeitures. In 2012, the total amount collected from these sources amounted to \$2,024,412.

Income Tax

The city's income tax was originally levied in 1960, at a rate of 0.6%, to provide funds for street improvements, drainage improvements and garbage collection. A 0.4% increase in 1966 was solely for the installation and operation of storm and sanitary sewers and the sewage disposal plant. A 0.5% increase in 1971, to the current 1.5% rate, was for the purpose of general operations, maintenance and improvement of services.

The 1.5% locally levied tax applies to gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. In 2004 the current 1.5% tax rate was subdivided into three components, 1.1% is used for operating expenses of the General Fund, 0.2% is used for street construction, improvement and repair and the final 0.2% is earmarked for capital improvements of a permanent nature.

In November of 2012, the citizens voted to change the allocation beginning in 2013 to help compensate for the loss in State revenue. The new allocation will be 1.2% for operating expenses of the General Fund, 0.15% for street construction, improvement and repair and 0.15% for capital improvements of a permanent nature.

**CITY OF FAIRFIELD, OHIO
CITY INCOME TAX
(As Reported In Annual Report)**

<u>Year</u>	<u>Tax Rate</u>	<u>Tax Collections</u>
2008	1.5%	\$24,173,988
2009	1.5	22,261,565
2010	1.5	23,595,479
2011	1.5	23,981,743
2012	1.5	24,568,033

Local Government Fund*

The Ohio Local Government Fund was created by statute and is composed of designated State revenues which are distributed to each county and then allocated to the county, cities, villages and townships located in that county. As of January 1, 2008, the State's funding formula was changed to consolidate the Local Government Revenue Assistance Fund, an additional unrestricted fund created by the State legislature, into the Local Government Fund. The following table shows the receipts and amounts received by the City under these programs:

<u>Year</u>	<u>Amount</u>
2008	\$1,419,113
2009	1,216,921
2010	1,229,326
2011	1,229,084
2012	798,363

*The State Biennial Budget for Fiscal Years 2012 and 2013 reduces the monthly allocations made to the Local Government Fund beginning August 1, 2011. Between August 2011 and June 2012, the allocation will equal 75% of the fiscal year 2011 allocation, and between July 2012 and June 2013, such allocation will equal 50% of the 2011 allocation, with additional amounts allocated to ensure a minimum distribution to each County of \$750,000 per fiscal year.

City General Fund

The following table shows the City's General Fund Budgetary year-end balance for the last five years:

<u>Year</u>	<u>Budget and General Fund Balance</u>
2008	\$12,319,846
2009	9,054,238
2010	8,626,566
2011	9,014,754
2012	11,615,323

Source: Ohio Municipal Advisory Council and City Finance Director's Office

SECURITY AND SOURCES OF PAYMENT FOR GENERAL OBLIGATION BONDS AND NOTES

Ad Valorem Property Tax Security

The basic security for the unvoted general obligation debt of the City is the ability of the City to levy, and its pledge to levy, an ad valorem tax on all the taxable property in the City within the ten-mill limitation, imposed by the Ohio Constitution and laws, for the City and overlapping political subdivisions (described in detail under "Indirect Debt Limitations"), in sufficient amount to pay, as the same becomes due, the principal of and interest on the outstanding unvoted general obligation bonds and bond anticipation notes of the City and the overlapping subdivisions. The laws of the State of Ohio require that the levy for debt service has priority over any levy for current expenses within such ten-mill limitation, subject, however, to

the provisions of Chapter 9 of the federal Bankruptcy Act and other laws affecting creditors' rights.

The basic security for voted general obligation debt of the City is the authorization of the electors of the City to levy ad valorem taxes on all real and personal property in the City subject to ad valorem taxation by the City. The tax is to be in sufficient amount to pay (to the extent not paid from other sources), as it becomes due the debt service on the voted bonds, subject to the 10½% limitation discussed in “City Debt and Other Long-Term Obligations” below affecting creditors' rights.

Ohio law requires the levy during the period in which general obligation bond anticipation notes run of ad valorem property taxes in an amount not less than that which would have been levied if bonds had been issued without the prior issue of the notes. Such levy need not actually be collected if payment in fact is to be provided from other sources (see “Bond Anticipation Notes” herein).

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State's political subdivisions, public agencies and instrumentalities (each an “eligible entity”), such as the City. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in a material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

The Bankruptcy Code protects holders of municipal revenue bonds, by providing that special revenues acquired by the eligible entity after the commencement of bankruptcy proceedings remain subject to any lien resulting from any security agreement entered into by the eligible entity before commencement of the proceedings.

Section 133.36 of the Ohio Revised Code permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, and upon approval of the State Tax Commissioner, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision (also, see “Municipal Fiscal Emergency Legislation” herein). The taxing authority of such subdivision may, upon like approval of the State Tax Commissioner, refund its outstanding securities, whether matured or unmatured and exchange refunding bonds for the securities being refunded. In its order approving such refunding, the State Tax Commissioner shall fix the maturities of the bonds to be issued, which shall not exceed thirty years. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

The Federal Bankruptcy Code and Section 133.36 of the Ohio Revised Code also permit the County to initiate Chapter 9 proceedings, which, because the County collects certain revenues on behalf of the City (particularly ad valorem property taxes), may adversely affect the

financial condition of the City if the proper transfer of revenues is delayed. (See “Tax Collection” section “Ad Valorem Taxes” herein.)

Sources of Payment

In addition to the basic ad valorem property tax security described above, each resolution authorizing the issuance of the City's general obligation bonds or notes issued in anticipation thereof provides further security by making a pledge of the full faith, credit and revenues of the City for the payment of debt service on such bonds or notes as the same becomes due. Included in that general pledge are all funds of the City, except those specifically limited to another use or prohibited from use for such debt service by the Ohio Constitution, Ohio or federal law, the City Charter or revenue bond trust agreements, such as tax levies voted for specific purposes, taxes levied for debt service on voted general obligation bond issues and certain utility revenues. As discussed herein, only voted general obligations are payable from unlimited ad valorem property taxes.

The City expects that the debt service on certain unvoted general obligation debt of the City will in fact be paid from sources other than the ad valorem property tax, such as utility revenues and special assessments. Should these other revenues for any reason become insufficient to pay debt service on the bonds described above and on any notes issued in anticipation thereof, the City is required by Ohio law to, and will, levy and collect the above-described ad valorem taxes to pay such debt service.

In addition, pursuant to Article XVIII, Section 12 of the Ohio Constitution, the City may issue Revenue Bonds payable solely from the revenues of the given utility or other projects permitted by that constitutional provision for which the bonds were issued. These bonds are not supported by the underlying taxing power of the City.

INVESTMENT CONSIDERATIONS

All obligations of the City are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial position of the City.

Prospective purchasers of the City's obligations may need to consult their own tax advisors prior to any purchase as to the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition.

With regard to the risk involved in a lowering of the City's bond rating, see the section on RATINGS in the Official Statement for a specific offering.

For a further description of the risks associated with the purchase of particular issues of bonds or notes of the City, please refer to the Investment Considerations section in the Official Statement for a specific offering.

In general, where the City expects to refund a note issue with an issue of bonds or renewal notes, and where unfavorable market conditions are combined with an interest ceiling, the City could experience difficulty in receiving any bids for the refunding or renewal issue.

Municipal Fiscal Emergency Legislation

Chapter 118 of the Revised Code of Ohio (hereinafter in this section of this Annual Statement the “Act”) provides methods for dealing with fiscal emergencies of municipal corporations, counties and townships in Ohio. The Act applies only to those municipal corporations, counties and townships which are determined to have circumstances that constitute the existence of a fiscal watch or a fiscal emergency condition and therefore a fiscal watch or a fiscal emergency pursuant to Sections 118.021, 118.022, 118.03 and 118.04 of the Revised Code, as set forth in the Act.

Section 118.022 of the Ohio Revised Code sets forth a series of conditions that constitute grounds for a fiscal watch. If a fiscal watch is determined to exist, the municipality, county or township is provided technical and support services by the State Auditor's Office to restore financial stability. If the fiscal watch conditions are not remedied, the municipality, county or township will remain under fiscal watch or be reclassified to a fiscal emergency.

Section 118.03 of the Ohio Revised Code sets forth a series of circumstances that are defined “fiscal emergency conditions.” If a fiscal emergency condition is determined to exist, the municipality, county or township is subjected to state oversight through a seven-member Financial Planning and Supervision Commission (hereinafter in this section of this Annual Statement the “Commission”). The Commission is assisted by certified public accountants designated as the Financial Supervisor to be engaged by the Commission. The Auditor of State may also be required to assist the Commission.

A municipal corporation, county or township subject to the Act because of the existence of a fiscal emergency must develop and submit a detailed financial plan for the approval or rejection of the Commission. Among other matters, the financial plan must show the actions to be taken by such a municipal corporation, county or township to eliminate existing fiscal emergency conditions, avoid future fiscal emergency conditions and to restore such a municipality's, county's or township's ability to market long-term debt obligations under state laws generally applicable to Ohio political subdivisions.

The Commission must approve the amount and purpose of any issue of debt obligations. The Commission, or when authorized by the Commission, the Financial Supervisor, among other powers, shall require the municipal corporation, county or township to establish monthly levels of expenditures and encumbrances consistent with the financial plan and shall monitor such monthly levels and require justification to substantiate any departure from an approved level. The Commission must disapprove the issuance of debt obligations if the issuance would impede the purposes of the financial plan or be inconsistent with the financial plan or the Act; debt limits would be exceeded; the ability of overlapping subdivisions to issue unvoted faith and credit debt obligations would be impaired; and their issuance would be likely to lead to the reallocation of minimum levies of other political subdivisions. Expenditures may not be made contrary to an approved financial plan. Expenditures may not be made contrary to a proposed financial plan after it is submitted to the Commission and before it is approved or disapproved; and if it is disapproved, no expenditures may be made which are inconsistent with the reasons given for disapproval.

The Act provides, among other requirements and provisions, that a municipality, county or township subject to such Act must develop an effective financial accounting and reporting system; budgets, appropriations and expenditures are to be consistent with the purposes of the financial plan; permits the issuance of Local Government Fund Notes, payable solely from such a municipal corporation's, county's or township's share of the local government fund pursuant to restrictions imposed by such Act; such a municipal corporation, county or township may include certain covenants in its debt obligations, including a state pledge not to repeal such Act; and permits the municipality to issue current revenue notes and advanced tax payment notes pursuant to the authorization and subject to the restrictions of such Act.

The Finance Director has reviewed applicable portions of the Act and has reviewed records pertaining to the City's circumstances with respect to the Act. The Finance Director, based upon her understanding of the Act, is of the opinion that, with respect to the City, no circumstances or conditions exist that will cause a fiscal emergency condition to be determined to exist under the Act.

CITY DEBT AND OTHER LONG TERM OBLIGATIONS

The following describes statutory and constitutional debt and ad valorem property tax limitations applying to the City, and presently outstanding and projected bond and note indebtedness and certain other long- term financial obligations of the City.

In recent years the City has issued a number of industrial revenue bond issues. No schedule for these bonds is provided because such bonds do not represent an obligation of the City. These bonds are payable solely from rentals and other revenues derived from the lease, sale or other disposition of the projects financed thereby.

No bonds have been authorized by the electors that have not yet been issued.

The City is not and has never been in default on any of its debt obligations.

Statutory Direct Debt Limitations

The Revised Code provides that the aggregate principal amount of voted and unvoted “net indebtedness” of a municipal corporation, such as the City, may not exceed 10½% of the total value of all property in such municipal corporation as listed and assessed for taxation, and that the aggregate principal amount of unvoted “net indebtedness” of such municipal corporation may not exceed 5½% of such value.

In calculating “net indebtedness,” the Revised Code provides that certain obligations of a municipality are not to be considered in the calculation, including self-supporting obligations, revenue bonds and special assessment debt. (For a complete list of exempt debt see the Financial Statement attached as Appendix C)

Other infrequently issued types of obligations are also excluded from the calculation of net indebtedness; the City has no such obligations outstanding. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation. In calculating net indebtedness, amounts in a county's bond retirement fund allocable to the

principal amount of bonds otherwise included in the amount of net indebtedness are deducted from the total net indebtedness of such municipality.

Appendix C of this Official Statement is a Financial Statement for the City, certified by the Finance Director, calculating the amount of the outstanding obligations of the City (including the Notes) which are subject to the total direct debt limit (10½% limit) and the unvoted direct debt limit (5½% limit). The total principal amount of voted and unvoted general obligation debt that could be issued by the City, subject to the 10½% total direct debt limitation is \$98,533,981 and the City's net debt subject to such limitation presently outstanding is \$26,065,000 leaving a balance of approximately \$72,468,981 borrowing capacity issuable within such limitation on combined voted and unvoted non-exempt debt. The City has no voted debt outstanding which is subject to such limitation as indicated on page herein.

The total unvoted City general obligation debt that could be issued subject to the 5½% unvoted direct debt limitation is \$51,613,057. The net City debt subject to such limitation presently outstanding, is \$26,065,000, leaving a balance of approximately \$25,548,078 of additional unvoted non-exempt debt that could be issued by the City under such 5½% limitation.

However, as described below, the City's ability to incur debt in these amounts is restricted by the indirect debt limitation. In the case of unvoted general obligation debt, both the direct and the indirect debt limitations must be met.

Indirect Debt Limitations and Overlapping Debt (PSW will update)

Although the Ohio Constitution does not impose any direct restraint on the amount of debt that may be incurred by a municipality, it does indirectly impose a debt limitation on unvoted bonds because of the ten-mill tax limitations (Article XII, Section 2 of the Ohio Constitution), and a mandatory duty to provide for the levy of taxes to pay bonded debt (Article XII, Section 11 of the Ohio Constitution). The two constitutional provisions operate as a debt limit on unvoted bonds.

In determining whether or not unvoted bonds may be issued within the constitutional or indirect debt limit the outstanding unvoted bonded indebtedness of all overlapping political subdivisions and not only the debt of the issuing municipality must be considered. Since the constitutional debt limit results from tax limitations and the requirement to levy taxes to pay bonds, it has application only to debts which are payable from taxes either initially or in the event other non-tax revenues pledged prove to be insufficient. It does not have any application where the type of bonds being issued does not pledge the credit of the municipality or when bonds are payable solely out of the revenues of non-tax sources, such as utility income; nor does this limitation apply to mortgage revenue bonds.

Unlike the statutory debt limitations, the test for applying the indirect or constitutional limitations may not be expressed in terms of a percentage of tax valuation. The amount of bonds that may be issued under the indirect limitations is determined by whether the aggregate combined amount required for principal and interest on the proposed bonds in a given year is greater than the number of dollars that will be produced by a tax levy equal to the millage available. The millage available is determined by subtracting from ten (10) mills the number of

mills required for unvoted outstanding general obligation bonds issued by the issuing municipality and all other political subdivisions that overlap the municipality. It is important to understand that in arriving at the available millage as far as the indirect debt limitation is concerned, it is not the millage that is actually being used to pay debt requirements; rather it is the millage that could be required to pay all existing debt subject to the constitutional or indirect limitations and the millage that could be required to retire the proposed issue.

The Fairfield City School District, the Joint Vocational School and the County of Butler, which overlap the City, are separate political subdivisions with operating and debt service funding separate from that of the City.

The Board of Education of the said school district cannot incur more than one-tenth of one percent of their assessed valuations as general obligation debt without majority approval of the voters. A board of education may request voter approval of general obligation debt not in excess of nine per centum (9%) of the assessed valuation of the school district. Under Ohio law, before seeking voter approval, a board of education is required under certain circumstances to receive the consent of the Ohio Department of Taxation and the State Superintendent of Public Instruction in accordance with policies adopted by the State Board of Education.

The Board of County Commissioners of the County of Butler, Ohio, cannot incur unvoted general obligation debt in excess of one percent of its assessed valuation, which debt must be included with voted county debt against an overall county debt limitation of three per centum (3%) of the first one hundred million dollars (\$100,000,000) of its assessed valuation, plus one and one-half per centum (1½%) of the next two hundred million dollars (\$200,000,000), plus two and one-half per centum (2½%) of all in excess of three hundred million dollars (\$300,000,000). However, the board of county commissioners may authorize general obligation revenue or special assessment supported bonds for utilities and certain other purposes, which are exempt from unvoted debt limitations to the extent net revenues or assessments service such general obligation bonds. Such obligations are subject to the indirect tax or ten-mill limitation described above.

Appendix D of this Annual Statement is the most recent Ten-Mill Certificate, certified by the Butler County Auditor as of _____, calculating the required tax rate, in mills, required to pay debt service for unvoted general obligation debt of the City and its overlapping political subdivisions for the fiscal year in which the debt service will be the highest. The Ten-Mill Certificate indicates all unvoted general obligation debt of the City and its overlapping subdivisions, require _____ mills to be levied (_____ mills of which are attributable to the City), if the debt is not paid from other revenues, leaving _____ mills of unused debt capacity under the direct limitation to the City and its overlapping political subdivisions for the issuance of additional unvoted general obligation debt.

The net overall debt for the City and its overlapping subdivisions is set forth in Debt Table A.

Debt Table A
Fairfield Debt and Overlapping Debt
June 20, 2013*

Net Debt of City	\$26,065,000
Per Capita City Debt	\$610
City Debt as a percentage of Tax Valuation	2.75%
Net Overlapping Debt (all political subdivisions)	\$51,993,342
Per Capita Overlapping Debt	\$1,217
Overlapping Debt as a percentage of Tax Valuation	5.48%

Source: Ohio Municipal Advisory Council, as of 06/20/2013

*OMAC date of record is approximately three weeks ahead of actual date

Bond Anticipation Notes

Under Ohio law applicable to the City, notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds may be issued from time to time up to a maximum maturity of 20 years from the date of issuance of the original notes (except for notes issued in anticipation of special assessments, for which the maximum maturity is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of such notes must be retired in amounts at least equal to and payable not later than principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

As of August 1, 2013, \$2,350,000 of the debt of the City was in the form of general obligation bond anticipation notes, as set forth in Debt Table B. Such bond anticipation notes may be retired at maturity from one or a combination of sources: available funds of the City, the proceeds of the sale of the bonds anticipated by such notes, or the proceeds of the sale of renewal notes.

The ability of the City to retire its outstanding bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing. Under Ohio law, the greater of ten and one-half percent or one percent below the base rate for advances and discounts to member banks in effect at the Federal Reserve Bank in the Second Federal Reserve District on its third business day preceding the day of adoption of the ordinances or resolution providing for the issuance of the bonds, notes or other obligations, is the highest annual interest rate permitted on general obligation bonds and notes of the City.

Water Pollution Loans

The City applied for five loans totaling approximately \$13.9 million from the Water Pollution Loan Fund for improvements to the City Wastewater System. The City has received \$13,994,545 under the terms of five loans. The loans will be repaid over a twenty-year period which began in 1997. The interest rates on the loans are 4.04% for the first two loans, 4.12% for the third and fourth loans and 3.79% for the fifth loan. The City will continue to receive moneys from the loan fund under the terms of the four loans over the next year during construction of the projects. These loans are being administered by the Ohio Water Development Authority.

Debt Currently Outstanding

Debt Table B lists the current outstanding indebtedness of the City in the form of bonds and notes:

Debt Table B
Principal Amount of Debt Outstanding
as of August 1, 2013

GENERAL OBLIGATION BONDS

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Bond</u>	<u>Amount Outstanding</u>
07/01/03	Community Center - '03	\$7,500,000	2.00-4.20	J1 - D1	12/1/23	\$0*
06/01/09	Various Purpose-Ref.	5,230,000	2.50-4.50	J1 - D1	12/1/18	2,635,000
10/30/09	Various Purpose-'09B	6,065,000	2.00-5.00	J1 - D1	12/1/29	5,160,000
06/15/10	Road Improvements	9,125,000	2.00-6.09	J1 - D1	12/1/30	8,010,000
05/09/12	Various Purpose Ref.	<u>8,315,000</u>	2.00-3.00	J1 - D1	12/1/23	<u>6,495,000</u>
		\$36,235,000				\$22,300,000

*Partially defeased

SPECIAL ASSESSMENT BONDS

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Bond</u>	<u>Amount Outstanding</u>
12/31/10	Sidewalk*	<u>\$145,139</u>	3.00%	J1 - D1	12/1/15	<u>\$89,644</u>
		\$145,139				\$89,644

* These bonds are held by the City Treasury

BOND ANTICIPATION NOTES

Debt Table C-1 (PSW will update)

**SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS
AUGUST 1, 2013
BY PRINCIPAL ONLY**

<u>DATE</u>	<u>BOND ANTICIPATION NOTES*</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>REVENUE BONDS</u>	<u>SPECIAL ASSESSMENT BONDS</u>	<u>OWDA LOANS</u>	<u>TOTAL</u>	<u>% OF PRINCIPAL REMAINING</u>
12/31/12	\$90,000	\$2,050,000	\$0	\$32,058	\$0	\$2,172,058	93.67%
12/31/13	100,000	2,015,000	0	33,058	812,941	2,961,000	85.04%
12/31/14	100,000	2,050,000	0	29,873	846,089	3,025,962	76.21%
12/31/15	110,000	2,105,000	0	30,769	880,590	3,126,359	67.10%
12/31/16	110,000	2,170,000	0	0	916,498	3,196,498	57.78%
12/31/17	115,000	1,820,000	0	0	953,871	2,888,871	49.36%
12/31/18	125,000	1,565,000	0	0	264,690	1,954,690	43.66%
12/31/19	130,000	1,275,000	0	0	85,420	1,490,420	39.31%
12/31/20	135,000	1,320,000	0	0	0	1,455,000	35.07%
12/31/21	145,000	1,360,000	0	0	0	1,505,000	30.68%
12/31/22	150,000	1,260,000	0	0	0	1,410,000	26.57%
12/31/23	160,000	1,295,000	0	0	0	1,455,000	22.33%
12/31/24	165,000	835,000	0	0	0	1,000,000	19.42%
12/31/25	175,000	860,000	0	0	0	1,035,000	16.40%
12/31/26	180,000	900,000	0	0	0	1,080,000	13.25%
12/31/27	190,000	930,000	0	0	0	1,120,000	9.99%
12/31/28	205,000	965,000	0	0	0	1,170,000	6.57%
12/31/29	210,000	995,000	0	0	0	1,205,000	3.06%
12/31/30	220,000	595,000	0	0	0	815,000	0.69%
12/31/31	220,000	0	0	0	0	235,000	0.00%
TOTALS	\$3,050,000	\$26,365,000	\$0	\$125,757	\$4,760,099	\$34,300,856	

*DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED JUNE 1, 2012, FIRST INTEREST DECEMBER 1, 2012, FIRST MATURITY DECEMBER 1, 2012, LAST MATURITY DECEMBER 1, 2031, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON

Debt Table C-2 (PSW will update)

**SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS
AUGUST 1, 2013
BY TOTAL DEBT SERVICE**

<u>DATE</u>	<u>BOND ANTICIPATION NOTES*</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>REVENUE BONDS</u>	<u>SPECIAL ASSESSMENT BONDS</u>	<u>OWDA LOANS</u>	<u>TOTAL</u>	<u>% OF DEBT SERVICE REMAINING</u>
12/31/12	\$140,833	\$2,549,801	\$0	\$33,984	\$0	\$2,724,619	94.02%
12/31/13	248,000	2,939,137	0	35,910	996,719	4,219,766	84.76%
12/31/14	243,000	2,930,550	0	31,692	996,719	4,201,961	75.54%
12/31/15	248,000	2,939,225	0	31,692	996,719	4,215,636	66.28%
12/31/16	242,500	2,944,037	0	0	996,719	4,183,256	57.10%
12/31/17	242,000	2,524,271	0	0	996,719	3,762,990	48.84%
12/31/18	246,250	2,199,727	0	0	275,929	2,721,906	42.87%
12/31/19	245,000	1,853,066	0	0	87,856	2,185,922	38.07%
12/31/20	243,500	1,847,246	0	0	0	2,090,746	33.48%
12/31/21	246,750	1,837,512	0	0	0	2,084,262	28.91%
12/31/22	244,500	1,683,757	0	0	0	1,928,257	24.68%
12/31/23	247,000	1,667,633	0	0	0	1,914,633	20.47%
12/31/24	244,000	1,154,863	0	0	0	1,398,863	17.40%
12/31/25	245,750	1,138,644	0	0	0	1,384,394	14.37%
12/31/26	242,000	1,135,824	0	0	0	1,377,824	11.34%
12/31/27	243,000	1,120,866	0	0	0	1,363,866	8.35%
12/31/28	248,500	1,106,300	0	0	0	1,354,800	5.37%
12/31/29	243,250	1,084,649	0	0	0	1,327,899	2.46%
12/31/30	242,750	631,236	0	0	0	873,986	0.54%
12/31/31	246,750	0	0	0	0	246,750	0.00%
TOTALS	\$4,793,333	\$35,288,344	\$0	\$133,277	\$5,347,381	\$45,562,336	

*DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED JUNE 1, 2012, FIRST INTEREST DECEMBER 1, 2012, FIRST MATURITY DECEMBER 1, 2012, LAST MATURITY DECEMBER 1, 2031, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON

FUTURE FINANCING

The City intends to refinance the outstanding bond anticipation notes listed above upon maturity

Long Term Obligations Other Than Bonds and Notes

The City has no other significant long-term obligations other than its pension obligations discussed below.

Employers Contribution to Public Employees Retirement System

<u>Year</u>	<u>Employer's Contribution</u>	<u>Contribution</u>
2008	14.00%	\$1,708,937
2009	14.00	1,759,704
2010	14.00	1,810,761
2011	14.00	1,764,146
2012	14.00	1,703,237

City employees are covered by the Public Employees Retirement System (OPERS). The Ohio Police and Firemen's Pension Fund (OP&F) covers police and fire employees. This system includes both employee and employer payments. The City's contributions are current and fully met as required by law. Annual contributions include provision for reserves to properly fund pension and other benefits payable on account for creditable service. The system is annually evaluated by nationally recognized actuarial consultants.

OPERS provides coverage for approximately 177 present full and part-time employees of the City. Currently, employees contribute at a statutory rate of 10% of earnable salary or compensation. As indicated above, the City currently contributes at a rate of 14% of the same base, the rate statutorily established for OPERS. These rates are currently set to the statutory maximum by the OPRES Board. Benefits for members of OPERS are established under state laws.

The City's 2012 payroll for employees under OPERS was \$12,165,979. The City's current-year covered payroll for employees under OP&F was \$4,714,682 for Police and \$2,257,957 for Fire. The City's payroll for the year ended December 31, 2012 was \$20,401,979. The City's annual contribution, which totaled \$3,165,510 for 2012 is treated as a current expense and is included in its operating expenditure.

OP&F provides coverage for approximately 83 full-time employees of the City's police and fire departments, who currently contribute at a statutory rate of 10% of gross earnings. The City currently contributes (for the year 2012) at a rate of 19.5% for police employees and 24% for fire employees. This rate is fixed by the Board of Trustees of the OP&F on the basis of actuarial evaluations required by law to be made each year.

The City has made the following contribution to OP&F over the last five years:

<u>Year</u>	<u>Amount</u>
2008	\$1,422,368
2009	1,472,729
2010	1,487,118
2011	1,498,748
2012	1,461,273

OP&F and OPERS are not presently subject to the funding and vesting requirements of the Federal Employee Retirement Income Security Act of 1974, however, such pension funds are complying with review legislation regulating pension funds for public bodies and governments. Additional financial information concerning OPERS and OP & F can be found on their respective websites and in their annual audits, which are available at the Ohio State Auditor's website.

LEGAL MATTERS

Litigation

The City is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations but unrelated to any outstanding City debt or the security therefore. The ultimate disposition of these proceedings is not presently determinable but will not, in the opinion of the Law Director (the legal advisor to the City Council), have a material adverse effect on any outstanding City debt or the security therefore.

Bond Counsel

The City retains the legal services of Peck, Shaffer & Williams LLP as Bond Counsel in connection with the issuance of the bonds and notes of the City.

Peck, Shaffer & Williams LLP also serves and has served in a bond counsel capacity for one or more of the political subdivisions that territorially overlap the City.

RATINGS

The City has a rating from Moody's Investors Service, Inc., for its outstanding general obligation bonds. That rating reflects only the views of such rating agency. Any explanation of the significance of the rating may only be obtained from the rating agency. The City furnished to the rating agency certain information and materials, some of which may not have been included in this Annual Statement, relating to the outstanding general obligation bond issues and the City. Generally, the rating agency bases their ratings on such information and materials and investigation, studies and assumptions by the rating agency. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the City's outstanding obligations.

The City presently expects to furnish such rating agency with information and material that it may request on future general obligation bond issues. However, the City assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agency's ratings on outstanding general obligation bonds.

At the present time, the City's general obligation bond issues are rated Aa1 by Moody's Investors Service, Inc.

CONTINUING DISCLOSURE

The City plans to meet all of the continuing disclosure requirements to be in compliance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"). The City enters into a separate Continuing Disclosure Agreement or Certificate for each transaction that is subject to the provisions of the Rule. See the Official Statement circulated for a specific issue for the exact continuing disclosure covenants of each issue.

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CONCLUDING STATEMENT

To the extent that any statements made in this Annual Statement involve matters of opinion or estimates, whether or not expressly stated, these statements are made as such and not as representations of fact or certainty, and no representation is made that any opinions or estimates in these statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

This Annual Statement has been prepared by City of Fairfield under the direction of the Fairfield City Council with the assistance of the Director of Finance.

CITY OF FAIRFIELD, OHIO

By: /s/ Mary Hopton

Director of Finance

Dated as of: August 1, 2013

APPENDIX A

2011 AUDIT and 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

2013 BUDGET APPROPRIATIONS

FINANCIAL STATEMENT

FINANCIAL STATEMENT
MUNICIPALITY
OHIO REVISED CODE § 133.05

State of Ohio
County of Butler

I, Mary Hopton, Director of Finance, of the Municipality of Fairfield, State of Ohio, do hereby certify that the following statement concerning the finances of said municipality are true and correct as they appear from the records in my office:

1. ASSESSED VALUATION of the taxable property of the municipality, as shown on the tax duplicate for the year **2012**: \$ 938,418,870

2. Total of all bonds and notes or other evidence of indebtedness and outstanding, INCLUDING THE PRESENT \$0 \$ 27,369,056

3. Exempt Debt:
Self-supporting securities issued for any purpose including, without limitations, any of the following general purposes: 4,056
 - a. Water systems or facilities: \$
 - b. Sanitary sewer systems or facilities 1,300,000
 - j. Recreational sports facilitiesSpecial assessment bonds or notes issued in Anticipation of levy or collection of special Assessments, either in original or refunded form
TOTAL EXEMPT DEBT \$

4. Total bonds and notes subject to 10 ½% limitation \$ 26,065,000
Amount in bond retirement fund applicable to the payment of principal N/A
Net amount subject to 10 ½% limitation \$ 26,065,000

5. Bonds and notes included in item 4 about but not issued WITHOUT AUTHORITY OF AN ELECTION \$ 26,065,000
Amount in bond retirement fund applicable to the payment of principal N/A
Net amount subject to 5 ½% limitations \$ 26,065,000

6. Bonds and notes included in items 4 and 5 above issues during PRESENT CALENDAR YEAR WITHOUT AUTHORITY OF AN ELECTION\$ 3,010,000

I FURTHER CERTIFY that the income from waterworks, sewer and recreational systems for which bonds were issued as included in item 3 above is sufficient to cover all operating expenses of such facilities and interest charges on such bonds and to provide a sufficient amount for retirement or sinking fund to retire \$ principal amount of such bonds as they become due.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 1st day of August, 2013.

/s/ Mary Hopton, Director of Finance
Name and Title

TEN MILL CERTIFICATE

RATES OF TAXATION IN BUTLER COUNTY, OHIO