

County of Warren, Ohio

2016

Annual Information Statement

in connection with Bonds, Notes and
Certificates of Indebtedness of the County



This Annual Information Statement pertains to the operations of Warren County for the fiscal year 2015 (where possible, 2016 data has been provided).

Questions regarding information contained in this Annual Information Statement should be directed to the Warren County Board of Commissioners, Administration Building, 406 Justice Drive, Lebanon, Ohio 45036.

The date of this Annual Information Statement is August 1, 2016.

TABLE OF CONTENTS

| | Page |
|--|-----------|
| INTRODUCTORY STATEMENT | 1 |
| THE COUNTY | 2 |
| County Government..... | 2 |
| Board of County Commissioners..... | 2 |
| County Officials..... | 2 |
| Administration of the Justice System | 3 |
| County-Owned Utilities..... | 4 |
| Financial Management..... | 5 |
| Permissive Taxes | 5 |
| Property Taxes | 6 |
| Management of County Facilities..... | 6 |
| Personnel Administration | 6 |
| Employee Relations | 7 |
| County Services and Responsibilities..... | 8 |
| Welfare and Public Assistance..... | 8 |
| Children Services | 8 |
| Developmental Disabilities | 9 |
| Public Health..... | 9 |
| Demographic Information..... | 11 |
| Population | 11 |
| Population of Incorporated Areas | 11 |
| ECONOMIC INFORMATION..... | 11 |
| General Description | 11 |
| Business and Industry | 11 |
| Warren County..... | 12 |
| Cincinnati..... | 13 |
| Dayton..... | 14 |
| Lebanon..... | 16 |
| Mason..... | 17 |
| Deerfield Township..... | 20 |
| Springboro..... | 20 |
| Turtlecreek Township | 21 |
| Franklin | 22 |
| Transportation..... | 22 |
| Utilities..... | 24 |
| Public Safety Services | 24 |
| Print and Broadcast Media..... | 25 |
| Culture, Recreation and Education | 26 |
| Unemployment Statistics | 26 |
| Warren County Largest Employers | 26 |
| Income and Housing Data..... | 26 |
| Building Permits, Home Construction and Housing Valuation..... | 26 |
| FINANCIAL MATTERS | 27 |
| Financial Reports and Examinations of Accounts | 27 |
| Insurance | 27 |

| | |
|---|-----------|
| INVESTMENT POLICIES OF THE COUNTY | 27 |
| AD VALOREM TAXES | 27 |
| Assessed Valuation | 27 |
| Ad Valorem Tax Rates | 27 |
| Changes to Ad Valorem Taxation | 28 |
| Collection of Ad Valorem Property Taxes and Special Assessments | 31 |
| Property Tax Revenues, General Fund | 33 |
| OTHER MAJOR COUNTY GENERAL FUND REVENUE SOURCES..... | 33 |
| Sales Tax | 33 |
| Local Government Fund* | 34 |
| Casino Revenues | 34 |
| Federal Funds..... | 35 |
| Revenues from County Properties | 35 |
| County General Fund..... | 36 |
| COUNTY DEBT AND OTHER LONG TERM OBLIGATIONS..... | 36 |
| Statutory Direct Debt Limitations..... | 37 |
| Indirect Debt Limitations..... | 37 |
| Overlapping Debt..... | 38 |
| Bond Anticipation Notes | 39 |
| OWDA Loan Contracts | 39 |
| Ohio Department of Development Loan (State 166 Loan)..... | 39 |
| Ohio Public Works Commission Loans..... | 39 |
| Debt Currently Outstanding..... | 40 |
| Grant Anticipation Obligations..... | 44 |
| Other Long Term Obligations..... | 44 |
| RATINGS | 44 |
| CONTINUING DISCLOSURE | 44 |
| CONCLUDING STATEMENT..... | 45 |

APPENDICES

| | | |
|--------------|---|-----|
| APPENDIX A – | Comprehensive Annual Financial Report for 2015 | A-1 |
| APPENDIX B – | Annual Appropriations Summary for 2016 | B-1 |
| APPENDIX C – | Financial Statement (Direct Debt Limitations)..... | C-1 |
| APPENDIX D – | Ten-Mill Certificate (Indirect Debt Limitations)..... | D-1 |
| APPENDIX E – | Rates of Taxation in Warren County, Ohio | E-1 |

WARREN COUNTY, OHIO



INTRODUCTORY STATEMENT

The Annual Information Statement (the “Annual Statement”) in connection with Bonds, Notes and Certificates of Indebtedness of the County of Warren, Ohio (the “County”), including the Appendices hereto, has been prepared by the County to provide, as of its date, financial and other information about the County. The County intends that this Annual Statement be used to satisfy obligations pursuant to Continuing Disclosure Agreements and Certificates entered into by the County in compliance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) for outstanding obligations of the County.

The County 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 County may elect to provide such information to parties named on a mailing list maintained by the County for such purpose. Names may be entered on the mailing list by writing to the Warren County Board of Commissioners, Attention: Tina Osborne, Clerk, Administration Building, 406 Justice Drive, Lebanon, Ohio 45036.

All financial and other information presented herein has been provided by the County 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 County. 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 or not codified in the Ohio Revised Code (the “Revised Code”), and 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.

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.

Certain information contained in this Annual 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 purposes.

THE COUNTY

The County was established by an act of the first General Assembly of Ohio on March 24, 1803. It was named in honor of General Joseph Warren, a physician and major general who died in the Battle of Bunker Hill during the Revolutionary War. Lebanon became the county seat six months after the County's creation. The County has eleven townships, nine villages, seven cities and covers 408 square miles in the southwestern part of the State along the banks of the Little Miami River. Lying midway between the cities of Cincinnati and Dayton, the County is approximately 25 miles from the central business districts of both cities.

County Government

The County has only those powers, and powers incidental thereto, conferred upon it by Ohio statutes. A three-member Board of County Commissioners (the "Commissioners" or the "Board"), elected at large in even-numbered years for four-year overlapping terms, is the primary legislative and executive body of the County.

In addition to the Commissioners, the eight other administrative officials of the County that follow, each of whom is independent within the limits of the state statutes affecting the particular office, are elected for terms of four years each, with the County Auditor and a Commissioner elected at two year intervals before and after a presidential election year and the other two Commissioners and other County officers elected in each presidential election year. Common Pleas Judges, Domestic Relations Judges and the Probate Judge are also elected on a countywide basis.

Board of County Commissioners

| | Date First Assumed or Appointed | Present Term Expires |
|-------------------------------|------------------------------------|-------------------------|
| David G. Young, President | 01/05 | 01/17 |
| Tom Grossmann, Vice President | 01/15 | 12/18 |
| Patricia Arnold South | 01/93 | 01/17 |

County Officials

| | Term Commenced or Appointed | Present Term Expires |
|---|--------------------------------|-------------------------|
| County Auditor, Matt Nolan | 03/15 | 03/19 |
| County Treasurer, Jim Aumann | 09/05 | 09/17 |
| Clerk of Courts, James Spaeth | 01/97 | 01/17 |
| County Engineer, Neil Tunison | 01/97 | 01/17 |
| County Recorder, Linda Oda | 01/13 | 01/17 |
| County Sheriff, Larry Lee Sims | 01/09 | 01/17 |
| County Coroner, Dr. Russell Uptegrove | 03/07 | 01/17 |
| County Prosecuting Attorney, David P. Fornshell | 02/11 | 01/17 |

The County Auditor (the “Auditor”) is elected to a four-year term and has as a primary function the task of assessing real property for taxing purposes. A complete physical on-site inspection reappraisal must be conducted every six years in addition to a triennial reappraisal. The Auditor is also the fiscal officer of the County, and no County contract may be made without the Auditor’s certification that funds are available for payment or are in the process of collection. In addition, no account may be paid except by the Auditor’s warrant drawn upon the County Treasury. The Auditor is responsible for the County payroll and also has major accounting responsibilities.

The County Treasurer (the “Treasurer”) is required by state law to collect certain taxes, which are then distributed by the Auditor to various governmental units. The Treasurer is the disbursing agent for expenditures authorized by the Commissioners and is also custodian of the County’s Bond Retirement Fund (hereafter defined). The Treasurer must make daily reports to the Auditor showing receipts, payments and balances. The Treasurer’s books of account must always balance with those of the Auditor.

The County Engineer (the “Engineer”), required by law to be a registered professional engineer and surveyor, serves as the civil engineer for the County and its officials. Primary responsibilities relate to the construction, maintenance, and repair of the County’s roads, bridges, and drainage facilities. The Commissioners take bids and award contracts for the projects recommended and approved by the Engineer. The Engineer also prepares tax maps for the County Auditor.

In addition to these elected officials, the County Administrator (the “Administrator”) is appointed by the Commissioners and serves at the pleasure of and under the direction and supervision of the Commissioners. The Administrator is the administrative head of the County and is responsible for enacting policies of the Commissioners, supervising County affairs, preparing and submitting the fiscal budget, and keeping the Commissioners fully advised on the financial obligations of the County.

Administration of the Justice System

As part of the administration of the justice system in the County, the County maintains the Common Pleas Court, including the Domestic Relations, Probate and Juvenile Divisions. In addition to the Common Pleas Court, the County has a County Court with jurisdiction in areas not covered by municipal courts located in the County. The Prosecuting Attorney’s office and the County jail are also maintained by the County. The Prosecuting Attorney is designated by Ohio law as chief legal counsel for all County officers, boards, and agencies, including the Commissioners, the Auditor and the Treasurer. The Clerk of Courts keeps all official records of the Common Pleas Court and serves as Clerk of the Court of Common Pleas. The office of Clerk of Courts operates on a system of fees charged for services and is essentially self-supporting.

The State of Ohio is divided into twelve District Courts of Appeals. The Twelfth District includes the Counties of Brown, Clermont, Butler, Warren, Clinton, Fayette, Madison, and Preble. The Twelfth District Court of Appeals is a separate entity from the County. The five judges who are responsible for the court system are elected in the general election by the populous of the above listed counties. The court system sets its own budget, appoints staff, and

relies on the County for only the County's proportionate contribution for operations as required by statute.

The County Sheriff (the "Sheriff") is the chief law enforcement officer of the County and provides certain specialized services among which are maintaining a special staff of deputies to assist local law enforcement officers upon request and to enforce the law in unincorporated areas of the County. The Sheriff also maintains the County jail and is responsible for its inmates, including persons detained for trial or transfer to other institutions. As an officer of the County Court, the Sheriff is in charge of the preparation and service of documents.

County-Owned Utilities

The Warren County Water and Sewer Department (the "Water and Sewer Department") is a regional water supplier that owns and operates two water treatment plants with a total rated capacity of 20 million gallons per day. The treatment plants withdraw water from wells located along the Great Miami and Little Miami aquifers. The water is distributed from four booster pump stations through 500 miles of water mains to over 28,000 water customers. Fire protection and daily storage is provided from nine elevated storage tanks with a total storage volume of 13 million gallons.

The County serves the Villages of Corwin, Harveysburg, and Maineville, as well as portions of Clearcreek, Deerfield, Franklin, Hamilton, Turtlecreek, Union, and Wayne Townships. In addition to the water furnished by County owned facilities, it also purchases potable water from the City of Springboro, Village of Waynesville and the City of Cincinnati. The County has emergency water system interconnections with neighboring cities and villages including Cincinnati, Franklin, Lebanon, Middletown, Springboro, South Lebanon, Waynesville, and the Western Water Company.

The Water and Sewer Department serves over 18,000 sewer customers. It owns and operates three wastewater treatment plants with Ohio EPA permitted capacities of 7.2 million gallons per day, 80,000 and 16,000 gallons per day. The County also has agreements with the Metropolitan Sewer District of Greater Cincinnati, Franklin Regional Wastewater Treatment Corporation, Butler County and the Village of Waynesville, to provide wastewater treatment to portions of unincorporated areas of the County. The County maintains over 340 miles of sanitary sewers and 70 sewage pump stations.

In 2015, the Water and Sewer Department employed 71 people (34 in wastewater and 37 in water) and had a total payroll of \$4,414,382.

The payroll costs, together with those required for the maintenance and operation of the Water and Sewer Department's facilities, are paid from the water and sewer user fees and sewer connection and water tap fees. These fees and charges are sufficient to pay the cost of operating and maintaining the sewer and water systems, as well as paying debt service on the County sewer and water revenue bonds and complying with the provisions of the trust agreements under which such bonds were issued.

The user fees paid by County customers for service are the lowest utility rates within the local region. Based on the 2016 survey performed by the City of Oakwood, County water and sewer rates ranked 12th lowest out of the 64 utilities that completed the survey.

The Water and Sewer Department is continually undergoing capital improvement projects necessary to serve an expanding customer base. These projects are organized, planned, and scheduled to avoid or minimize the issuance of debt. In 2014, the Water and Sewer Department completed a \$6.5 million upgrade to its North Water Treatment Plant and Pump Stations without the issuance of debt. The Water and Sewer Department also has plans for several future upgrades to their facilities within the next 5 years and will attempt to sequence these improvements to minimize the issuance of debt. In 2014, the Water and Sewer Department entered into negotiations with the Village of Waynesville to take ownership and operation of the village's wastewater treatment plant and sanitary sewer collection system. Minor operational upgrades to the treatment plant will be completed by the County within the first 2 years of ownership with more significant capital improvements planned within a 5 to 10 year planning period.

Financial Management

The Commissioners are responsible for providing and managing the funds used to support the various County activities. The Commissioners exercise their legislative powers by budgeting, appropriating, levying taxes, issuing bonds, and letting contracts for public works and services.

Permissive Taxes

Sales taxes were not only the largest source of tax revenue; they were also the largest source of revenue for the County in 2015. Property taxes were the second largest source of tax revenue and the second largest source of revenue for the County. The third largest tax was the Motor Vehicle and Gasoline Tax, although this tax did not rank as the third largest source of revenue for the County. These revenue sources are commonly known as "permissive" taxes. State law authorizes counties to levy such permissive taxes without a vote of the people but subject to referendum or repeal by initiative. The County currently has in effect two motor vehicle license taxes in the amount of \$5.00 per vehicle, the proceeds of which are used for streets and highways, a 1% sales tax, a hotel lodging tax which amounts to 3% of gross room rentals, and a 3% real property transfer tax. One of the permissive taxes not presently utilized by the County is the utility service tax, which may be levied at a rate not to exceed 2% of utility service charges.

A county is permitted to levy up to a 1% sales tax on retail sales in the county, subject to certain exceptions. The sales tax may be levied for the purpose of providing additional revenue for county general fund purposes, or to support criminal and administrative justice services in the county, or both. This county sales tax may be authorized by the board of county commissioners at any time in increments of one-quarter up to the maximum of 1%, but the authorization of this sales tax is subject to referendum and a vote of the voters. The County is currently levying a 1% sales tax.

The Ohio Revised Code permits a county to levy up to an additional one-half of 1% sales tax on retail sales in a county, subject to certain exceptions, for the following purposes: financing a convention center or providing additional revenue for a county transit authority, for general fund purposes, for permanent improvements under the jurisdiction of the Community Improvement Board or for, in the case of a county with a population of 175,000 or less, the acquisition, construction, equipping or repair of any specific permanent improvement. This additional one-half of 1% sales tax can be levied in one-quarter increments and is subject to voter approval, except when it is levied solely to provide additional general fund revenues, and is in addition to the 1% county sales tax that may be levied without voter approval but is subject to referendum, described above. The County is not currently levying the additional one-half of 1% sales tax. The County's sales tax revenues generated \$37,382,106 in 2015 compared to \$35,006,529 in 2014, a 6.8% increase.

A county may levy certain liquor and cigarette taxes for the purpose of financing a sports facility. The use of these taxes is subject to the approval of county voters. The County does not currently levy liquor or cigarette taxes.

Property Taxes

This information may be found on pages 68, S12, S13, S14 and S15 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015, attached hereto as Appendix A.

Management of County Facilities

The Commissioners are responsible for the proper management of most County facilities, including various courts and correctional, administrative and governmental facilities.

Personnel Administration

Personnel costs account for the largest share of the County's general fund expenditures. There are a number of independent boards and commissions which administer a large variety of services within the County, including, among others, the Department of Human Services, the Veterans Service Commission, the County Health Department, and the Board of Developmental Disabilities.

Some of these boards and commissions are appointed in their entirety by the Commissioners and are subject to the complete fiscal control of the Commissioners; others are independent of fiscal control by the Commissioners. There are also instances in which the Commissioners do not have appointment powers but do have fiscal responsibility. For example, the Commissioners have financing, funding, budgeting and accounting responsibilities for the Board of Elections and for various courts but do not make appointments to the Board of Elections or the courts.

Employee Relations

As of December 31, 2015, The County employed approximately 1,158 full-time and part-time employees in various job classifications. The 2015 annual gross payroll was \$61,058,296.

Under Chapter 4117 of the Ohio Revised Code (the “Collective Bargaining Act”), public employees of the State and many local subdivisions (including the County) have the right to organize, bargain collectively and have union representation. The employer must recognize and grant exclusive representation rights to an organization approved by the State Employment Relations Board (“SERB”). SERB approval may be granted either after fulfillment of the requirements listed 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 Act must be in writing, must specify a grievance procedure and cannot exceed three years in duration.

The Collective Bargaining Act designates those actions which constitute unfair labor practices and prescribes procedures for their remedy. It also sets forth dispute resolution procedures for contract negotiation, including arbitration or other mutually agreeable methods. If an 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 County 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> |
|---|--------------------------------------|------------------------------------|--------------------------------|------------------------------|
| Ohio Council Eight American Federation of State, County, Municipal Employees, AFL-CIO | Highway Workers | 18 | 01/01/15 | 12/31/17 |
| Warren County Deputy Sheriff’s Benevolent Association | Sheriff’s Office | 177 | 11/20/13 | 11/20/16 |
| Ohio Association of Public School Employees | Vehicle Operators and Bus Assistants | 5 | 01/01/14 | 05/22/15* |
| Warren County Dispatch Association | Dispatchers & Call Takers | 33 | 11/22/11 | 12/31/14† |

The County is not aware of any other union representation activities taking place in the County at this time.

The County has experienced no employee strikes or work stoppages in its history and the County considers labor relations with its employees to be good. The Public Employees Collective Bargaining Act, as enacted by the Ohio General Assembly, expressly recognizes the rights of collective bargaining for most government employees, including such employees’ right

* This agreement was terminated upon the dissolution of the local union on May 22, 2015.

† Contract negotiations are ongoing.

to strike, and permit agreements requiring binding arbitration of unresolved grievances, agency shops and dues check-off provisions.

County Services and Responsibilities

Welfare and Public Assistance

The Warren County Department of Job & Family Services (the “JFS Department”) administers the public welfare functions within the County. The JFS Department is headed by the Director of Human Services, who is appointed by the Commissioners. The JFS Department is advised by the community based Planning Committee.

The JFS Department, which is one of the largest in County government with 45 full-time employees and an annual payroll of \$1,489,149 as of December 31, 2015, is divided into major units, each of which is responsible for several functions.

The Division of Social Services, either directly or through agreements with other community agencies, provides services such as adult self-support services. The Division of Income Maintenance deals with Ohio Works First, Medicaid, food assistance and other financial relief programs.

Much of the state and federal funding flows directly from those governments to welfare recipients in programs in which the County performs various administrative tasks such as eligibility determination.

The Medical Assistance programs administered by the JFS Department include the Federal Medicaid program, the State General Assistance Medical program and the State Disability Assistance Medical program. The JFS Department’s role in these programs includes the determination of the eligibility for benefits.

The Social Services programs administered by the JFS Department include the Federal Title XX program, State and Federal grant programs, and locally funded projects, such as the Work Activities Training program designed to provide training and to help individuals to find employment.

The JFS Department manages the direct delivery of such services as the investigation of neglect and abuse of adults, protective services, and education advocacy-collaboration with other agencies in helping children and their families to have more successful education experiences.

Children Services

The Warren County Children Services Department (the “Children Services Department”) is staffed by 50 employees, 43 full time and 4 part-time, with 3 vacant positions. The 2015 salary expense was \$1,626,777. The Children Services Department provides family and children’s services such as adoption, group care, foster home care and protective services dealing with intra-family abuse problems.

Developmental Disabilities

The Warren County Board of Developmental Disabilities (the “Developmental Disabilities Board”) is a State-mandated seven-member agency charged with the task of ensuring the availability of programs, services and support to individuals with developmental disabilities. Available programs include: early intervention, school to work transition, service coordination, family support services, respite care, supported living, housing, volunteer programs, adult services, nursing services, vocational training, supported employment, community employment, administration and transportation services. Presently, there are 176 employees providing these services. In addition to federal and state dollars, the program is funded by a 4.0 mill continuing levy. The Developmental Disabilities Board has received the maximum accreditation from both the Ohio Department of Developmental Disabilities and the Commission on Accreditation of Rehabilitation Facilities (CARF).

The other major public assistance organization in the County is the County Veterans Services Administration (the “Administration”), which is staffed by 20 employees and funded by the County General Fund. The 2015 entitlement was \$3,095,504 which supports an operating budget of \$2,506,352. The Administration provides temporary relief for the clients and assists veterans and their dependents in securing materials and information needed to apply for benefits under programs administered by the Federal Veterans Administration.

The Board of Mental Health Recovery Services of Warren and Clinton Counties (the “Mental Health Recovery Services Board”) provides mental health and alcohol and drug addiction services by contracting with four major provider agencies. The program is staffed by 9 full time and 1 part time employee, including the Executive Director, and operates on a 1.0 mill levy. It had a budget of \$12,477,269 for the fiscal year beginning July 1, 2015 and ending June 30, 2016. The Mental Health Recovery Services Board was established pursuant to and operates under Chapter 340 of the Ohio Revised Code. It is controlled by a 14-member board, with six members appointed by the Director of the Ohio Department of Mental Health and the remaining eight members chosen by the Boards of County Commissioners of Warren and Clinton Counties in proportion to the population of each.

The budget of the Department of Mental Health has decreased in recent years due to the elevation of Medicaid to the Ohio Department of Job and Family Services, which became effective on July 1, 2012.

Public Health

There are four urgent care facilities in the County. There are also a total of 39 hospitals in the surrounding Cincinnati-Middletown Metropolitan Statistical Area, including 21 acute care facilities and 1 critical access hospital, some of which provide inpatient service to County residents. Because the County is served by two major interstate systems (I-71 and I-75), no portion of the County is further than thirty minutes away from specialty care, including the world-renowned Cincinnati Children’s Hospital Medical Center located in Liberty Township and Cincinnati and Shriners Burns Hospital, located in nearby Cincinnati.

In addition, the Premier Health Campus-Middletown, a health and technology campus anchored by the 328-bed Atrium Medical Center (formerly Middletown Regional Hospital), is

located approximately a quarter mile east of Interstate 75 at the Middletown exit. The 200-acre campus includes a sophisticated array of services and health providers such as behavioral health programs, outpatient surgery, a cancer center, children's care, skilled nursing care, the Greentree Health Science Academy, and a professional building that houses additional services.

Dayton Children's Hospital has an Urgent Care facility and is adding an adjoining Emergency Room facility in Springboro.

Bethesda Medical Center at Arrow Springs is a 100,000 square foot medical facility located just north of Interstate 71, off the Route 48 bypass. Comprehensive services include a 24-hour emergency department, primary and specialty care physician offices, imaging services, including radiology and diagnostics, laboratory services, outpatient physical therapy, and a pharmacy.

The Warren County Combined Health District (the "District") is overseen by a nine member Board of Health and is directed by the Health Commissioner. Five members are elected by the District Advisory Council, consisting of officials from each municipality in the County, the chairman of the board of township trustees of each township, and one County Commissioner. Four members are appointed by the contracting cities. The District consists of the following divisions: nursing, WIC, plumbing, vital statistics, administrative services, and environmental health, and provides numerous services to any County resident including child and adult health clinics, immunizations, prenatal, TB, overseas travel, home health care as well as Environmental Health Programs plumbing, water and food service, nuisance, household sewage, well water, pools and plumbing inspections. It operates as a separate political subdivision pursuant to Chapter 3709 of the Ohio Revised Code and is not controlled by the County Commissioners. For more information concerning the District, please visit www.wcchd.com.

There is a County-wide levy to support the District, which is authorized to be collected through tax year 2019 at a rate of 0.50 mills (see Tax Tables A and B herein) and the County Commissioners do not appropriate funds for its operation. The District has 51 full and 8 part-time employees with 2015 total expenditures of \$4,546,840.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Demographic Information

| | Population | | | |
|---------------|-------------------|-------------|-------------|-------------|
| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2015</u> |
| Warren County | 113,927 | 158,486 | 212,693 | 224,469 |
| State of Ohio | 10,847,115 | 11,353,140 | 11,536,504 | 11,613,423 |

Source: U.S. Census Bureau.

Population of Incorporated Areas

| <u>Area</u> | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2015</u> |
|-----------------------------|---------------|---------------|----------------|----------------|
| Butler Village | 188 | 231 | 163 | 166 |
| Carlisle City* | 4,610 | 4,876 | 4,710 | 5,047 |
| Corwin Village | 225 | 256 | 421 | 441 |
| Franklin City | 11,026 | 11,396 | 11,771 | 11,783 |
| Harveysburg Village | 437 | 563 | 546 | 551 |
| Lebanon City | 10,461 | 16,962 | 20,033 | 20,623 |
| Loveland City* | 50 | 281 | 792 | 808 |
| Maineville Village | 359 | 885 | 975 | 979 |
| Mason City | 11,450 | 22,016 | 30,712 | 32,662 |
| Middletown City* | 31 | 2,129 | 2,700 | 2,699 |
| Monroe City* | 52 | 47 | 120 | 142 |
| Morrow Village | 1,206 | 1,286 | 1,188 | 1,272 |
| Pleasant Plain Village | 138 | 156 | 154 | 158 |
| South Lebanon Village | 2,696 | 2,538 | 4,115 | 4,346 |
| Springboro City* | 6,574 | 12,227 | 16,191 | 16,962 |
| Waynesville Village | <u>1,949</u> | <u>2,558</u> | <u>2,834</u> | <u>2,999</u> |
| Total Pop. (Incorporated) | 51,452 | 78,407 | 97,425 | 101,638 |
| Total Pop. (Unincorporated) | <u>62,475</u> | <u>80,079</u> | <u>115,268</u> | <u>122,831</u> |
| Total Population | 113,927 | 158,486 | 212,693 | 224,469 |

Source: U.S. Census Bureau, Ohio Development Services Agency.

* Includes only the portion within the County's border.

ECONOMIC INFORMATION

General Description

Business and Industry

The County is located between the cities of Cincinnati and Dayton in Ohio. Residents of the County are components of the work force in three major metropolitan statistical areas outside the County: Cincinnati, approximately 25 miles to the south in Hamilton County; Dayton, about 25 miles to the north in Montgomery County; and the Fairfield, Hamilton and Middletown area, approximately 10 miles to the west in Butler County.

Warren County

Currently there are more than 4,520 businesses in the County employing approximately 106,900 persons. The County is experiencing residential growth as well as industrial expansion, but agriculture is still an important part of the economy, especially in the northern, northeastern and southeastern sections of the County. The six leading agricultural products are soybeans, corn, other miscellaneous crops (including greenhouse/nursery, fruits, and vegetables), horses, cattle, and hay. In 2015, the County saw 3,248 jobs created, 4,946 jobs retained, total capital investment of \$685,290,000, and the addition of 3,212,497 square feet of commercial space.

Tourism has taken a leading role in the local economy with over 11.8 million visitors enjoying attractions such as Kings Island, Great Wolf Lodge, Western & Southern Financial Masters & Women's Open Tennis, Ozone Zipline Adventures, Little Miami Scenic River and Bike Trail, Caesar Creek State Park, Miami Valley Gaming, and Fort Ancient. The Village of Waynesville, located in the northeast part of the County, has been recognized as "The Antiques Capital of the Midwest." The County's lodging and hotel occupancy tax was up 9% in 2015. Tourism-related spending in the County exceeded \$1.168 billion, supporting 12,244 tourism-related jobs. Of all jobs in the County, 11.4% are accounted for by its tourism industry.

Communities within the County have received several recognitions for their livability from national publications including Time Magazine, Money Magazine, Cincy Magazine, Nerdwallet as well as others. Most recently, the City of Mason was ranked seventeenth nationally by Time Magazine in its 2015 list of "Top 50 Places to Live." Also in 2015, RealtyTrac ranked the County ninth in the nation for the most affordable rental rates, and Nerdwallet ranked five cities in the County in its list of Ohio's Best Cities for Young Families. Also in recent years, Nerdwallet ranked four of the County's cities as the best for home ownership in Ohio in 2014 (out of 183 cities with populations greater than 10,000) and Money Magazine, in 2013, ranked the City of Mason as the seventh best place to live nationwide.

Southwestern Ohio ranks as one of the top growth areas in the country with the County being a growth leader in the region. Metropolitan Cincinnati's northerly expansion into the County, particularly the rapid development along Interstate 71's northeast corridor in Mason and Deerfield Township, has contributed to the County's economic development. At the same time Greater Dayton's southerly expansion has prompted strong commercial growth along Interstate 75 in Franklin and Clearcreek Townships, as well as in Springboro. Many of these businesses are high technology, research and development, and service related industries.

Industry has taken advantage of over 36 miles of interstate highway that border the County by locating primarily along the Interstate 75 and Interstate 71 corridors. These transportation corridors give both businesses and residents easy access to the metropolitan centers of Cincinnati and Dayton. The proximity of the two major metropolitan centers and the accessibility provided by the interstate highways are a driving force behind the growth taking place in the County. It is along this corridor, near the intersection of Ohio 63 and Interstate 75, where Monroe's Park North business park is located, where UGN Inc., a world-class provider of acoustical solutions to the auto industry, and Serta Simmons Bedding, LLC ("SSB"), the mattress manufacturer, have recently completed expansions.

Also along the corridor is AK Steel Corporation, Middletown's largest employer and Fortune 500 manufacturer, which announced in early 2015 that it will build a new \$36 million research and innovation center in the city. Construction on the facility is expected to be complete in late 2016. The new 135,000 square foot center will replace the company's existing research facility also located in the city, and will be constructed on a 15-acre site located along Interstate 75. The company intends to relocate its existing researchers, scientists and engineers to the new building and add approximately 18 jobs by 2018.

Other industrial developments within the County include a new 63,000 square foot, \$18 million manufacturing plant by INX International Ink Co., recently completed in August 2015. The new facility of INX, which is the third largest ink producer in North America, employs 38 people. Parallon Business Solutions, LLC, also recently announced its relocation to the County, taking on 670 jobs outsourced by the regionally-based health system Mercy Health, formerly known as Catholic Health Partners. The company performs health care business process and operational services for Mercy Health.

There are several other major industrial facilities located within the County. Some of these major facilities include L-3 Communications, Cintas Corporation, Leggett & Platt, Luxottica Retail, Mitsubishi Electric Automotive, Portion Pac, Inc., Rheinstahl, HTNA, ADVICS Manufacturing Ohio, Pioneer Industrial Components, Makino Incorporated and Cengage Learning, Inc. In addition, in the last few years, several major service facilities have located within the County creating approximately 12,000 jobs, including Anthem & Anthem Prescription, Macy's Credit Services, Proctor & Gamble Health Care Research Center and Siemens Business Service, Inc.

Additional economic information for the County may be found on pages ix-xv and 18-19 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

Cincinnati

A transportation and industrial center since the early development of the territory west of the Appalachian Mountains, the Cincinnati metropolitan area has developed into a major center for insurance and finance companies, wholesaling and retailing, e-commerce and emerging new economy companies, government installations, medical services, service industries and manufacturing. Approximately 68% of the area's employment is in the service sector, with about 15% in manufacturing and construction. Among its 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, printing and publishing. The Metropolitan Area is also the location of major federal government installations, including a regional postal service center, an internal revenue regional service center, a federal district court, a center for environmental research and an occupational health and safety research center.

Several Fortune 500 corporations are headquartered in the Cincinnati region, including Proctor & Gamble, Kroger Company, Macy's Inc., Fifth Third Bancorp, Ashland Inc., Omnicare, General Cable Corporation, AK Steel Corporation, Western & Southern Financial Holding Company and American Financial Group. Several other companies in the region rank in the

Fortune 1000, including Cincinnati Financial Corporation, Cintas Corporation, Convergys Corporation and Vantiv, Inc.

Among the biggest projects under development in the region in 2016 is a new office building for General Electric Co. at the Banks. GE's new building will be just under 340,000 square feet and cost the aerospace manufacturer approximately \$90 million. The City of Cincinnati granted GE a 15-year, 100% property tax abatement on the improvements, and the State promised a job creation tax credit to the company, allowing 85% of new income tax revenues to go back to the company for 15 years. Plans are to consolidate 1,400 employees performing administrative activities in various locations and hire approximately 600 more in the first few years of operation.

Further, in 2015, Cincinnati Bell, a 140-year-old telephone company evolving into a fiber-based entertainment, communications and information technology solutions firm, moved 600 jobs to downtown Cincinnati, leasing approximately 220,000 square feet of additional space in the building where its headquarters is located.

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. Fifty percent of the nation's population is within 600 miles of Cincinnati, and over 1.5 million workers live within 50 miles of the city. The Cincinnati Metropolitan Area is a growing center for international business, with approximately 1,000 firms engaged in international trade generating approximately \$6.7 billion in sales to markets outside the U.S. annually. Within the past decade there has been an influx of foreign investment and this trend is expected to continue. Foreign Trade Zone status is available in the Metropolitan Area to assist firms engaged in international trade to lower import duty and inventory tax expenses, and over 300 foreign-owned firms operate in the region.

Dayton

Dayton's geographic location in southwestern Ohio makes it accessible to some of the largest markets in North America. Interstates 70 and 75 intersect just north of Dayton, which makes the city the nucleus of a national network of 25 interstate highways and major state routes. Dayton's key position at the "Crossroads of America" makes it an ideal center for highway transportation, tying it to more than 300 cities and towns in one of the nation's largest 90-minute highway markets. The I-675 bypass has increased access to both Cincinnati and Columbus, as well as the communities east and south of Dayton, including the County.

Dayton's traditional manufacturing base in automobile parts and assembly has seen dramatic changes over the past decade. In recent years, Delphi closed all but one plant in Dayton and Moraine, and leased part of a Kettering plant to parts producer Tenneco, resulting in a cumulative loss of about 15,000 jobs. In early 2015, Delphi announced the sale of its remaining plant in the region, north of Dayton in Vandalia, Ohio, to German-based MAHLE GmbH, which now owns two automobile parts manufacturing plants in the Miami Valley. The Vandalia plant has approximately 330 employees. In keeping with its legacy of automotive manufacturing, in 2015, Montgomery County welcomed the construction of a \$330 million automotive glass plant by Fuyao Glass Industry Group Co. in Moraine at the former General Motors facility. The company announced that it will add 750 more jobs in that city – on top of 800 already pledged for the site – along with \$130 million in additional investment. Fuyao is among the top global

producers of automotive windshields and industrial glass and is a major supplier to Ford, General Motors, Toyota and Honda.

Only 90 minutes of air travel from more than half of the U.S. population, combined with recently completed and planned upgrades, the Dayton International Airport has seen a continued increase in traffic in recent years. The airport recently completed a multi-million dollar project to enhance offerings for area travelers, which included the decommissioning of an unused terminal as well as a reconfiguration of the airport's parking features. In early 2015, the Dayton City Commission accepted \$25 million in grants, with a \$2.5 million city match, to benefit Dayton-area airports from the U.S. Department of Transportation's Airport Improvement Program. The funding can go towards pavement rehabilitation, airfield and terminal improvements, land acquisition, planning, equipment, environmental studies and security improvements.

Announced in early 2016, the airport is scheduled to undergo further capital improvements at a cost of approximately \$130 million over the next 10 years. As part of this investment, the airport began a \$15 million project in the summer of 2016 to tear out the existing terminal façade and replace it with a glass wall and canopy. The economy parking lot at the airport will also be replaced around the same time at a cost of \$14 million. These early improvements will add approximately 100 construction jobs at the airport. Other parts of the project include an upgrade to the airport's energy system with the addition of a \$9 million battery backup array and a \$52 million second floor addition to the terminal, including a large food court.

The City of Dayton and Montgomery County continue their efforts to attract businesses within their respective jurisdictions. Under the U.S. Department of Labor's Manufacturing Communities Partnership program, the southwest region of Ohio has been designated the Southwest Ohio Aerospace Region – one of 12 federally designated manufacturing communities chosen for the program. The designation provides preferential treatment on a number of federal grant opportunities that support manufacturing, as well as other benefits.

In the past few years, the County has seen success in its efforts with the opening of several distribution hubs near the Interstate 70 and Interstate 75 interchange, including Caterpillar Logistics, Payless Shoe Source, Syncreon, Carter Logistics and other big companies. In late 2014, Proctor & Gamble completed construction of its new 1.8 million square foot distribution center in Union, which is expected to employ 1,300 people. White Castle opened a frozen foods plant in Vandalia with a plan to grow to 120 employees within three years. Dole Food Co. announced plans to invest \$9 million and hire 140 new workers to grow its Springfield Site. Meijer completed construction on a \$100 million dairy production facility that will add 100 jobs in Tipp City. Finally, Abbott Laboratories opened a new \$270 million Ensure plant in Tipp City in 2014, where 240 people make and ship the nutritional shake product.

Lebanon

The City of Lebanon is the seat of the County. The city has experienced sustained growth, both in the residential and nonresidential sectors, over the past two decades. This growth can be attributed to several factors including its ideal location along the I-71 corridor, business-friendly environment, high-quality workforce, excellent school system, and great quality of life.

Lebanon's positive economic condition reflects its strong and growing nonresidential tax base. The city continues to attract new business investment into the community, while maintaining a focus on business retention and expansion of corporate residents. The city is continuing its efforts to improve the mix of residential and nonresidential development, which is crucial to sustaining a diversified tax base.

In 2015, the city was successful in attracting new investment into the community. The city had quality growth in both the industrial and commercial sectors. The industrial sector continued to rebound significantly with new development and investment. The commercial sector has also seen expansion in terms of new construction, and more importantly adaptive reuse of existing facilities. For the residential sector, the city issued 64 new housing permits in 2015, compared to 90 permits issued and 31 units actually constructed in 2014.

The city continues to position itself to capitalize on new and emerging business opportunities as the market strengthens through long term investments in land and infrastructure. Lebanon maintains a strategic focus to leverage available economic development incentive programs to recruit new businesses and industry. The recent expansion of Columbia Business Park and the access improvements resulting from the reconstruction of Columbia Road have enhanced the Park's long-term marketability. The addition of 17 acres of interstate frontage industrial property in Kingsview Industrial Park will also provide a significant opportunity for high quality development. The use of tax increment financing (TIF) has been a key incentive in recruiting new companies and investment into the city's industrial parks. A recently completed TIF project was the construction of Homan Road in 2013. The new roadway has made accessible prime commercial land for development and provided a future northern access point into Lebanon Commerce Park. This project has already begun to spur new development, with the completion of a FedEx Ground distribution center and a manufacturing facility for INX International Ink Co., completed in January 2015.

Under the city's community reinvestment area program, property owners can receive real property tax exemptions when they renovate existing or construct new buildings. In an effort to improve the city's economic development program, the city expanded its Community Reinvestment Area (CRA) No. 7. The expansion of CRA No. 7, which originally included Kingsview Industrial Park, incorporates industrial properties within and contiguous to Columbia Business Park and Lebanon Commerce Center and provides an additional business incentive for these areas and improves added economic development assistance available to new companies looking to locate in the city.

In 2014, ADVICS Manufacturing Ohio Inc. revealed plans for a \$100 million expansion of its auto supply operation, expected to create 100 new jobs by the end of 2015. The company specializes in the manufacturing of brake calipers and advanced vehicle stability control units.

With this expansion, the company will expand its facilities by approximately 75,000 square feet. Further, ADVICS announced plans in late 2015 to build a new \$150 million facility and add 260 additional jobs to its operations in the County, which currently employs around 700 people. The new building will house the company's electronic park brake business as well as aluminum caliper production.

Farm equipment manufacturer Fecon, Inc. also completed a recent expansion with the assistance of the city, which transferred leases on certain facilities in order for the company to expand its operations to 40,000 square feet and add 30 new jobs. Fecon also invested \$995,000 in the new facility. Tomak Precision completed plans in 2014 to add 15,200 square feet to its existing aerospace manufacturing facilities, representing an investment of \$750,000 and the creation of 4 new jobs.

Mason

The City's business community employs an estimated 30,000 people. Four of the top ten largest full-time employers in Warren County are located in the City. Of those, Mason is home to the second largest employer, Procter and Gamble, as well as the fourth largest employer, Luxottica Retail. More than 27% of Mason's corporate portfolio is made up of global and US headquarters operations. The City's ten largest employers provided work for more than 10,000 employees and generated more than \$9.7 million in income tax revenue for 2015. Overall, it is estimated that there are more than 800 businesses that operate within the City's 18.6 square miles.

Mason continues to attract quality companies that are relocating or expanding. In choosing the City, companies cite prime location along the interstates, availability of land for development within established business parks, rising property values, the established core of high-tech businesses, available talent and workforce, and an exceptional level of support and services with a favorable business environment widely promoted in the region. Tax incentives targeting high-tech research and development-sector businesses and light industry are strong inducements as well. Over the past decade, Mason has also nurtured the marriage between tourism, Warren County's top industry, and business development. Additionally, the City's economic strategy encourages the growth of early and mid-stage entrepreneurial companies within the target sectors of bio-health, bio-health IT, and digital IT.

In the last fifteen years, Mason has become home to numerous domestic and foreign companies and has one of the region's largest complements of international businesses. As of 2014, the Metropolitan Area ranks fourteenth in total exports among U.S. cities. The City contributes to the region's worldwide impact, being home to a number of the region's more than 1,000 firms engaged in international trade that generate annual export sales of over \$20 billion. More than 300 firms from Japan, Western Europe and Canada have established facilities in the Metropolitan Area.

In an effort to further enhance the city's foreign investment strategy, Mason works closely with the Regional Economic Development Initiative Cincinnati (REDI) on business attraction initiatives. REDI replaced the Cincinnati USA Partnership's Regional Economic Development Council as the region's primary business attraction entity. This regional partnership has lent strength and leverage to Mason's work on both national and international

recruitment projects. This partnership facilitates extended contact with national and international corporate site selectors and brokers and has leveraged partnerships with news organizations in major metropolitan areas. To complement Mason's international strength, the City's economic development department also plays an active leadership role with the European American Chamber of Commerce (EACC), the Japanese American Society (JASGC) and the Greater Cincinnati Chinese Chamber (GCCC). As a result of these alliances, the City's active role and engagement with corporate partners has gained national exposure and future new investment interests in targeted industries.

REDI and the Cincinnati Chamber of Commerce also strengthens a methodology of continued relationship maintenance with valuable contacts in Europe and Asia, giving Mason the opportunity to tell the unique stories of its corporate investors to companies outside the U.S. that are looking to start new U.S. operations. The REDI partnership helps the city reach emerging markets, entrepreneurs and the information technology, biosciences and advanced manufacturing business sectors in order to bring significant value, exposure and return on the city's investment in business recruitment marketing.

Beginning in 2007, the City negotiated a partnership agreement with CincyTech to leverage key growth sectors. This agreement provides the City with membership at key levels with the CincyTech management team and set the stage for public private partnerships within the entrepreneurial business community resulting in record growth in this sector in recent years. Specifically, the target business sectors that the CincyTech partnership helped Mason reach included emerging markets, entrepreneurs, information technology, biosciences, and digital IT. These partnerships have helped give the City a high profile among investment prospects and have set the City apart from the efforts of competing communities. Under the agreement, the City continues to reach these markets that are so important to its overall economic development goals.

Mason is one of only two cities in the region that are CincyTech partners. Over 13% (five companies) of the total CincyTech company portfolio have chosen a location in Mason. Mason has also nurtured growth companies through the Mason Tech Elevator business model, which includes both the Mason Municipal Campus and the Mason Tech Center Campus located at the Top Gun Sales Performance headquarters. On both campuses, approximately 16 targeted growth companies have generated more than \$75 million in venture and private equity investment and over 350 new jobs in the City. Overall, CincyTech has raised over \$500 million for 38 startup companies and 750 jobs in the region since 2007. The year 2015 set the stage for record activity within the entrepreneur and technology company ecosystem in the City, capturing approximately 30% of the jobs created in the CincyTech portfolio. As a result, job growth and new investment are expected to increase in the coming years.

The year 2015 marked the city's tenth year of operating with the Mason Port Authority. This economic development tool has already provided advantageous flexibility with financial recruitment options. Since its inception, the Port has helped retain over 1,400 jobs and allowed the city to attract nearly \$125 million in new capital investment, with a total of over 2,565 new jobs created. The Mason Port Authority makes regular proposals to major prospects, often in combination with the marketing of the city's industrial property on State Route 741 and the Interstate 71 corridor. The Port was instrumental in its competitive positioning for the Procter

and Gamble, General Electric Global Service Center, and Festo Regional Campus projects and continues to facilitate opportunities for Mason that would not be possible without this important economic development tool.

Mason's reputation as a serious business environment is confirmed by corporate decisions to consolidate and move jobs and investment to the city. New investments reported in 2015 were over \$472 million as 1,205,000 square feet of new corporate and industrial space were added, bringing over 2,400 announced new jobs to the community. The growth in 2015 set record levels in every category and reiterates Mason's trend of performing at or near the top in the region for new investment in the industrial and corporate sector.

The pipeline of increased new investment began to rebound at the close of 2010, with figures reaching significant levels in 2011 and continuing into 2014. The year 2015 culminated with the completion of significant recruitment projects managed over several years, representing near equal levels of expansion of existing companies and attraction of new companies. Projections for the 2016 investment figures based on current 2015 pipeline are expected to achieve continued steady growth.

The diversified tax base in Mason provides for steady investment across industry sectors from automotive to science and research headquarters. In 2015, projects were a combination of new jobs, new square footage, and new investments. The year 2015 kicked off several large developments, most with expected completion dates throughout 2016 and 2017. New investment in 2014 and 2015 continued to grow with the expansion of existing Mason businesses. Activity in the City included large-scale expansion, new added locations via acquisition and renovation, and full company relocation.

Several large developments have been announced or completed since the beginning of 2014. Atricure, Inc. a medical device maker based in West Chester, completed the relocation of its company headquarters and 200 workers to Mason's Oak Park District, near Interstate 71 in the City, which is envisioned as a 250-acre walkable mixed-use development. The Mason Tech Center also saw the relocation of several new tenants to its class A office space, the result of a public-private partnership between Mason and Top Gun Sales Performance. Companies in residence at the tech center now include ADB Companies, ZeroDay Technologies, Trayak, ConnXus, Cloud Takeoff, and Riverbend Worldwide. Intelligrated Inc., one of the region's largest private companies, is also expanding its Mason headquarters at a cost of \$10 million and hiring 238 new employees. Further, Mitsubishi Electric Automotive America, Inc., a leading global automotive supplier, completed its eighth expansion in the City at a cost of \$80 million, representing 145,000 additional square feet and 100 new jobs over the next few years.

The health industry has also provided new development in Mason. Premier Health, a Dayton-based health system, opened the Atrium Health Center in Mason in early 2015. The company invested about \$11.5 million and created 40 jobs with the renovation of a 44,000 square foot facility in the City, and is working to hire over 500 more people at the new location. Also in early 2015, Assurex Health announced plans to build a new headquarters and clinical laboratory in the City, citing the area's access to top talent and strong science partnerships with regional hospitals and universities. Construction on the new 60,000-80,000 square foot facility could be completed in 2016. Additionally, the Lindner Center of Hope, the 22nd largest hospital

in Greater Cincinnati, announced plans to open a second facility, an outpatient clinic, in Mason, adding 20 jobs to the City.

In 2015, Proctor & Gamble Co. revealed that it will spend \$300 million to build a large research and development center at its Mason campus, which will be one of the largest private investments in the region in recent years. The company will move 1,150 employees to the Beauty Innovation Center from its operations in Blue Ash, Ohio. Construction began in the summer of 2015 on a 500,000 square foot facility, adding to the company's current 1.5 million square foot presence in the City. The center will include laboratories, pilot plants and space to conduct focus groups with consumers.

Deerfield Township

In 2015, Deerfield Township saw increased growth in the commercial sector. The largest investment in the township is represented by the construction of a new \$15 million headquarters facility for Loveland, Ohio-based London Computer Systems ("LCS"), a fast-growing developer of software used in property management. LCS is building a 77,000 square foot, 3-story office building on 15 acres near Interstate 71. The company expects to double its 140 employees within the next few years. HumaCare Inc., a growing human resources company, also relocated to the township from nearby Loveland in 2015. On the retail side, Menards, the home improvement retailer, recently opened a 162,340 square foot store on 24 acres in the township, featuring an outdoor lumberyard.

The township has also seen recent gains in residential housing. A luxury apartment development, The Grandstone, opened in 2015. The \$20 million project includes 122 units across two buildings, as well as an underground parking garage. The apartments are within walking distance of one of the region's largest employment hubs, the Deerfield Towne Center, and more than 450,000 square feet of retail shopping, restaurants, and entertainment.

Springboro

The population in the City of Springboro has grown significantly in the last decade. The main factor contributing to this growth over a sustained period was the city's physical location along Interstate 75 between Cincinnati and Dayton, an abundance of available building sites offering appealing terrain, location, amenities, small town atmosphere and low crime rate.

Springboro features a diversity of industry that provides stability and growth to the area. The city offers a prime location because of its easy access to raw materials and a large concentration of consumers and highly trained prospective employees in two metropolitan markets. Over 600 businesses call Springboro home, including corporate headquarters, branch offices and bustling distribution and retail/service establishments.

Springboro is an important center for manufacturing and service industries. Metal fabrication, electronics assembly, and distribution comprise a substantial portion of the economic base in this region. Thaler Machine Company designs and makes parts for many aerospace programs throughout the country. Pioneer Industrial Components assembles audio components for the automobile industry, Advanced Engineering designs solutions for interiors of domestic and foreign vehicles and Bosch Battery Systems develops nickel-hybrid batteries for electric

vehicles. These three companies together generate over 400 jobs in the city. Combined employment of Springboro's three electronics parts distributors, Dalco Electronics, MCM Electronics and Parts Express International, generates over 250 industry jobs in the city. Add to that Victory Wholesale Grocers, a national grocery distributor and Klosterman Bakery, a bread distributor, Springboro's prominence as a distribution center becomes evident.

Since the city annexed the South Tech Business Park in 1997 and began marketing the Stolz Industrial Park and Commercial Way Industrial Park, industrial growth in Springboro has blossomed. In November 2004, the City of Springboro purchased the remaining 89 acres of land at the South Tech Business Park on the northern edge of the city and, in conjunction with other local governments, redeveloped the surrounding infrastructure to create Austin Landing, a mixed-use development along Interstate 75. Along with a recently completed 13-building office park called The Ascent, the developer for the project announced plans in 2015 to fully build out the entire 142-acre development within the next two years, including retail and entertainment establishments and restaurants.

CBT Company, a supplier of electrical supplies and automation technology, completed a 3,000 square foot expansion of its Springboro facility in 2013, which now houses approximately 35 employees. This expansion positions the company well to take advantage of opportunities presented by its proximity to major interstates. Sunstar Engineering Americas, a global automotive industry supplier, announced in 2014 plans to expand its facilities, adding 16 employees to the company's roster of over 100 in the city.

New senior housing was recently completed in the city. The 2-story, 93,000 square foot facility, called Springboro Senior Living, sits on 7.5 acres on the corner of a former farm property. The complex contains 111 suites, 86 for assisted living residents and 25 for residents in need of dementia care.

The city is also an attractive location for a wide range of retail shops and maintains an active role in preserving and enhancing its historic downtown. In 1999, the city's downtown was placed on the National Register of Historic Places. In an October 2014 issue, Business Insider magazine named Springboro as the 10th best suburb in America, considering factors such as population size, proximity to metropolitan area(s), commute times, median income, poverty and crime rates. The magazine cited big-city amenities and the city's small-town atmosphere, along with a median household income of \$95,406 as significant in its ranking. The city also continues to be an active participant in state and regional downtown and tourism development programs.

Turtlecreek Township

A predominantly rural township strategically positioned along both Interstates 71 and 75, Turtlecreek Township has recently begun to see economic development growth within its borders as a result of the expanding metropolitan areas of Cincinnati and Dayton. Casino and horse racing track Miami Valley Gaming opened in December 2013. The \$175 million, 120-acre project is a joint venture between Delaware North Companies, Inc., a leader among gaming operators, and Churchill Downs, Inc., famous for its Louisville, Kentucky, horse racing track that hosts the annual Kentucky Derby. The racino features a 186,000 square foot gaming facility, a simulcast center with horse races from around the country, and an indoor grandstand that can accommodate up to 1,000 racing fans. The facility also features an event center with four

restaurants plus a center bar with live entertainment. The nearby City of Monroe and the township have designated the site on which the racino sits a joint economic development district, which authorizes the township to collect a 1.5% income tax on payrolls generated in the district.

In 2015, Duke Energy Corporation donated \$15,000 to the Warren County Convention and Visitor's Bureau ("CVB") to support the design and promotion of a proposed 87-acre, \$9.5 million sports complex to be built near Otterbein Village in the township. If completed, the complex could generate 730 jobs and an estimated \$54 million economic impact as it attracts 700,000 visitors a year. The County is currently considering an increase in its lodging tax to finance the project. The CVB has generated over \$235 million in economic impact over the last 11 years in sports marketing, and plans to bring another \$40 million in 2015.

Late in 2014, Otterbein-Lebanon Retirement Community announced plans for a \$20 million project to expand housing, creating 83 independent living units across 20 new buildings, consisting of 17 ranch-style homes and 3 apartment buildings. The buildings are expected to be completed in 2016 on 9 acres of the community's existing 256-acre campus in the township. The projects are expected to create 10 to 15 new jobs at Otterbein. Additionally, Otterbein received approval in early 2015 for 1,430 acre "new urbanist" community called Union Village, which will include 4,500 homes as well as retail centers, office space and other commercial development for decades to come.

Franklin

The City of Franklin has seen recent expansions of its local companies in recent years. Newark Converted Products, one of North America's largest tubes and cores suppliers and a leading provider of roll finishing materials, recently celebrated a grand reopening of its Franklin facility, which now manufactures tubes and cores as well as laminated products. Eight new hourly jobs were created as part of the expansion and the company plans to add a second shift in the future. In addition, Faurecia Emissions Control Technologies in Franklin was recently awarded a \$50,000 workforce grant by the State to support its expansion in the city. The company added two production lines, resulting in 120 new jobs – totaling 450 for the company in the city – and \$4.5 million in new annual payroll. Faurecia also invested \$850,000 in new equipment for the expansion.

Franklin has also seen recent expansion in health service providers in the city. Kettering Health Network expanded its presence into Franklin in 2014, constructing a \$10 million emergency room and employing 35 to 40 people. The network has several small clinics and outpatient facilities in addition to its eight hospitals. The new emergency room is 11,400 square feet and has 12 rooms.

Transportation

The County benefits from its unique location along I-75 and I-71, which gives speed and reliability to an expanded labor market pool, a wide range of suppliers and a large customer base that can be served with same-day deliveries. The County and its transportation partners realize the importance of multiple transportation modes and continue to invest in infrastructure to meet the needs of current and future development.

The County is served by three railroads: Norfolk Southern Railroad, CSX Transportation and RailAmerica. These rail lines integrate into international lines with service in the continental U.S., Canada and Mexico. Piggyback and container facilities are available in Cincinnati with service provided by these rail carriers, as well as two other Class I carriers. Additionally, the County is home to Franklin Yards, a rail transload facility offering regional companies the opportunity to utilize rail options to move freight to market.

Water transportation is available in Cincinnati, which lies on the 15,000 mile Great Mississippi River inland waterway and intracoastal canal system. The amount of freight tonnage that is shipped annually on the Ohio River equals the tonnage that passes through the Panama Canal each year. The County's access to the interstate highway system and the railroads serving the region provide access to the Ohio River and Great Lake ports. With the recently expanded statistical boundaries of the Port of Cincinnati, it is now the second largest U.S. inland port with about 48 million tons of cargo passing through Cincinnati onto the Ohio River every year. The expanded port is now known as the Ports of Cincinnati & Northern Kentucky. There are eight barge lines based in the area with 36 barge lines serving the area.

The Cincinnati/Northern Kentucky International Airport ("CVG") and the Dayton International Airport provide County residents access to major scheduled air carriers, both passenger and freight. Both airports are within 60 minutes driving time from the County on major interstates. Fifty percent (50%) of the nation's population is within 600 miles of CVG, which provides services to over 10 million air passengers each year with over 650 daily departures to over 70 cities including London, Paris, Frankfurt, Amsterdam and Rome. Additionally, CVG has recently added a low-cost carrier that focuses on flights to the western part of the country. In addition, County residents have access to the Lebanon-Warren County Airport, Dayton General South Airport, Lunken Airport, and several smaller air fields in the County and surrounding Montgomery, Butler and Hamilton Counties.

Dayton is the nation's top 90 minute air travel market, reaching 55% of the United States population. Situated on over 4,000 acres of land surrounded by farmlands and low-density housing, Dayton International Airport offers three runways: a 10,900 foot primary runway, a 7,000 foot parallel runway and an 8,500 foot crosswind runway. Dayton International is one of the few airports in the Country with a dual-runway system, allowing simultaneous operation on the main and crosswind runways, which contributes to on-time arrivals and departures.

Dayton International Airport provides service to over 1 million passengers each year and offers 62 flights a day, non-stop service to more than 19 major domestic markets, and connecting service to an unlimited number of domestic and foreign cities. Major markets are served both nationally and internationally. Dayton International Airport is also the home of the annual Vectren Dayton Air Show, one of the largest air shows in the country.

Interstates I-71 and I-75 provide access to three other major interstates (I-275, I-74 and I-70) within 30 minutes driving time. In addition, U.S. Routes 22 and 42 and State Routes 28, 48, 63, 73 and 123 traverse the County. There are approximately 290 miles of County roads and 366 bridges facilitating transportation. The Cincinnati area is served by 125 motor carriers and 44 freight forwarders, and the Dayton area has 91 freight carriers and six freight forwarders. Twenty major metro markets are located within 400 miles of the County. Additionally, more

than 380 general freight trucking establishments of which 255 are long distance haulers, are located within the Cincinnati MSA. Bus transportation is provided by Greyhound and Trailways; Cincinnati, Dayton and Hamilton County also all have local bus transit systems.

Utilities

The County is supplied with most of its gas and electricity by Duke Energy and Dayton Power and Light Company (DP&L). Cincinnati and Dayton are near the center of one of the nation's largest concentrations of electrical power. The plants of Duke Energy are also connected to other utility companies in the Ohio River Valley and a regional network of high voltage lines, thereby providing substantial reserve capacity.

The Water and Sewer Department is a regional water supplier that owns and operates two water treatment plants with a total Ohio EPA rated capacity of 20 million gallons per day. The treatment plants treat water from wells located along the Great Miami and Little Miami aquifers. The water is distributed from four booster pump stations through 500 miles of water mains to over 28,000 customers. Fire protection and daily storage is provided from nine elevated storage tanks with a total storage volume of 13 million gallons, and four ground storage tanks with a total storage volume of 9 million gallons.

The County water system serves the Villages of Corwin, Harveysburg, Maineville, and portions of South Lebanon as well as areas in Clearcreek, Franklin, Hamilton, Turtlecreek, Union and Wayne Townships. In addition to the water furnished by the water treatment plants, the County purchases water from the City of Springboro, the Village of Waynesville and the City of Cincinnati. The County has emergency water interconnections with neighboring communities including the Greater Cincinnati Water Works, the Western Water Company, Butler County, Franklin, Springboro, and Waynesville.

The County has one major wastewater treatment plant which was expanded in 2011 to accommodate up to 12 million gallons per day. The County also owns and operates two smaller sewage treatment plants with rated capacities of 16,000 and 80,000 thousand gallons per day. The County has agreements with Metropolitan Sewer District of Greater Cincinnati, Franklin Regional Wastewater Treatment Corporation and the Village of Waynesville to provide sewage treatment for some of the unincorporated areas of the County. There are approximately 18,000 sewer customers and 350 miles of sewer lines.

The Water and Sewer Department personnel survey new water and sewer construction and maintain a computerized network of water and sanitary sewer structures. Solid waste collection is provided by private haulers and disposed of in privately-owned landfills. Sprint, Ameritech, Cincinnati Bell, Inc., TDS Telecom and Verizon all provide telephone service in the County.

Public Safety Services

Fire protection and emergency medical services in the County are provided by four city fire departments, nine township fire departments, one joint fire district, one joint E.M.S. district and one certified private fire department (Kings Island). In addition there are two city fire departments, one joint fire district and one private fire company predominantly located in other

counties, but whose boundaries and service areas overlap with the County. These services operate from 27 fire and/or E.M.S. stations located throughout the County (including joint EMS & Kings Island). All of these fire departments have mutual aid response agreements within the County and other nearby municipalities. There are 170 full-time fire fighters and 653 part-time and/or volunteer fire fighters employed within the County. Crews are on duty 24 hours a day at 12 of the stations. The average general fire insurance rating for all fire departments in the County is Class 5.

Police protection consists of the Sheriff's Office, the Ohio State Highway Patrol, five city police departments, four village police departments, the Ohio Department of Natural Resources, and two township police departments.

Emergency Management, Regional Communications/9-1-1 Center and Homeland Security operations are performed by the County's Department of Emergency Services. The department is staffed by 31 dispatchers, 5 dispatch supervisors, 6 administrative personnel, 3 Emergency Management and Local Emergency Planning personnel and the Director, who oversees the department. Several employees within the department administer the Homeland Security program.

Hazardous materials response within the County is handled by The Greater Cincinnati Hazardous Materials Unit, Inc., a non-profit regional team organized by the Hamilton County Fire Chief's Association and the Northern Kentucky Firefighters' Association.

The communications/9-1-1 center provides emergency dispatching for 14 fire departments, 1 joint EMS district, 14 law enforcement departments, the Warren County Drug Task Force, the County Probation Department, and the County Dog Warden.

The Sheriff's Office employs eight administrators, including the Sheriff; 39 county road enforcement deputies, including supervisors, K-9 deputies and a training sergeant; 13 court services deputies, including supervisors; 9 detectives, including 2 child abuse detectives, supervisors and 2 evidence room managers; 69 corrections officers, including supervisors and a corrections training sergeant; 23 deputies assigned to Deerfield Township, including supervisors and detectives; 5 deputies assigned to South Lebanon, including a supervisor; and 21 office support staff, including jail, computer technology and custodial staff.

The Warren County Drug Task Force consists of 6 detectives, including supervisors and one investigative assistant.

The Sheriff's Office also offers several community service programs, including bicycle patrol, crime prevention, self-defense, business and vacation checks. 2 school resource deputies are assigned to the Warren County Career Center and the Kings School District. 2 DARE program deputies are assigned to a number of schools throughout the county. Law enforcement agencies within the County all participate in a County-wide mutual aid agreement.

Print and Broadcast Media

All of the major TV networks and several independent facilities, including several educational television channels totaling 13 stations, are available to the County from Dayton and

Cincinnati media markets as well as Miami University in Oxford. In addition, 13 AM and 17 FM radio stations are available in the County. Cable television is available in certain areas of the County while satellite programming is an option to all residents. Major daily and Sunday papers from Cincinnati and Dayton are available in the County in addition to several local daily and weekly newspapers.

Culture, Recreation and Education

The County is served by several public and private schools. The largest public schools which serve the area include Mason City School District, Springboro Community City School District, Lebanon City School District, Kings Local School District, and the Little Miami Local School District, which in the aggregate enroll over 25,000 students. The area is also served by four universities and six colleges with a combined enrollment in excess of 85,000 students.

Information on Culture and Recreation may be found on pages xi-xiii of the County’s Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

Unemployment Statistics

This information may be found on pages S30-S31 of the County’s Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

Warren County Largest Employers

This information may be found on page S33 of the County’s Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

Income and Housing Data

The following shows the Median Household, Median Family, and Per Capita Income, as well as Median Home Value in the County for 2014, in comparison to the State of Ohio and the United States:

| | <u>Warren County</u> | <u>State of Ohio</u> | <u>United States</u> |
|------------------------------|----------------------|----------------------|----------------------|
| 2014 Median Household Income | \$73,177 | \$48,849 | \$53,482 |
| 2014 Per Capita Income | 33,421 | 26,520 | 28,555 |
| 2014 Median Home Value | 85,762 | 62,104 | 65,443 |
| 2014 Median Family Income | 187,800 | 129,600 | 175,700 |

Source: U.S. Census Bureau, American Community Survey 2014.

Building Permits, Home Construction and Housing Valuation

This information may be found on page x of the County’s Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

FINANCIAL MATTERS

Financial Reports and Examinations of Accounts

This information may be found on pages xvi-xviii of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

Appendix A includes the County's audited Financial Statements for 2015.

Insurance

This information may be found on pages 55, 90 and 91 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

INVESTMENT POLICIES OF THE COUNTY

This information may be found on pages 50, 66 and 67 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

AD VALOREM TAXES

Assessed Valuation

This information may be found on pages 68 and S12-S15 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

In 2012, the County experienced a statutory sexennial, on-site reappraisal of real property, whereby the true value of real property will be adjusted to reflect current market values as of January 1, 2012. The laws of the State of Ohio presently require that the County Auditor reassess real property at any time he 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"). The triennial update, which is not accomplished by an on-site inspection, was completed in 2015.

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

Tax Table A, which includes direct property tax rates imposed by the County and the rates levied by overlapping governmental entities, may be found on pages S14-S15 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

**Tax Table B
Voted Tax Levies**

| <u>Authorized</u> | <u>Millage Rate Levied For Current Year Collection</u> | <u>Purpose</u> | <u>First Collection Year</u> | <u>Last Collection Year</u> |
|-------------------|--|-----------------|--------------------------------------|-------------------------------------|
| 2002 Replacement | 4.00 | Developmental | 2003 | Continuing |
| 2010 Replacement | 0.50 | Health | 2010 | 2019 |
| 2006 Replacement | 1.21 | Senior Citizens | 2007 | 2016 |

Source: Warren County Auditor.

See Appendix E for the County Tax Rate Table for all County subdivisions for tax year 2015 (collection year 2016).

Changes to Ad Valorem Taxation

As part of the various law changes that accompanied the deregulation of electric utility and natural gas companies in 1999-2000, property tax assessed value for electric generating equipment and natural gas property were reduced. Due to the reduction of public utility tangible property (“PUTP”) tax revenues to school districts and other local taxing units, such as the County, the Ohio General Assembly enacted a program whereby school districts and other local taxing units were compensated for these losses, although the payments were to be phased out over time. Further, in 2005, the 126th General Assembly enacted Am. Sub. H.B. 66, which gradually repealed the business tangible personal property tax (“TPP”) on (i) manufacturing equipment, (ii) furniture and fixtures and (iii) inventory over a four-year period ending in 2009, causing schools and other local taxing units to face more reductions in property tax revenues. TPP taxes on a fourth category, telephone, telegraph and interexchange communication companies, was phased out over the period from 2007-2011. A subsequent reimbursement program similar to the one developed for lost PUTP revenues was implemented to replace the lost TPP revenues, which was also scheduled to be phased out. This program was funded, among other things, by the application of revenues derived by the State from the imposition of a new commercial activities tax (the “CAT”). The reimbursement payments for loss of the PUTP and TPP tax revenues are collectively referred to as “replacement payments.”

The application of the CAT to certain types of business receipts has been the subject of litigation. In 2009, the Ohio Supreme Court held that the CAT does not violate the State’s constitutional prohibitions against a sales or excise tax “upon the sale or purchase of food.”¹ Later, in 2012, the Ohio Supreme Court held that the application of revenues derived from imposition of the CAT on gross receipts from motor vehicle fuel sales towards replacement payments violates the State’s constitutional limitation on the use of revenues resulting from taxes related to motor vehicle fuel.² In 2013, the Ohio General Assembly remedied the situation by creating a separate fund into which such tax proceeds are deposited, separate from other proceeds of the CAT. As is the case with many state-based gross receipts taxes, the CAT

¹ *Ohio Grocers Association v. Levin*, 123 Ohio St.3d 303 (2009).

² *Beaver Excavating Co. v. Testa*, 134 Ohio St.3d 565 (2012).

continues to be the subject of ongoing litigation, facing challenges regarding its general constitutionality.

With the election of a new State-level administration in 2010, the Ohio General Assembly took a different approach to accomplishing the reimbursement of lost revenues to school districts and other local taxing units as a result of the repeal of PUTP and TPP taxes. Effective June 30, 2011, Am. Sub. H.B. 153 was adopted to modify the reimbursement methodology. Though the application of the proceeds of the CAT to the replacement payments was scheduled to be phased-out in 2018, with the State's general fund receiving 100% of the CAT tax revenues thereafter, H.B. 153 accelerated that schedule and reduced the reimbursement payments. Am. Sub. H.B. 64, effective June 30, 2015, increases the amount of CAT tax revenues allocated to the State's general fund from 50% to 75% of such revenues; the percentage allocated to replacement payments dropped from 35% to 20% for school districts and from 15% to 5% for other local taxing units. A basic concept behind these changes is that fixed-rate levy replacement payments should be based on the relative need for school districts and other local taxing units (each, a "unit"), the primary beneficiaries of the tangible personal property taxes that have been phased out. However, as explained below, Sub. S.B. 208, effective February 16, 2016, further modifies the replacement payments framework for school districts. Rather than relative need, which is measured by calculating a unit's replacement payment as a percentage of total revenue sources available to the applicable unit for current operating purposes, starting with fiscal year 2018, S.B. 208 mandates that replacement payments be calculated solely on the basis of a fixed portion of each school district's taxable property valuation. H.B. 153 also made distinctions among types of levies in implementing the phase-out. Maintaining those distinctions, H.B. 64, and S.B. 208 with respect to school districts, slightly modified the phase-out of replacement payments with certain changes as described below.

Fixed Rate, Current Expense Levies. Under H.B. 153, replacement payments made to school districts for current expense levies were based on certain thresholds. For fiscal years 2012 and thereafter, school districts received payments only if the amount of current expenses received from such levies exceeded 2% of total resources of the school district. For fiscal years 2013 and thereafter, this threshold percentage was set at 4%. Replacement payments were made to other local taxing units in the same manner, but the threshold percentages were set at 4% and 6% for fiscal years 2012 and 2013, respectively. Any amounts over the established thresholds were reimbursed at 50% for school districts and 100% for all other local taxing units. H.B. 64 maintains a similar structure, but generally accelerates the phase-out of replacement payments for units whose existing replacement payments are a relatively small percentage of total resources. S.B. 208 maintains the existing payment schedules for school districts through fiscal year 2017, and beginning in fiscal year 2018, calls for reduced replacement payments by 1/16 of 1% (0.0625%) of a school district's valuation (averaged over the fiscal years 2014-2016) each year until the payment amount reaches zero.

For school districts, H.B. 64 incorporates a tax-raising capacity factor, where districts are placed in one of five quintiles based on such capacity and each quintile is assigned a threshold percentage from 1% to 2% in 0.25 % increments. While these are lower than the previously established thresholds, H.B. 64 requires that they increase by 1% annually until all replacement payments are phased out for these levies. For other

local taxing units, H.B. 64 calls for replacement payments to be made under a similar structure as H.B. 153, except the threshold percentage is reset at 2% for fiscal year 2016, and increases an additional 2% annually until all replacement payments are phased out for these levies.

Further, S.B. 208 provides for fiscal year 2017 a supplemental payment to school districts guaranteeing that the combined amount of state foundation funding and replacement payments for fixed rate, current expense levies will equal at least 96% of such amount received in fiscal year 2015.

Fixed Rate, Non-Current Expense Levies. Under H.B. 153, replacement payments for these levies were subjected to a simpler reduction schedule, beginning in calendar year 2012 and reducing such payments by 25% each year until they would have ceased in fiscal year 2015. However, the reductions were not continued in the next biennial budget legislation and, as a result, for fiscal years 2014 and 2015, school districts received 50% of such levies in replacement payments. Because local taxing units other than school districts utilize the calendar year as their fiscal year, a third reduction for those local taxing units had already taken place when the phase-out was halted, resulting in the receipt of only 25% of such levies for those years.

For school districts, H.B. 64 completes the phase-out by providing for a final replacement payment with respect to these levies in fiscal year 2016 equal to 50% of the amount it received in fiscal year 2015. For other local taxing units, H.B. 64 completes the phase-out by eliminating replacement payments with respect to these levies.

Fixed Sum Levies. These include bond and emergency levies and were not affected by H.B. 153 or H.B. 64. For school districts, replacement payments for emergency levies are phased out in one-fifth increments over five years, starting in fiscal year 2017 for utility property-based replacement payments and in fiscal year 2018 for business property-based payments. For school district voter-approved debt levies, replacement payments will be maintained at the amount paid in 2014 until the levy is no longer imposed. Unvoted school district debt levies that qualified for reimbursement in fiscal year 2015 will be reimbursed through fiscal year 2016 for utility property-based replacements payments and through fiscal year 2018 for business property-based replacement payments. For other local taxing units, unvoted debt levies that qualified for reimbursement in 2015 will be reimbursed through 2016 for utility property-based replacements payments and through 2017 for business property-based replacement payments.

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 revisions.

Collection of Ad Valorem Property Taxes and Special Assessments

The following are the amounts billed and collected by the County as ad valorem and special assessment taxes on property in the County 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 and delinquent amounts collected.

County and Underlying Subdivisions Real Estate and Public Utility

| Tax Year | Collection Year | Current | | | Delinquent | | |
|-------------|--------------------|---------------|---------------|--------|--------------|--------------|--------|
| | | Billed | Collected | % | Billed | Collected | % |
| 2010 | 2011 | \$358,638,420 | \$340,690,797 | 95.00% | \$23,770,968 | \$10,353,530 | 43.56% |
| 2011 | 2012 | 386,911,237 | 374,421,412 | 96.77 | 26,087,146 | 12,255,734 | 46.98 |
| 2012 | 2013 | 380,523,591 | 373,502,553 | 98.15 | 17,730,985 | 13,219,453 | 74.56 |
| 2013 | 2014 | 389,277,453 | 375,718,094 | 96.52 | 11,932,220 | 7,686,465 | 64.42 |
| 2014 | 2015 | 402,002,757 | 393,252,483 | 97.80 | 11,195,136 | 7,587,398 | 67.77 |

Source: Warren County Auditor.

County Real Estate and Public Utility*

| Tax Year | Collection Year | Current | | | Delinquent | | |
|-------------|--------------------|--------------|--------------|--------|-------------|-----------|--------|
| | | Billed | Collected | % | Billed | Collected | % |
| 2010 | 2011 | \$14,981,122 | \$14,204,632 | 94.82% | \$1,080,463 | \$414,662 | 38.38% |
| 2011 | 2012 | 14,677,402 | 14,203,602 | 96.77 | 1,310,541 | 615,692 | 46.97 |
| 2012 | 2013** | 14,049,586 | 13,770,742 | 98.02 | 632,849 | 445,268 | 70.36 |
| 2013 | 2014 | 14,434,477 | 14,136,711 | 97.94 | 459,785 | 258,198 | 56.16 |
| 2014 | 2015 | 14,702,420 | 14,331,455 | 97.48 | 440,212 | 270,641 | 61.48 |

Source: Warren County Auditor.

* The collection amounts presented here represent only that portion of total property tax collections that is applicable to the County’s General Fund. Total collection amounts, inclusive of additional special purpose tax levies imposed by the County, are presented on page S-19 of the County’s 2015 Comprehensive Annual Financial Report.

** In September 2013, the Ohio Tax Commission ruled that certain real property owned by Atrium Medical Center within the County was exempt from taxation. Approximately \$1.5 million was returned to the organization from several taxing districts.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**County and Underlying Subdivisions
Special Assessments**

| Collection Year | Current and Delinquent | | |
|--------------------|------------------------|-------------|--------|
| | Billed | Collected | % |
| 2011 | \$5,519,969 | \$4,893,785 | 88.66% |
| 2012 | 5,238,787 | 4,595,746 | 87.73 |
| 2013 | 5,099,285 | 4,479,690 | 87.85 |
| 2014 | 5,739,649 | 5,312,066 | 92.55 |
| 2015 | 5,871,767 | 5,357,074 | 91.23 |

Source: Warren County Auditor.

**County
Special Assessments**

| Tax Year | Collection Year | Current Assessments Levied | Current Assessments Collected | Percent of Current Assessments Levied | Delinquent Assessments Collected | Accumulated Delinquencies |
|-------------|--------------------|----------------------------------|-------------------------------------|--|--|------------------------------|
| 2010 | 2011 | \$2,108,227 | \$2,009,333 | 95.31% | \$229,019 | \$98,684 |
| 2011 | 2012 | 1,850,036 | 1,746,268 | 94.39 | 109,203 | 103,914 |
| 2012 | 2013 | 1,832,276 | 1,763,628 | 96.25 | 149,666 | 148,796 |
| 2013 | 2014 | 1,643,342 | 1,559,361 | 94.89 | 99,484 | 135,529 |
| 2014 | 2015 | 1,637,094 | 1,582,963 | 96.69 | 117,012 | 82,020 |

Source: Warren County Auditor.

Under 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. Certain aspects of the billing and collection procedures are explained below, along with recent changes to such procedures implemented by Am. Sub. House Bill 59 of the 130th General Assembly (“HB 59”).

Included in the above figures for ad valorem property taxes, except with respect to special assessments, are certain real property tax relief payments made by the State as a result of certain reductions in local property tax revenue under Ohio law. The reductions are equal to 10% of the ad valorem taxes payable on real property not intended primarily for commercial use, plus an additional 2.5% reduction of such taxes with respect to owner-occupied homesteads. These reductions do not apply to payable amounts attributable to special assessments. Through the passage of HB 59, these reductions may not be applied to reduce taxes on new or replacement levies approved at elections on or after September 29, 2013. All other previously existing levies and certain renewals of those levies will continue to receive the reductions. An additional “homestead” exemption equal to the amount of taxes payable on up to \$25,000 of real property is offered to qualified property owners, including elderly and disabled persons. HB 59 limits those who can take advantage of this exemption, only allowing such qualified persons with an Ohio adjusted gross income of less than \$30,000 to receive the “homestead” exemption.

As an indication of the extent of such State assistance as applied to the County's tax collections, the elderly/handicapped homestead and the "rollback" payment made by Ohio to the County in 2015 was \$41,773,224, of which the County received \$1,685,714 and the remainder was passed through to the underlying political subdivisions in the county.

There is no one taxpayer that accounts for a significant percentage of any of the delinquencies identified above.

Property Tax Revenues, General Fund

The following table indicates the property tax revenues of the County's General Fund (including homestead, rollback and personal property tax exemption payments reimbursed by the State of Ohio), exclusive of any other County Fund:

| <u>Tax Year</u> | <u>Collection Year</u> | <u>Real Property</u> | <u>% Change Over Prior Year</u> | <u>Personal Property</u> | <u>% Change Over Prior Year</u> | <u>Total</u> | <u>% Change Over Prior Year</u> |
|-----------------|------------------------|----------------------|---------------------------------|--------------------------|---------------------------------|--------------|---------------------------------|
| 2010 | 2011 | \$14,564,227 | 2.51% | \$1,305 | (95.24%) | \$14,565,532 | 2.33% |
| 2011 | 2012 | 14,608,959 | 0.31 | 3,345 | 156.32 | 14,612,304 | 2.38 |
| 2012 | 2013 | 14,255,982 | (2.42) | 5,886 | 175.96 | 14,261,868 | (2.40) |
| 2013 | 2014 | 14,415,878 | 1.12 | 120 | (97.96) | 14,415,998 | 1.08 |
| 2014 | 2015 | 14,602,047 | 1.29 | 0 | (100.00) | 14,602,047 | 1.29 |

Source: Warren County Auditor.

OTHER MAJOR COUNTY GENERAL FUND REVENUE SOURCES

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

Sales Tax

This information may be found on pages xii and S20-S21 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 among the county and 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 County retains approximately 43% of the total funds received. The following table shows the receipts and amounts received and retained by the County under these programs:

| <u>Year</u> | Total Received by <u>County</u> | Total Retained by <u>County</u> |
|-------------|---------------------------------------|---------------------------------------|
| 2011 | \$7,035,339 | \$2,952,711 |
| 2012 | 4,852,632 | 1,960,586 |
| 2013 | 3,685,535 | 1,553,883 |
| 2014 | 3,603,091 | 1,523,149 |
| 2015 | 3,941,065 | 1,692,081 |

Source: Warren County Auditor.

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

Casino Revenues

In November 2009, Ohio voters approved casino gambling in Ohio. Four casinos opened between May 2012 and February 2013 in Cleveland, Toledo, Columbus and Cincinnati. A casino tax is imposed on licensed casino operators on gross casino revenue at the rate of 33%. Fifty-one percent (51%) of those tax revenues are deposited into the gross casino revenue county fund (the "County Fund") and then distributed to the 88 counties in Ohio on a quarterly basis in proportion to the population of each county at the time of distribution. If the largest city in a county had a population greater than 80,000 in the 2000 census, then 50% of the county's distribution from the County Fund will go to that city. The revenues are distributed on or before the end of the month following each calendar quarter.

The following table reflects the gross casino revenues and distributions from the County Fund for fiscal years 2012-2015:

| <u>Year</u> | Gross Casino <u>Revenues</u> | Total Casino <u>Tax Receipts</u> | County Fund <u>Receipts</u> | Warren County <u>Receipts</u> |
|-------------|------------------------------------|--|-----------------------------------|-------------------------------------|
| 2012 | \$338,234,500 | \$111,617,385 | \$56,924,866 | \$1,059,660 |
| 2013 | 825,807,925 | 272,516,615 | 138,983,473 | 2,453,800 |
| 2014 | 810,517,909 | 267,470,910 | 136,410,164 | 2,583,819 |
| 2015 | 808,708,909 | 266,873,940 | 136,105,708 | 2,602,090 |

Source: Ohio Department of Taxation.

Additional casino tax revenue information can be found on the Ohio Department of Taxation website at: http://www.tax.ohio.gov/gross_casino_revenue.aspx.

Federal Funds

The County expends federal funds for a variety of major and non-major federal programs. Total federal assistance, as reported on the County’s Schedule of Federal Financial Assistance (available September 30 following each fiscal year), approximated the following:

| Federal Funds | |
|----------------------|-------------------|
| 2011 | \$11,332,283 |
| 2012 | 12,703,179 |
| 2013 | 9,200,298 |
| 2014 | 8,455,312 |
| 2015 | Not Yet Available |

The County allocated some of these federal funds and additional state funds to the following programs:

| Workforce Investment Act | | Community Development Block Grant | |
|---------------------------------|-------------------|--|-------------------|
| 2011 | \$1,166,733 | 2011 | \$588,342 |
| 2012 | 1,042,416 | 2012 | 991,584 |
| 2013 | 1,117,903 | 2013 | 421,083 |
| 2014 | 984,488 | 2014 | 589,913 |
| 2015 | Not Yet Available | 2015 | Not Yet Available |

Revenues from County Properties

The County received the following amounts in rental payments from the leasing of County land and space in various County buildings during the last five years:

| Rental Receipts | |
|------------------------|-----------|
| 2011 | \$177,613 |
| 2012 | 119,269 |
| 2013 | 205,960 |
| 2014 | 213,885 |
| 2015 | 216,229 |

Source: Warren County Office of Management & Budget.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

County General Fund

The following table shows the County's General Fund cash balance for the last five years and the most recent month:

| <u>Year</u> | <u>General Fund Cash Balance</u> |
|---------------|----------------------------------|
| 2011 | \$25,351,205 |
| 2012 | 25,377,255 |
| 2013 | 26,336,133 |
| 2014 | 24,416,509 |
| 2015 | 25,894,003 |
| June 30, 2016 | 32,377,403 |

Source: County Auditor's Office.

COUNTY DEBT AND OTHER LONG TERM OBLIGATIONS

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

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

As of August 1, 2016, the County has \$9,255,000 of limited tax general obligation bonds outstanding. These bonds are unvoted limited tax general obligation debt of the County. The basic security for the unvoted general obligation debt of the County is the County's ability to levy, and its pledge to levy, an ad valorem tax on all real and personal property in the County subject to ad valorem taxation by the County, within the ten-mill limitation imposed by law (see the discussion below under "Indirect Debt Limitations"). This tax must be in sufficient amount to pay (to the extent not paid from other sources) as it becomes due the debt service on the unvoted general obligation bonds of the County both outstanding and in anticipation of which notes of the County are outstanding. The applicable law provides that any such levy for debt service has priority over any levy for current expenses within the ten-mill limitation; that priority may be subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights (see the discussion of the ten-mill limitation, and the priority of claims thereunder for debt service on unvoted general obligation debt of the County and all underlying taxing subdivisions in the under "Indirect Debt Limitations").

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

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

Statutory Direct Debt Limitations

This information may be found on pages S26-S27 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015, and Appendix C hereto.

Indirect Debt Limitations

Pursuant to Ohio law, a maximum tax levy of ten mills per dollar of assessed valuation can be levied on any property without a vote of the people. The first charge against these ten mills is the debt service requirements on all limited tax general obligation bond and note issues of all overlapping political subdivisions. These ten mills are available for the debt service requirements of both limited tax bonds and notes for which tax levies are actually made to pay principal and interest, and limited tax bonds and notes supported by revenues or municipal income taxes and not actually levied for unless such other sources become insufficient. Calculations with respect to compliance with the ten-mill limitation are made for the year in which pledged millage for unvoted general obligation bonds (or notes) of all overlapping political subdivisions is the highest. When notes are involved, theoretical debt service requirements for the bonds in anticipation of which such notes are issued are used in calculating aggregate pledged millage within the ten-mill limitation, and an assumed rate of interest is employed for the bonds whose issuance is so anticipated. A ten-mill certificate dated July 12, 2016, is attached as Appendix D.

Because bonded indebtedness in Ohio cannot be incurred or renewed unless provision is made for levying taxes to pay debt service on the indebtedness (except in the case of indebtedness payable solely from revenues or special restricted-purpose tax levies), the ten-mill tax limitation represents an indirect limitation on a political subdivision's capacity to incur debt within applicable direct debt limitations. Capacity within the ten-mill limitation is available to be pledged for debt service by overlapping political subdivisions having unvoted debt capacity on a first-come, first-served basis, and because of the disparity in the amounts of the assessed valuations of the overlapping political subdivisions, one such political subdivision with a relatively low assessed valuation whose territory overlaps that of a political subdivision with a relatively high assessed valuation can use up indirect debt capacity available to both through the issuance of a given principal amount of debt much more quickly than could the latter subdivisions issuing the same amount of debt.

A constitutional amendment designed to remove this indirect debt limitation was defeated by the electors of the State at the primary election on June 8, 1976.

As of July 12, 2016, as shown in *Appendix D*, the City of Springboro is the taxing subdivision in the County with the highest potential millage requirements for debt service on its own unvoted general obligation debt. Combined with the amount theoretically required for the County, the maximum aggregate property tax millage that may be levied on any parcel of real property by the taxing authorities of the overlapping subdivisions of the City of Springboro, the Springboro City School District, and the Warren County Career Center amounts to approximately 7.2856 mills. The County's share of this millage is 0.6367 mills. The total millage amount leaves 2.7144 mills free to be allocated to the County and its overlapping subdivisions in additional unvoted bonds. The ten-mill limitation is such that limitation is such that a relatively small issue by some other overlapping taxing subdivision with a small tax

duplicate can encumber a significant amount of millage, thereby dramatically reducing the amount of unvoted general obligation debt that the County could issue.

Overlapping Debt

The net overall debt for the County and all overlapping political subdivisions is set forth in Debt Table A.

Debt Table A
Warren County Overlapping Debt
(as of August 1, 2016)*

| | |
|---|---------------|
| Net Debt | \$1,300,000 |
| Per Capita Net Debt | \$6 |
| Net Debt as Percentage of Tax Valuation | 0.02% |
| Net Overlapping Debt (all political subdivisions) | \$412,792,937 |
| Per Capita Overlapping Debt | \$1,897 |
| Overlapping debt as Percentage of Tax Valuation | 6.67% |

Source: Ohio Municipal Advisory Council (OMAC).

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

Within the boundaries of the County are nine local and eight city school districts, eight cities, nine villages, eleven townships and five vocational school districts, as well as parts of several cities, villages, school districts and vocational school districts, all of which are separate political subdivisions with operating and debt service funding independent from that of the County. Various contractual and other arrangements not material except as may be noted elsewhere herein are in effect among or between the County and certain of the other political subdivisions.

Boards of Education of the school districts cannot incur more than one-tenth of one percent (0.1%) of their respective assessed valuations as general obligation debt without approval by a majority of the voters of the respective school districts (Section 133.06, Revised Code). Such Boards of Education may request voter approval of general obligation debt not in excess of nine percent (9%) of the assessed valuations of the school district. Under State law, before seeking voter approval, a Board of Education is required where applicable 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.

Cities and villages within the County are subject to the direct debt limitation imposed by Section 133.05 of the Ohio Revised Code, which provides that a municipal corporation's voted and unvoted debt may not exceed ten and one-half percent (10½%) of its assessed valuation, and that its unvoted debt may not exceed five and one-half percent (5½%) of its assessed valuation.

Certain classes of debt are exempt from these limitations, chief among which are: special assessment debt; notes issued in anticipation of current revenues or taxes or for certain emergency purposes; revenue bonds for various purposes; self-supporting debt for utility and quasi-utility purposes; voted urban redevelopment bonds not exceeding two percent (2%) of the

issuer's assessed valuation; self-supporting debt for recreational facilities; and debt covenanted to be paid from lawfully available municipal income taxes.

Under Revised Code Section 133.09, the net indebtedness of a township, exclusive of special assessment debt, county bonds issued in anticipation of the levy or collection of township tax levies, notes issued in anticipation of the levy or collection of township tax levies, notes issued in anticipation of current revenues or taxes or for certain emergency purposes, inheritance tax refund bonds (with the approval of the State Auditor's Office), and other debt not here material, shall never exceed five percent (5%) of the township's assessed valuation, and, with the exceptions noted, no such indebtedness shall be incurred unless authorized by vote of the electors of the township.

Bond Anticipation Notes

Under Ohio law applicable to the County, notes and certificates of indebtedness (herein the "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, 2016, \$4,500,000 of the debt of the County was in the form of general obligation bond anticipation notes and certificates of indebtedness (listed in Debt Table B). Such notes and certificates may be retired at maturity from one or a combination of sources: available funds of the County, the proceeds of the sale of the bonds anticipated by such notes or certificates, or the proceeds of the sale of renewal notes or certificates.

The ability of the County to retire its outstanding notes and certificates from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes and certificates or bonds under market conditions then prevailing.

OWDA Loan Contracts

This information may be found on pages 84-88 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

Ohio Department of Development Loan (State 166 Loan)

This information may be found on pages 84-88 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

Ohio Public Works Commission Loans

This information may be found on pages 84-88 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

Debt Currently Outstanding

Debt Table B lists the current outstanding indebtedness of the County in the form of bonds, notes, and certificates of indebtedness:

**Debt Table B
Principal Amount of Debt Outstanding
(as of August 1, 2016)**

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> |
|----------------------|--------------------------|---------------------------------|----------------------|------------------------|-------------------|---------------------------|
| 06/01/05 | TIF Refunding | \$5,030,000 | 3.00-5.00% | J1-D1 | 12/01/16 | \$575,000 |
| 06/22/10 | Road and Interchange | 4,730,000 | 2.00-4.00 | J1-D1 | 12/01/22 | 2,700,000 |
| 03/27/13 | Radio System Acquisition | <u>8,300,000</u> | 1.575 | J1-D1 | 12/01/22 | <u>5,980,000</u> |
| | | <u>\$18,060,000</u> | | | | <u>\$9,255,000</u> |

WATER REVENUE 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> |
|----------------------|----------------|---------------------------------|----------------------|------------------------|-------------------|---------------------------|
|----------------------|----------------|---------------------------------|----------------------|------------------------|-------------------|---------------------------|

NONE

TAX INCREMENT FINANCING REVENUE 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> |
|----------------------|------------------------|---------------------------------|----------------------|------------------------|-------------------|---------------------------|
| 11/05/09 | Greens of Bunnell Hill | \$2,350,000 | 6.50% | J1-D1 | 12/01/35 | \$2,080,000 |

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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> |
|----------------------|-------------------------|---------------------------------|----------------------|------------------------|-------------------|---------------------------|
| 09/01/96 | V.P. Water & Sewer, '96 | \$342,770 | 6.125-6.200% | J1-D1 | 12/01/16 | \$11,000 |
| 09/01/97 | Water Stone Boulevard | 3,460,000 | 4.15-5.50 | J1-D1 | 12/01/17 | 515,000 |
| 09/01/98 | Various Purpose | 1,380,000 | 4.975 | J1-D1 | 12/01/18 | 240,000 |
| 09/01/00 | Various Purpose | 1,180,000 | 4.40-4.85 | J1-D1 | 12/01/20 | 410,000 |
| 10/01/01 | Various Purpose | 2,320,000 | 3.30-5.35 | J1-D1 | 12/01/21 | 930,000 |
| 10/01/02 | Striker Road | 1,525,000 | 2.00-5.10 | J1-D1 | 12/01/22 | 695,000 |
| 09/01/03 | Various Purpose | 2,635,000 | 2.00-4.75 | J1-D1 | 12/01/23 | 1,305,000 |
| 10/01/04 | Various Purpose | 213,950 | 1.74-4.75 | J1-D1 | 12/01/24 | 117,347 |
| 10/05/05 | Shaker Road | 5,400 | 4.40 | J1-D1 | 12/01/25 | 3,272 |
| 10/05/05 | Utica Road | 66,178 | 4.40 | J1-D1 | 12/01/25 | 40,105 |
| 10/11/07 | Various Purpose | 560,000 | 4.30-5.75 | J1-D1 | 12/01/27 | 405,000 |
| 09/04/08 | Various Purpose | 2,755,000 | 3.25-5.00 | J1-D1 | 12/01/28 | 2,045,000 |
| 10/01/11 | Various Purpose * | 555,810 | 0.75-4.625 | J1-D1 | 12/01/31 | 465,433 |
| 10/29/13 | Bellbrook and Chenoweth | <u>311,000</u> | 4.50 | J1-D1 | 12/01/33 | <u>290,727</u> |
| | | <u>\$17,310,108</u> | | | | <u>\$7,472,884</u> |

*This issue was purchased by the County Treasurer.

BOND ANTICIPATION NOTES

| <u>Date of Issue</u> | <u>Current Date of Issue</u> | <u>Purpose</u> | <u>Original Amount of Issue</u> | <u>Interest Rate</u> | <u>Coupon Maturity</u> | <u>Amount Outstanding</u> |
|----------------------|------------------------------|----------------------|---------------------------------|----------------------|------------------------|---------------------------|
| 08/26/14 | 08/26/15 | Road Improvement | \$2,000,000 | 1.125% | 08/25/16 | \$1,300,000 |
| 11/19/15 | 11/19/15 | Racino TIF Road Imp. | <u>3,200,000</u> | 1.125 | 08/25/16 | <u>3,200,000</u> |
| | | | <u>\$5,200,000</u> | | | <u>\$4,500,000</u> |

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Debt Table C-1
Summary of Debt Service Due on Outstanding Obligations
By Principal
(as of August 1, 2016)

| <u>DATE</u> | <u>TIF BONDS</u> | <u>SPECIAL ASSESSMENT BONDS</u> | <u>GO BONDS</u> | <u>GO BOND ANTICIPATION NOTES*</u> | <u>OWDA</u> | <u>OTHER**</u> | <u>TOTAL</u> | <u>% OF PRINCIPAL REMAINING</u> |
|---------------|---------------------------|---------------------------------|---------------------------|------------------------------------|----------------------------|---------------------------|----------------------------|---------------------------------|
| 12/31/16 | \$25,000 | \$964,479 | \$1,730,000 | \$135,000 | \$0 | \$818,114 | \$3,672,593 | 90.52% |
| 12/31/17 | 60,000 | 1,005,025 | 1,185,000 | 145,000 | 739,717 | 857,544 | 3,992,286 | 80.21 |
| 12/31/18 | 60,000 | 1,005,025 | 1,205,000 | 150,000 | 760,271 | 84,652 | 3,031,566 | 72.38 |
| 12/31/19 | 65,000 | 771,644 | 1,240,000 | 155,000 | 781,416 | 12,716 | 2,977,471 | 64.69 |
| 12/31/20 | 70,000 | 723,340 | 1,265,000 | 165,000 | 803,170 | 12,716 | 3,066,054 | 56.77 |
| 12/31/21 | 70,000 | 750,169 | 1,300,000 | 175,000 | 825,550 | 12,716 | 3,080,420 | 48.82 |
| 12/31/22 | 80,000 | 697,154 | 1,330,000 | 185,000 | 848,576 | 12,716 | 3,000,630 | 41.07 |
| 12/31/23 | 85,000 | 544,338 | | 190,000 | 872,267 | 12,716 | 1,611,875 | 36.91 |
| 12/31/24 | 90,000 | 451,893 | | 200,000 | 896,641 | 12,716 | 1,468,925 | 33.11 |
| 12/31/25 | 95,000 | 269,568 | | 210,000 | 921,720 | 12,716 | 1,505,631 | 29.23 |
| 12/31/26 | 100,000 | 266,195 | | 225,000 | 947,524 | 12,716 | 1,558,140 | 25.20 |
| 12/31/27 | 110,000 | 272,900 | | 230,000 | 974,075 | 12,716 | 1,611,702 | 21.04 |
| 12/31/28 | 115,000 | 284,911 | | 245,000 | 1,001,395 | 12,716 | 1,631,116 | 16.83 |
| 12/31/29 | 125,000 | 257,005 | | 255,000 | 1,029,507 | 12,716 | 1,476,411 | 13.02 |
| 12/31/30 | 130,000 | 54,189 | | 270,000 | 906,151 | 12,716 | 1,375,331 | 9.46 |
| 12/31/31 | 140,000 | 56,464 | | 285,000 | 779,052 | 12,716 | 1,275,604 | 6.17 |
| 12/31/32 | 150,000 | 58,837 | | 295,000 | 398,635 | 6,358 | 871,887 | 3.92 |
| 12/31/33 | 160,000 | 21,894 | | 315,000 | | | 497,879 | 2.63 |
| 12/31/34 | 170,000 | | | 325,000 | | | 495,000 | 1.36 |
| 12/31/35 | 180,000 | | | 345,000 | | | 525,000 | 0.00 |
| TOTALS | <u>\$2,080,000</u> | <u>\$7,472,884</u> | <u>\$9,255,000</u> | <u>\$4,500,000</u> | <u>\$13,485,667</u> | <u>\$1,931,971</u> | <u>\$38,725,522</u> | |

* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED JUNE 1, 2016, FIRST INTEREST DECEMBER 1, 2016, FIRST MATURITY DECEMBER 1, 2016, LAST MATURITY DECEMBER 1, 2035, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON.

** Department of Development Loan, Capital Leases, Ohio Water Development Authority, and Ohio Public Works Commission Loans.

Debt Table C-2
Summary of Debt Service Due on Outstanding Obligations
By Total Debt Service
(as of August 1, 2016)

| <u>DATE</u> | <u>TIF</u> <u>BONDS</u> | <u>SPECIAL</u> <u>ASSESSMENT</u> <u>BONDS</u> | <u>GO</u> <u>BONDS</u> | <u>GO BOND</u> <u>ANTICIPATION</u> <u>NOTES*</u> | <u>OWDA</u> | <u>OTHER**</u> | <u>TOTAL</u> | <u>% OF</u> <u>PRINCIPAL</u> <u>REMAINING</u> |
|---------------|----------------------------|---|---------------------------|--|----------------------------|---------------------------|----------------------------|---|
| 12/31/16 | \$92,600 | \$1,144,249 | \$1,835,243 | \$247,500 | \$0 | \$872,480 | \$4,192,072 | 91.40% |
| 12/31/17 | 192,600 | 1,318,310 | 1,350,181 | 363,250 | 1,114,232 | 878,838 | 5,217,411 | 80.69 |
| 12/31/18 | 188,700 | 1,036,607 | 1,346,316 | 361,000 | 1,114,232 | 84,892 | 4,131,747 | 72.21 |
| 12/31/19 | 189,800 | 951,627 | 1,356,140 | 358,500 | 1,114,232 | 12,716 | 3,983,015 | 64.04 |
| 12/31/20 | 190,413 | 943,051 | 1,354,199 | 360,750 | 1,114,232 | 12,716 | 3,975,359 | 55.88 |
| 12/31/21 | 185,863 | 852,891 | 1,361,671 | 362,500 | 1,114,232 | 12,716 | 3,889,873 | 47.90 |
| 12/31/22 | 191,150 | 666,042 | 1,361,254 | 363,750 | 1,114,232 | 12,716 | 3,709,143 | 40.29 |
| 12/31/23 | 190,950 | 547,513 | | 359,500 | 1,114,232 | 12,716 | 2,224,911 | 35.73 |
| 12/31/24 | 190,263 | 343,822 | | 360,000 | 1,114,232 | 12,716 | 2,021,032 | 31.58 |
| 12/31/25 | 189,413 | 327,745 | | 360,000 | 1,114,232 | 12,716 | 2,004,105 | 27.47 |
| 12/31/26 | 188,075 | 321,748 | | 364,500 | 1,114,232 | 12,716 | 2,001,270 | 23.36 |
| 12/31/27 | 191,413 | 320,661 | | 358,250 | 1,114,232 | 12,716 | 1,997,271 | 19.26 |
| 12/31/28 | 189,263 | 278,572 | | 361,750 | 1,114,232 | 12,716 | 1,956,532 | 15.25 |
| 12/31/29 | 191,625 | 63,322 | | 359,500 | 1,114,232 | 12,716 | 1,741,395 | 11.67 |
| 12/31/30 | 188,338 | 63,322 | | 361,750 | 961,950 | 12,716 | 1,588,074 | 8.42 |
| 12/31/31 | 189,725 | 63,323 | | 363,250 | 809,667 | 12,716 | 1,438,681 | 5.46 |
| 12/31/32 | 190,463 | 23,909 | | 359,000 | 404,833 | 6,358 | 984,563 | 3.44 |
| 12/31/33 | 190,550 | 23,909 | | 364,250 | | | 578,709 | 2.26 |
| 12/31/34 | 189,988 | | | 358,500 | | | 548,488 | 1.13 |
| 12/31/35 | 188,775 | | | 362,250 | | | 551,025 | 0.00 |
| TOTALS | <u>\$3,699,963</u> | <u>\$9,290,624</u> | <u>\$9,965,004</u> | <u>\$7,109,750</u> | <u>\$16,661,462</u> | <u>\$2,007,871</u> | <u>\$48,734,674</u> | |

* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED JUNE 1, 2016, FIRST INTEREST DECEMBER 1, 2016, FIRST MATURITY DECEMBER 1, 2016, LAST MATURITY DECEMBER 1, 2035, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON.

** Department of Development Loan, Capital Leases, Ohio Water Development Authority, and Ohio Public Works Commission Loans.

Grant Anticipation Obligations

The County currently has no grant anticipation obligations outstanding.

Other Long Term Obligations

The County has no significant long-term obligations, including any lease obligations, other than the debt obligations discussed above and its pension obligations, for which further information may be found on pages 74-82 of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

RATINGS

This information may be found on page xviii of the County's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2015.

CONTINUING DISCLOSURE

The County 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 County enters into a separate Continuing Disclosure Agreement or Certificate for each transaction which is subject to the provisions of the Rule. Currently under the terms of those agreements most annual financial information will be available by August 1 following the end of the fiscal year. See the Official Statement circulated for a specific issue for the exact continuing disclosure covenants of each issue. The County is in compliance with its continuing disclosure obligations.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 County from official and other sources and is believed by the County to be reliable, but such information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

This Annual Statement has been prepared by the County under the direction of the Warren County Board of Commissioners with the assistance of the Warren County Auditor.

COUNTY OF WARREN, OHIO

By: /s/ David G. Young
County Commissioner

By: /s/ Patricia Arnold South
County Commissioner

By: /s/ Tom Grossmann
County Commissioner

By: /s/ Matt Nolan
County Auditor

Dated: August 1, 2016

APPENDIX A

2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For audited financial statements of the County relating to prior fiscal years, please visit www.ohioauditor.gov.

APPENDIX B
BUDGET APPROPRIATIONS
FISCAL YEAR 2016

APPENDIX C

FINANCIAL STATEMENT (DIRECT DEBT LIMITATIONS)

APPENDIX D

TEN-MILL CERTIFICATE (INDIRECT DEBT LIMITATIONS)

APPENDIX E
COUNTY TAX RATES