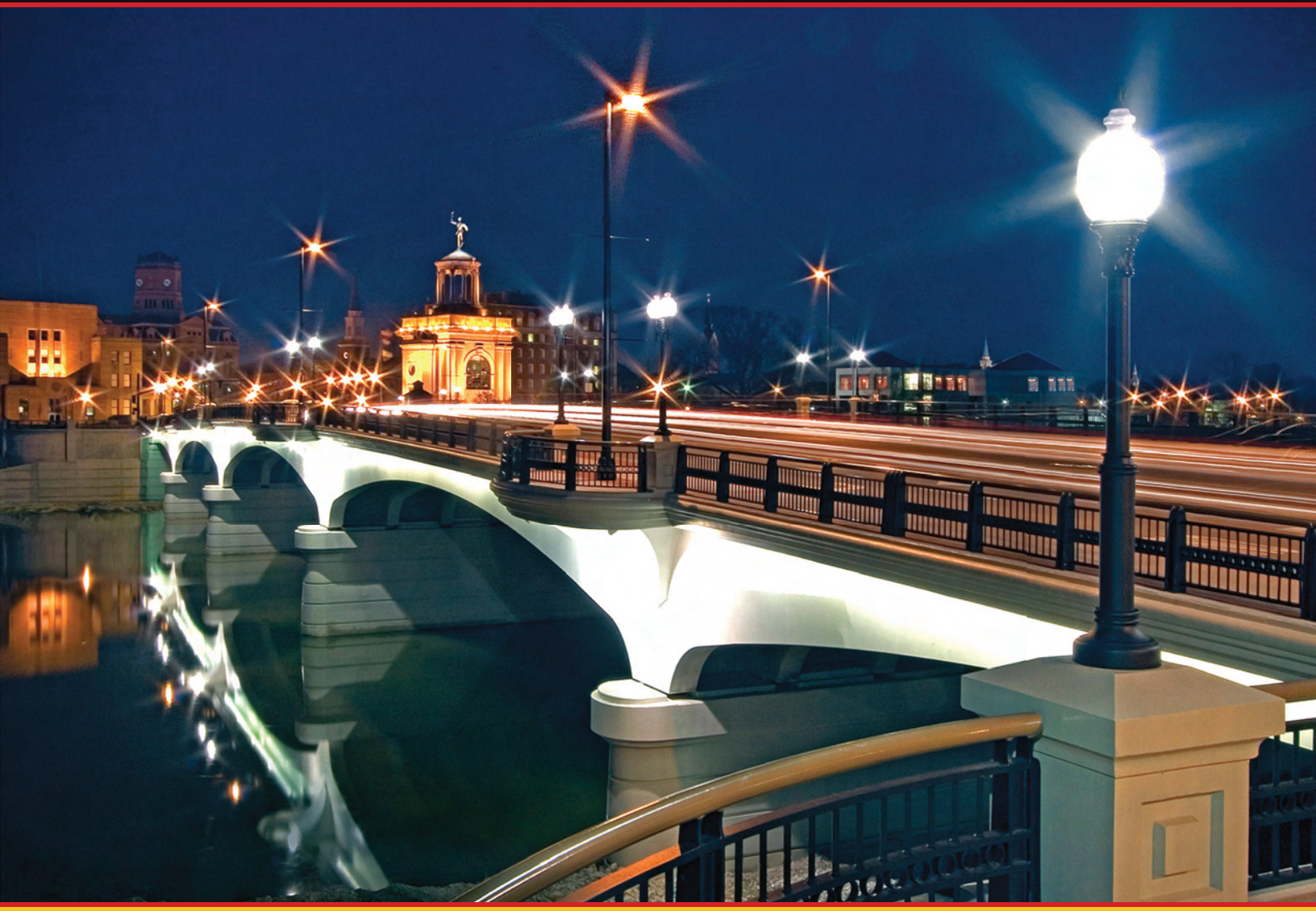
POPULAR ANNUAL FINANCIAL REPORT



City of Hamilton, Ohio

For the year ended December 31, 2011

This Report is for you, the Citizens of Hamilton

The City of Hamilton is an established, diverse and proud city. Each of the many neighborhoods has its own unique characteristics, a special style that endears it to you, the citizens of Hamilton. Throughout the City's culturally-rich and diverse neighborhoods there is a revival underway. From established traditions such as the Christmas Walk, the Antique and Classic Car Parade, and the IceFest, to new special events such as the Corn Hole Tournament and Concerts Downtown, there is a wonderful blend of the old and the new, enhancing what it means to work, live and play in the City of Hamilton.

The members of the Finance Department are very pleased to present the City of Hamilton, Ohio's Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2011. This report, last presented for fiscal year 2004, provides a clear overview of the financial position of the City of Hamilton. It is important that citizens understand what revenue streams provide the funds to operate the City of Hamilton, as well as how those funds are being spent. Most importantly, it is essential that our citizens understand the key services that the city employees provide to make Hamilton a safer and more enjoyable place in which to reside and to raise your families.

The charts and graphs in the 2011 PAFR will illustrate the economic and real estate trends, public safety statistics, the sources of funding in Hamilton, who spends the money, and how the money is spent - to name a few. The Financial Activity Statement and the Financial Position Statement are user-friendly presentations that communicate the results of City operations in a concise and easily understandable manner. The PAFR summarizes the financial activities of the City and is drawn from detailed information from the 2011 Comprehensive Annual Financial Report (CAFR). The financial statements appearing in the comprehensive document were prepared in conformance with Generally

Accepted Accounting Principles (GAAP) and were audited by Clark, Shaeffer, Hackett and Company, an independent auditing firm. The auditors have issued an unqualified (clean) opinion. The numbers contained within the CAFR were obtained by employing the basis of accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

While the numbers in their Popular Annual Financial report come from an audited source, they are presented in an unabridged, unaudited, non-GAAP format. The major differences between GAAP and non-GAAP reporting deal with the presentation of segregated funds as well as full disclosure of all material financial and non-financial events in notes to the financial statements. Citizens who wish to review the GAAP basis audited financial statements can refer to the CAFR, which is available from the Finance Department or on the City of Hamilton's internet site (www.hamilton-city.org/index.aspx?page=156). The City is proud to announce that for 13 straight years it has received the Award for Excellence in Financial Reporting from the Government Finance Officers' Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR).

The Members of the Finance Department, the entire City Staff and elected officials proudly serve the City of Hamilton. The Popular Annual Financial Report is a notable achievement. The purpose of the PAFR is to increase awareness, accountability and transparency of the City's financial information provided to you, our valued citizens. We hope that this information helps to assure you that every effort is being made to maximize the City's resources to the benefit of each and every citizen.

Thank you for taking the time to review our 2011 PAFR. We hope that you will enjoy this interesting summary of Hamilton's financial information.

Sincerely,

Peg Bradner Hancock, MBA
Finance Director

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ABOUT THE COVER

Featured on the cover is a photo of the High-Main Street Bridge over the Great Miami River. The bridge was rebuilt in 2007, replacing a smaller, arched structure that had served the City since 1915. The photo is looking east towards downtown Hamilton, with the Butler County Soldiers, Sailors and Pioneers Monument prominently in the background. The statue of a civil war soldier atop the memorial is the work of Hamiltonian Rudolf Theim, an early example of the City of Sculpture's rich and continuing tradition in the arts.
Photo by Pat Brown, Brown Studios Photography

Yesterday's Charm, Tomorrow's Vision

PAST: Through Flood and Fire

Since its founding in 1791, Hamilton has had to reinvent itself countless times, from outpost to fort, from river town to industrial giant. Our story is one of tragedy and triumph. Through flood and fire Hamiltonians have persevered. Our story is that of a dynamic city comprised of adaptive, creative and thriving enterprises and people who meet the needs of changing times. We find ourselves in a similar phase of reinvention today, where we are inspired by Hamilton's storied past, but not defined by it. Our remarkable past is written upon our invaluable landscape of natural resources, geography, human capital, and most importantly, our ingenuity in writing those new chapters in Hamilton's history. This is the beginning of a new chapter, a new generation's approach to recreating Hamilton in its own vision with the spirit of our history firmly behind us. Since 1791, this has been a city of pioneers and trail blazers. It is our responsibility to assist this century's pioneers in discovering the ageless Hamilton spirit - to draw on that spirit as we endeavor through yet another age of transformation.

PRESENT: The Foundation Is Laid

In 2011, Mayor Moeller and the City Council worked with the City's Large Management Team to create a road map for a better Hamilton. The City of Hamilton's Strategic Plan was adopted in 2011, and many of its objectives are moving forward at a quick pace. As we continue to implement the Strategic Plan, I'm confident you will see a noticeable impact in terms of new jobs and community reinvestment.

Creating and adopting this Strategic Plan was a highlight of 2011, but this past year was not without its challenges. The highly publicized closing of both SMART and Mohawk Papers, the largest remaining institutions of the 150+ year old paper industry in Hamilton, were both financially and psychologically impactful on our city. Yet, the manufacturing sector remains a vital and viable piece of our economic fabric.

The City is working tirelessly on numerous economic development projects. Recent successes are in excess of $25 million in capital investment while adding or retaining hundreds of jobs. For specifics on some of these highlights as well as an increased customer focus toward Hamilton's business community, see the economic development section of this report entitled "Hamilton's All About Opportunity."

Finally, at the end of 2011, the City completed a community satisfaction survey. I want to personally thank everyone who responded to this survey. Our response rate was an outstanding 31%. Your input is needed to help us determine how to allocate our resources to best meet the needs of our residents. You will find results from the survey, along with various performance metrics throughout this report. Your input along with public reporting of our performance allows you, the citizen, an opportunity to evaluate your services and hold your City officials accountable. As the survey results indicate; we definitely have room to improve.

FUTURE: Tangible Progress

For 2012, I expect very tangible progress in moving the Strategic Plan forward. The City, as a whole, has garnered positive momentum carrying forward from 2011. My hope when you read our next report in June 2013, the City will have done the following:

- Begun the process of improving the East High Corridor, both aesthetically and from a transportation perspective;
- Created a gap financing fund to provide additional financing for projects in and around our urban core;
- Completed Phase I of the RiversEdge Amphitheater project;
- Announced significant capital investment and job creation in industries that are important to Hamilton (manufacturing, financial services, information, professional business services, etc);
- Announced our next impactful project downtown after completion of the Mercantile Lofts; and
- Made significant waves in the greater Cincinnati region, promoting Hamilton as THE place in Southwest Ohio to be an entrepreneur, to open a new business, or in which to expand or relocate an existing enterprise.

With your help, we'll succeed in this new chapter of Hamilton's history.

Respectfully yours,

Joshua A. Smith
City Manager

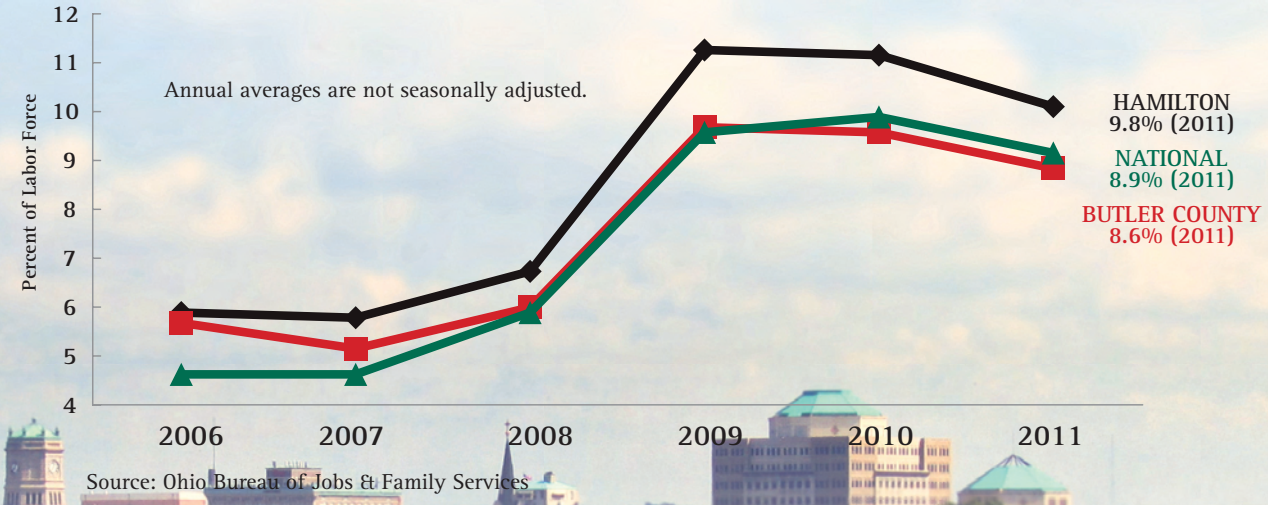
HAMILTON CITY COUNCIL

(from left to right): Vice Mayor Carla J. Fiehrer, Timothy F. Naab, Robert M. Brown, Mayor Pat Moeller, Rob Wile, Archie A. Johnson, Kathleen Klink.

City of Hamilton, Ohio

UNEMPLOYMENT RATES

Annual Average Rates 2006-2011



Source: Ohio Bureau of Jobs & Family Services

PRINCIPAL TAXPAYERS (PROPERTY TAX)

Taxpayer	Type of Business	2011 Assessed Valuation*	Percentage of Total Assessed Valuation
Tippmann Realty Partners, LLC	Real Estate	6,321,070	0.71%
Shadow Creek Apartments, LLC	Real Estate	5,126,050	0.57%
Colonial Senior Services, Inc.	Health Care	4,652,250	0.52%
AHP Knollwood Crossings I, LLC	Real Estate	4,403,310	0.49%
Pedcor Investments 2004 LXXII	Investments	4,006,940	0.45%
Hamilton Plaza, LLC ETAL	Real Estate	3,444,120	0.38%
Hatteras Properties LTD	Real Estate	3,307,570	0.37%
Meijer Stores LTD PRT	Retail	3,272,510	0.37%
VCG Hamilton Crossings, LLC	Real Estate	3,079,320	0.34%
MAF Real Estate LLC	Real Estate	2,832,100	0.32%
	Subtotal	40,445,240	4.52%
	All Others	855,309,080	95.48%
	TOTAL	895,754,320	100.00%

*Assessed Value is the portion of property value that is taxed. For Commercial and Industrial properties, it is generally 35% of the appraised property value, although there are exemptions for some properties. Amounts are for the Collection Year ending December 31, 2011 (Tax Year 2010). Source: Butler County Auditor

2011 National Citizen Survey

The City of Hamilton surveyed its residents in 2011 as part of the City's Strategic Plan and the Customer First initiative. The City contracted with the National Research Center to conduct the National Citizen Survey in the latter months of 2011. The National Citizen Survey is tied to the ICMA* Performance Measurements, which are used by the City to evaluate itself.

The scientific survey was mailed to 1,200 residents who were randomly selected. A total of 348 surveys were returned, yielding a response rate of 31%. Typically response rates obtained on citizen surveys range from 25% to 40%.

The results of the Citizen Survey can be seen throughout this PAFR. Unless otherwise stated, scores are shown as percentages that reflect the portion of respondents who gave a favorable rating of Excellent or Good. For more detailed information on the survey, visit www.hamilton-city.org and look under "City News."

** ICMA stands for the International City/County Management Association*

Overview

The City of Hamilton receives a portion of the real estate taxes collected on all real property located within the City. This is a source of revenue providing greatly needed General Fund dollars. These tax dollars support public safety services such as those provided by police and fire departments, as well as many other critical government functions. Shown below are a series of graphs and charts depicting key elements of real estate relating to the City of Hamilton.

Values and Collections

The following charts show the amount of money collected by the City over the past five years through real estate taxes. These taxes come from properties in four major classifications: Residential, Agricultural, Commercial and Industrial. The values shown represent "Assessed Value," or that portion of the property value that is taxed. Since tax collections are received on the prior year's values, there is a delay in the impact to the City's finances for large changes in real estate values. Notice how the housing market collapse of 2008 began to impact collections for the City in 2010. In 2009, the county auditor adjusted assessed values to more accurately reflect the changes that had occurred in 2008 in the local real estate market. Prior to the recent economic crisis, the value of most properties increased from year-to-year, providing homeowners with rising equity in their homes and a small amount of growth in City revenues to offset rising costs.

REAL ESTATE TAX LEVIES

Name of Levy	Gross Rate	Effective Rate
General Operating	3.21	3.21
Fire Pension	0.30	0.30
Police Pension	0.30	0.30
Total Inside Millage	**3.81**	**3.81**
Charter Fire Force	1.00	1.00
Police	1.00	0.79
Fire & EMS	1.00	0.79
Total Hamilton Real Estate Tax Levy	**6.81**	**6.39**

Source: Butler County Auditor

Unbundling the Real Estate Tax Levy

Shown in the chart above are the real estate taxes broken down by individual levy. The chart shows these rates based upon "millage," or the rate charged against each $1,000 of taxable property value. Amounts collected for levies other than general operating levy must be used for those specific purposes.

City of Hamilton, Ohio

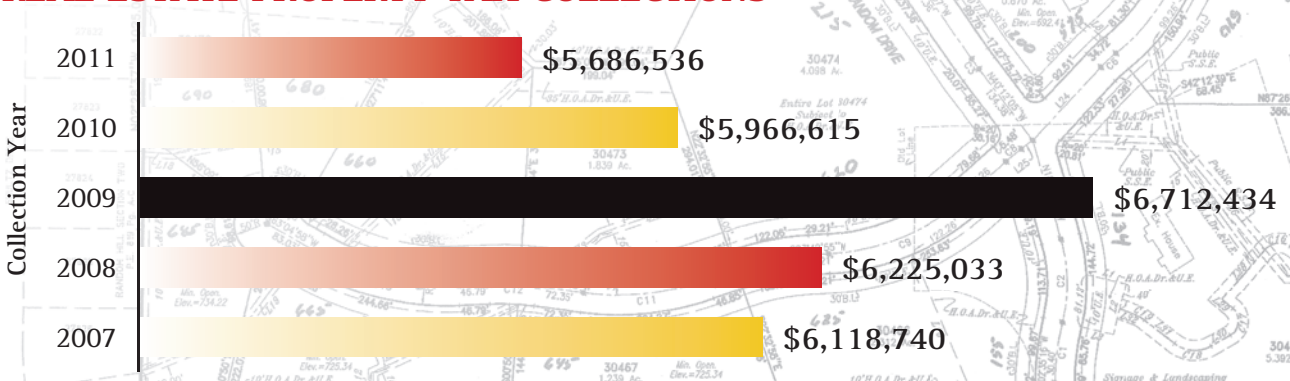
CITY OF HAMILTON PROPERTY VALUES (Assessed)

For the Year Ending December 31, 2011

Tax Year	Collection Year	Residential & Agricultural Real Estate	Commercial & Industrial Real Estate	Public Utility Property	Personal Tangible Property*	Total
2010	2011	$655,519,560	$234,343,570	$5,891,190	$0	$895,754,320
2009	2010	$656,289,410	$244,145,280	$2,461,240	$0	$902,895,930
2008	2009	$690,959,290	$259,251,020	$2,719,800	$0	$952,929,110
2007	2008	$659,547,141	$243,918,689	$3,167,600	$38,617,646	$945,251,076
2006	2007	$653,122,570	$241,197,190	$7,410,550	$50,884,160	$952,614,470

** Personal Tangible Property Tax has been phased out. Source: Butler County Auditor*

REAL ESTATE PROPERTY TAX COLLECTIONS



Source: Butler County Auditor

Real Estate Tax Burden

District P64
Total Effective Tax Rate: $50.34 per $1,000 of Assessed Value

Shown in the chart below is the annual tax burden on the owner of a $100,000 home in the largest taxing district for the City of Hamilton. Both Butler County and the Hamilton School District receive funding from real estate taxes paid by Hamilton residents. The "burden" is the amount of tax paid as adjusted for rollbacks and exemptions. The "Effective Tax Rate" is the rate charged against the portion of a home's value that is taxable, or "assessed." Certain rounding has occurred for ease of presentation.

CITIZEN SURVEY: Community Inclusiveness

Residents are minimally civically engaged. While only 16% had attended a meeting of local elected public officials or other local public meeting in the previous 12 months, 85% had provided help to a friend or neighbor. About one third had volunteered their time to some group or activity in the City of Hamilton.

HOMEOWNER'S TAX BURDEN ON A $100,000 HOME

TOTAL 2011 TAX BILL: $1,541.62

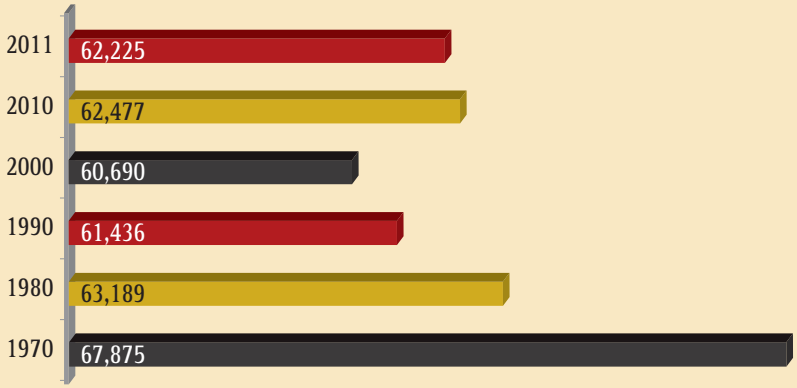
Source: Butler County Auditor's Office

City of Hamilton, Ohio

POPULATION AND CONSTRUCTION PERMITS

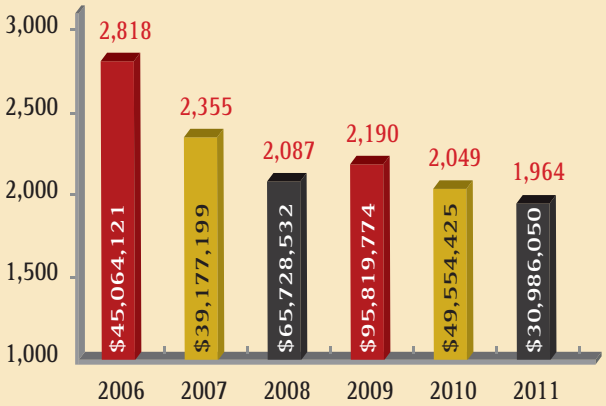
For the Year Ending December 31, 2011

POPULATION FIGURES



Source: US Census Bureau and 2011 Ersi Forecast

CONSTRUCTION PERMITS ISSUED



Represented in the graph are the total number of construction permits issued since 2005, with the estimated cost of construction of the projects for each year. The types of permits included are building, electrical, plumbing, HVAC, Fire Alarm, Fire Suppression, and Other Permits. *Source: Hamilton Planning Department.*

PUBLIC SAFETY / GOLF / HAMILTON CITY SCHOOLS

2011 Police Services	
Number of Calls Resulting in Dispatch of an Officer	62,564
Law Violations:	
Misdemeanor Arrests	6,589
Felony Arrests	1,587
Traffic Citations Issued	6,418
Parking Tickets Written	3,721

2011 Fire/Emergency Medical Services	
Number of Calls Resulting in an Emergency Response	11,733
Residential Fire Incidents	92
Commercial/Industrial Fire Incidents	21
EMS Patients Served	7,653
Number of Inspections Performed	2,159

CITIZEN SURVEY: Public Safety

Safety from crimes of any type is important to the overall quality of our community. Citizens rated how they felt in certain areas and certain times of the day. 85% felt either "very safe" or "somewhat safe," in their neighborhood during the day, and 57% after dark. Police Services were rated 65% favorable and Fire Services were rated 80% favorable.

CITIZEN SURVEY: Quality of Life

The overall quality of life in the City of Hamilton was rated as "excellent" or "good" by 40% of the citizens who responded. A majority reported they plan on staying in the City of Hamilton for the next five years. The three characteristics receiving the most favorable ratings (ratings of "excellent" or "good") were ease of walking in Hamilton (47%), the availability of paths and walking trails (48%), and the availability of affordable quality food (47%).

City of Hamilton, Ohio

GOLF COURSE OPERATING RESULTS

For The Year Ending December 31, 2011

REVENUE	$876,694
OPERATING EXPENSES	$763,911
DEBT SERVICE	$238,835
NET REVENUE OVER/(UNDER) EXPENSES	-$126,052

Note: Transfers from other funds are included as Revenue.

The operating results shown on this page for the Golf Course Activities for the year ended December 31, 2011 are presented on a non-GAAP basis. Readers desiring to view GAAP basis information should review the City's audited financial statements, which are contained in the CAFR, available on the City's website or by contacting the Finance Department.

HAMILTON CITY SCHOOL DISTRICT

The Hamilton City School District serves over 9,400 PreK-12 grade students. The District has eight new elementary schools (grades Pre-K through 6), two completely renovated middle schools (grades 7 and 8), a new Freshman School (grade 9, and a totally renovated Hamilton High School (grades 10 through 12).

Work force development is a key element of any comprehensive economic development strategy, and quality schools help attract new residents and businesses. The City of Hamilton is proud to have Hamilton City Schools as a key partner in building a strong financial future for our citizens.

The Hamilton City School District has completed a $250 million MASTER FACILITIES PLAN with financial support from the Ohio School Facilities Commission and the generosity of the Hamilton community. This facilities plan includes ten new schools and two completely renovated schools.

Hamilton High School is the only comprehensive high school in Butler County, offering Career Technical Education classes, advanced placement courses, and dual high school / college credit programming.

Hamilton's All About New Opportunity

While Hamilton has recently experienced notable losses in the paper industry, we have also made notable gains. The expansion at ThyssenKrupp Bilstein of America will utilize new German technology at its North American headquarters in Hamilton to produce real-time damper (RTD) systems for shock absorbers. Producing these parts in Hamilton will reduce the company's import costs, provide quality jobs and increase the opportunity of expanding product sales. The company is investing over $7 million in equipment and facility upgrades. As a result of this project, ThyssenKrupp Bilstein expects to create or retain at least 245 full-time employees.

ThyssenKrupp Bilstein's investment brought Governor Kasich to town to herald the award of Third-Frontier dollars and warranted a mention in his 2012 State of the State speech. Bilstein's success also caught the attention of Speaker of the House John Boehner who visited in February of 2012.

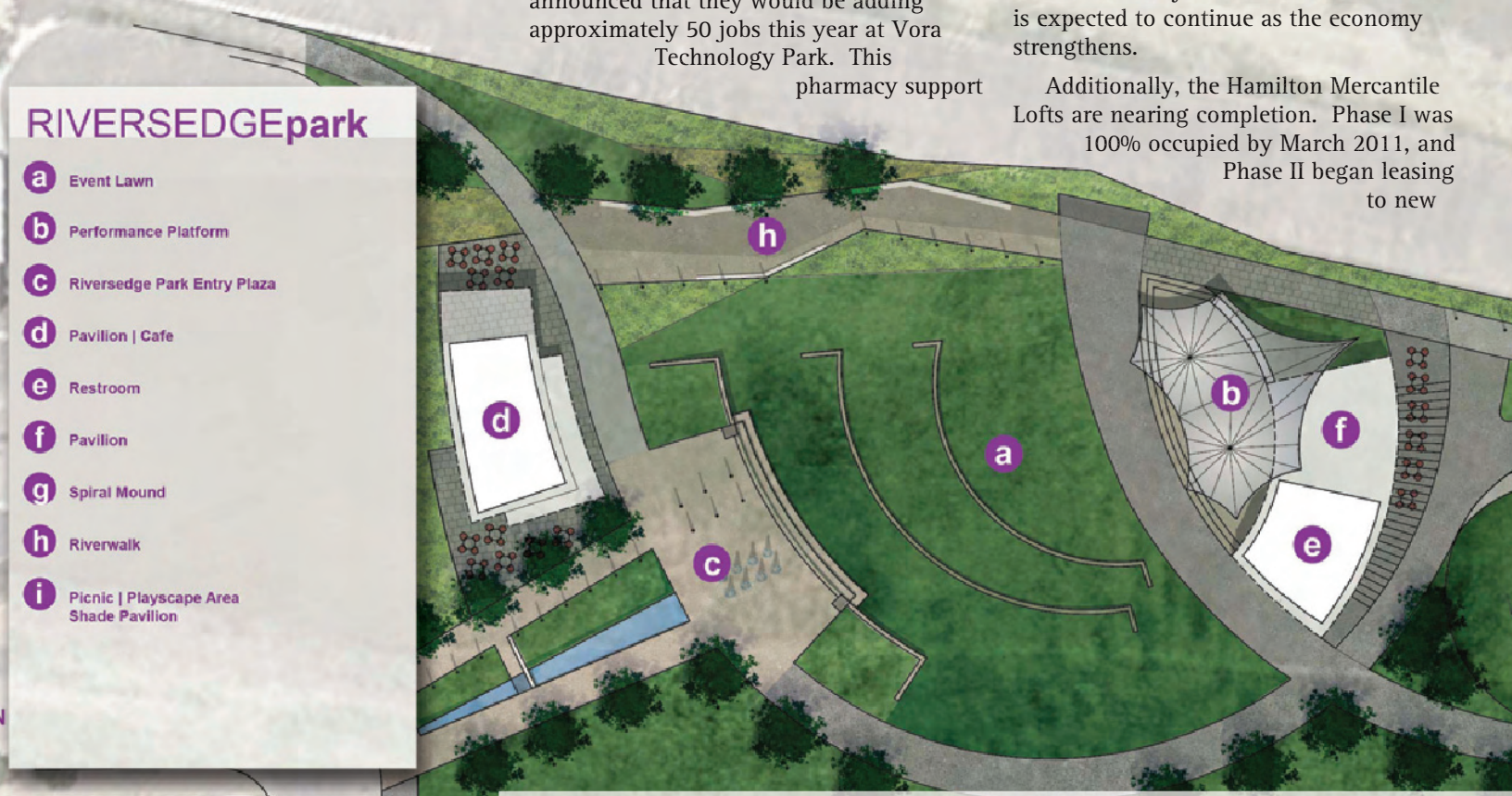
Interstate Warehousing of Ohio has also expanded its existing facility on Distribution Drive by approximately 90,000 square feet this past year. The project involved an investment total of $11.7 million, which is expected to create an additional 20 full-time employees.

In the office sector, KoncertIT announced that they would be adding approximately 50 jobs this year at Vora Technology Park. This pharmacy support center is in partnership with Kroger. The City is very excited about the project and the potential growth of this strong, stable company here in Hamilton.

The City's South Hamilton Crossing project will provide a needed link between University Blvd., US127, and SR4. Traffic will travel over the numerous train tracks, providing relief to congestion in downtown Hamilton and an easier commute for south side motorists. The artist's rendering is viewing the overpass from the northeast, looking southwest towards Pleasant Ave.

Several new businesses opened in 2011 within the City's urban core, including True West Coffee, Art Off Symmes, InMotion Bicycle Shop, Pappa Luigi's, Ross Bakery, All That Stuff, and a Farmers Insurance agent office. Growth of new business activity in the heart of Hamilton is expected to continue as the economy strengthens.

Additionally, the Hamilton Mercantile Lofts are nearing completion. Phase I was 100% occupied by March 2011, and Phase II began leasing to new



RiversEdge Park

Planning and funding acquisition for phase I of the RiversEdge Park was finalized in 2011. Shown above effort with Mayor Pat Moeller (far left), city council, and community leaders participating. A conceptual will attract residents for recreation and provide a new venue for outdoor events such as concerts and fair

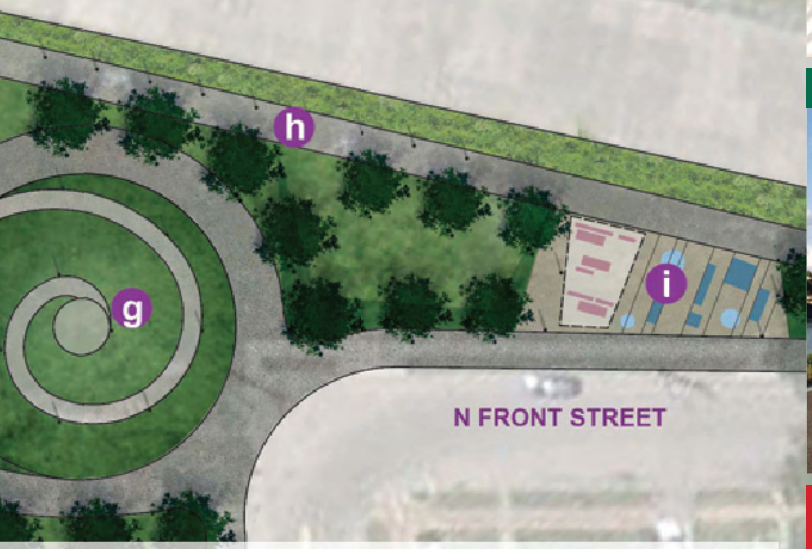
residents on April 1, 2012. The project includes 29 total market-rate apartments, 3 street-level retail spaces (100% occupied), and a garden level commercial space (entrance from Market Street). Historic Developers LLC, the owners of the Lofts, anticipate reaching 100% occupancy on the entire project by summer 2012.

Also in the downtown area, ground will be broken on the RiversEdge project in 2012. Phase I planning was completed and funding acquired from state and private sources in 2011. No General Funds of the City will be used. This new outdoor development just north of the central business district will expand leisure opportunities for residents and provide a new venue for events, attracting tourist dollars and contributing to Hamilton's rich artistic and cultural traditions.

Hamilton Mercantile Lofts

The creation of Hamilton's Business Development Team underscores the City's commitment to fostering a growing business community. This team of devoted leaders and officials has facilitated increased investment in our community by creating a customer-focused approach to dealing with new businesses, startup businesses, and existing business expansions. The team aims to be a single point of contact for navigating the regulatory bodies of City government. Instead of pointing a business owner to various governing divisions within the City, the team will take a project from all phases of development until the issuance of final occupancy.

These developments are just part of Hamilton's success story for 2011, demonstrating why the City is "All About New Opportunity" – new opportunity for businesses, entrepreneurs, and the people who call Hamilton "home."



e is a photo of the ground breaking for the project, which was a real team drawing of the finished project is also shown. Once completed, the park s right in the City's core, where businesses and citizens will benefit most.

TRUE WEST COFFEE

PAPPA LUIGI'S

ART OFF SYMMES

INMOTION BICYCLE SHOP

Photo by Pat Brown, Brown Studios Photography

CITIZEN SURVEY: Economic Sustainability

The City recognizes the difficulties of the our current times, and has a dedicated focus on creating employment opportunities for our residents. Employment opportunities (only 8% favorable) and Job Growth (60% responded "Much Too Slow") illustrate the need for a continued, more concentrated focus on jobs from the City. Overall quality of business and service establishments in Hamilton received ratings of 31% favorable.

City of Hamilton, Ohio

FINANCIAL ACTIVITY STATEMENT

FOR THE YEARS ENDING DECEMBER 31, 2011 AND 2010

(In Thousands)

SOURCES OF REVENUE	2011	2010
PROGRAM		
CHARGES FOR SERVICES	$126,883	$132,134
OPERATING GRANTS	$6,123	$7,464
CAPITAL GRANTS	$2,841	$2,857
GENERAL		
INCOME TAX - NET OF REFUNDS	$21,912	$22,231
PROPERTY AND OTHER LOCAL TAXES	$5,788	$5,822
GRANTS/CONTRIBUTIONS	$10,357	$5,674
OTHER LOCAL TAXES	$3,238	$3,346
INVESTMENT EARNINGS	$374	$493
MISCELLANEOUS	$964	$1,184
EXTRAORDINARY ITEM	$0	$3,888
TOTAL SOURCES	$178,480	$185,093
USES AND EXPENSES		
SECURITY OF PERSONS/PROPERTY	$32,950	$33,223
PUBLIC HEALTH/WELFARE	$1,163	$1,188
LEISURE TIME ACTIVITIES	$1,970	$2,458
COMMUNITY ENVIRONMENT	$2,903	$5,148
BASIC UTILITY SERVICES	$6,151	$6,106
TRANSPORTATION	$6,605	$5,543
GENERAL GOVERNMENT	$5,992	$5,097
INTEREST ON DEBT	$1,597	$1,604
UTILITY EXPENSE	$109,445	$118,983
TOTAL USES	$168,776	$179,350
TOTAL SOURCES OVER (UNDER) USES	$9,704	$5,743

Readers of the City of Hamilton's Financial Activity Statement and Financial Position Statement should keep in mind that both statements present GAAP-basis information in a summary format. Those desiring to review the full detailed GAAP basis financial statements should refer to the City's audited financial statements, which are contained in the 2011 CAFR, available on the City's website and from the Finance Department of the City of Hamilton. The amounts shown were derived by employing the same method of accounting as the 2010 and 2011 audited financial statements.

FINANCIAL POSITION STATEMENT

(In Thousands)

FINANCIAL BENEFITS	2011	2010
CASH	$31,329	$38,566
INVESTMENTS	$104,344	$70,520
RECEIVABLES	$28,032	$29,512
PROPERTY AND EQUIPMENT	$396,907	$392,784
OTHER BENEFITS	$10,519	$10,014
TOTAL FINANCIAL BENEFITS	$571,131	$541,396
FINANCIAL BURDENS		
AMOUNTS OWED TO EMPLOYEES AND VENDORS	$9,839	$13,265
NOTES PAYABLE	$5,900	$0
LONG TERM DEBT OUTSTANDING	$293,565	$274,217
OTHER LIABILITIES	$12,842	$14,634
TOTAL FINANCIAL BURDENS	$322,146	$302,116
BENEFITS OVER BURDENS	$248,985	$239,280

Benefits over Burdens represents the difference between the financial benefits and financial burdens of the City, providing a Net Worth of Hamilton.

The Financial Position Statement, Known in accounting terms as the "Balance Sheet," reports the benefits (assets) available to provide services while Burdens (liabilities) are the amounts for which the City must pay in the future.

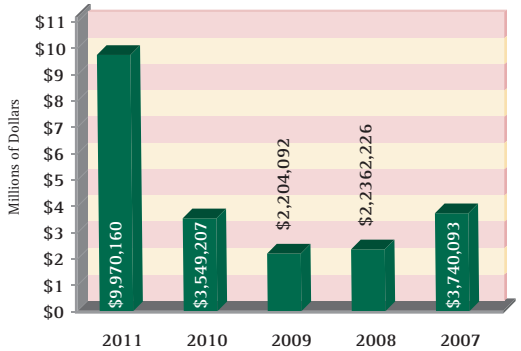
Note: Rounded figures are presented.

General Fund Balances and Income Taxes

Shown in the charts are historical cash basis year-end balances available to be spent in the General Fund (the primary operating fund of the City), as well as income taxes collected and the various income tax levies that contribute to the 2% rate.

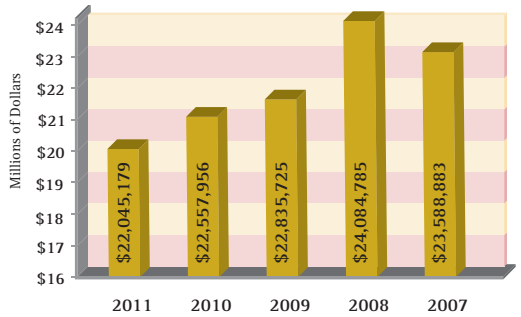
GENERAL FUND BALANCE

(Non-GAAP Budgetary Basis)



In 2011, the City's year-end General Fund balance was bolstered by unexpected estate tax receipts of $7 million. Normally, the City has received only about $1 million annually from the estate tax, and the tax will end altogether in 2013. Without this one time influx of money, the city's year-end General Fund balance would have been much lower in 2011. Trend analysis, such as depicted in these charts, can provide a useful tool in analyzing the fiscal strength of the City.

INCOME TAX COLLECTIONS



EFFECTIVE DATES OF INCOME TAX LEVIES

January 1, 1960	0.80%
January 1, 1966	0.20%
June 1, 1970*	0.50%
June 1, 1984*	0.25%
June 1, 1990*	0.25%
	2.00%

*Voter Approved

Income taxes are the single largest source of revenue to the General Fund. Income tax receipts are credited 77.5% to the General Fund, 12.5% to the benefit of public safety and health, and 10% is restricted to debt service and capital improvements. In addition to 10% of Income Tax receipts, the City uses a variety of other financing sources, described in the Summary of Debt Outstanding (page 12), to improve and maintain capital assets.

Every wage earner who lives in the City of Hamilton must file an income tax return by April 15th of each year. Those who work in Hamilton but live elsewhere, also pay the City's municipal income tax, but are not required to file a return. The Income Tax Division can assist any taxpayer with questions or information. Returns are mailed each year to all taxpayers of record, but returns can also be picked up at the Municipal Building or found on the City of Hamilton Web-Site at www.hamilton-city.org.

REVENUE AND EXPENDITURES

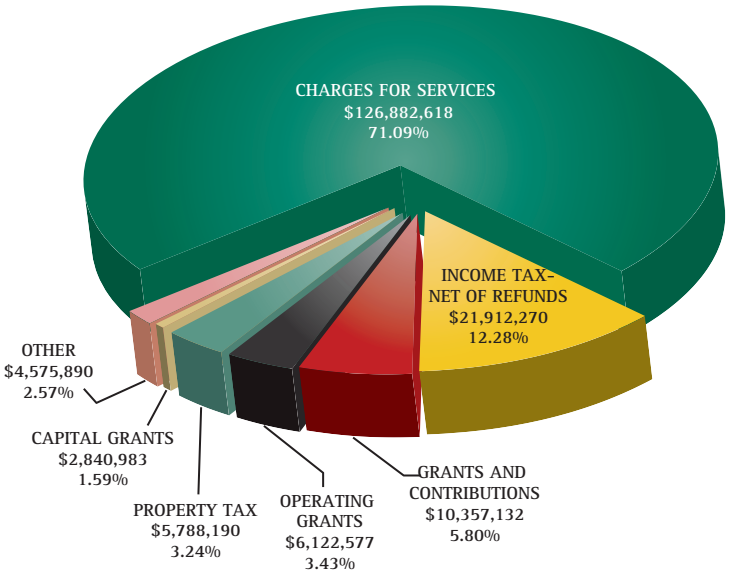
City of Hamilton, Ohio

WHERE THE MONEY COMES FROM

SOURCES AND REVENUES (ALL FUNDS)

FOR THE YEAR ENDING DECEMBER 31, 2011

TOTAL SOURCES AND REVENUES: $178,479,660

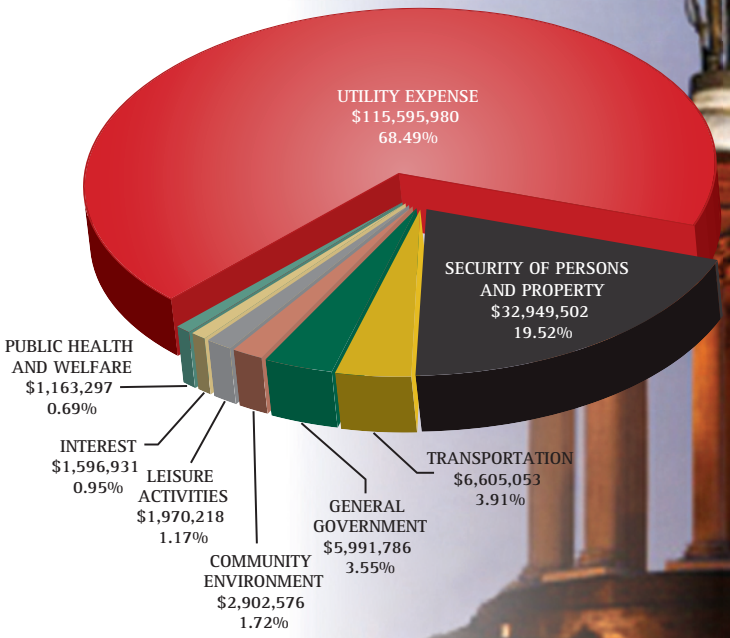


WHERE THE MONEY GOES

USES AND EXPENDITURES (ALL FUNDS)

FOR THE YEAR ENDING DECEMBER 31, 2011

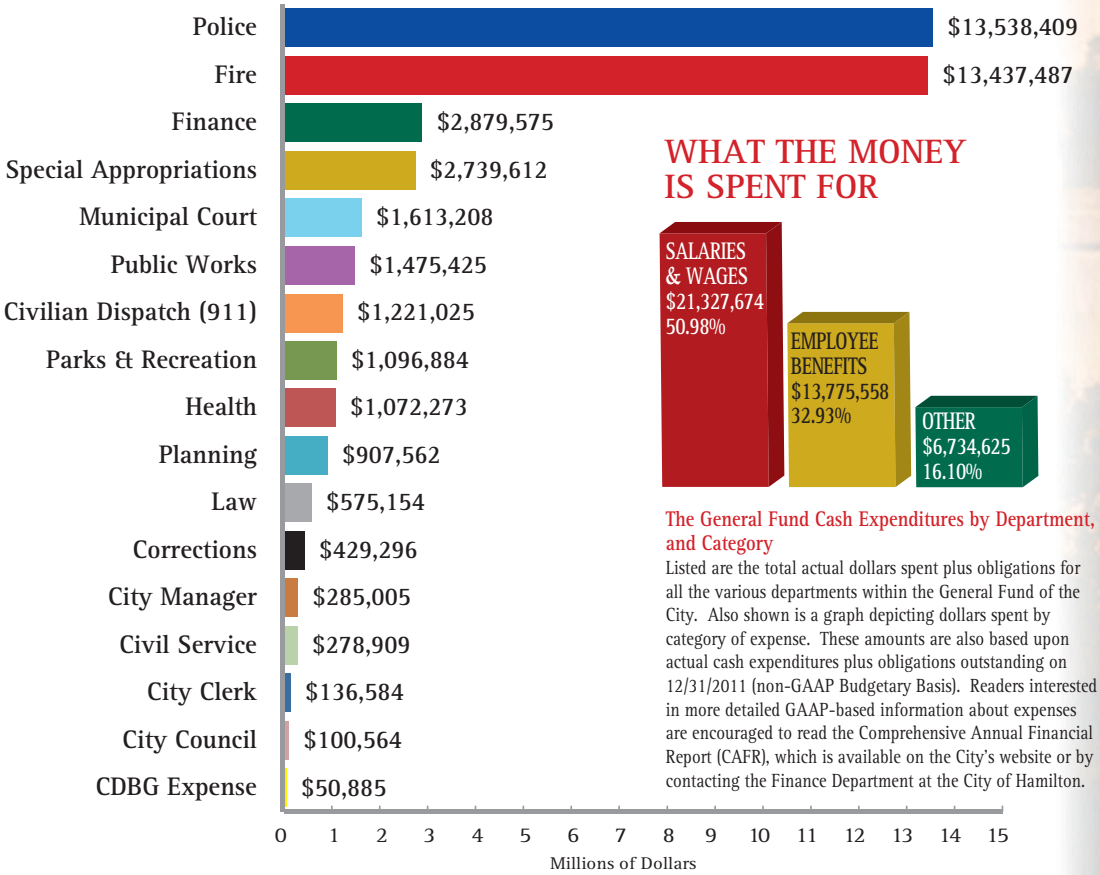
TOTAL USES AND EXPENDITURES: $168,775,343



GENERAL FUND

WHO SPENDS THE MONEY

FOR THE YEAR ENDING DECEMBER 31, 2011



WHAT THE MONEY IS SPENT FOR

The General Fund Cash Expenditures by Department, and Category

Listed are the total actual dollars spent plus obligations for all the various departments within the General Fund of the City. Also shown is a graph depicting dollars spent by category of expense. These amounts are also based upon actual cash expenditures plus obligations outstanding on 12/31/2011 (non-GAAP Budgetary Basis). Readers interested in more detailed GAAP-based information about expenses are encouraged to read the Comprehensive Annual Financial Report (CAFR), which is available on the City's website or by contacting the Finance Department at the City of Hamilton.

Total 2011 General Fund Expenditures = $41,837,857

Public Works

The Public Works Department is responsible for the operation, maintenance, and improvement of a wide range of public assets throughout the City. The Department has eight divisions: Administration, Engineering, Fleet Maintenance, Golf Courses, Parks and Recreation, Streets, Transportation/Traffic, and Refuse. While receiving about $1.47 million of General Fund support in 2011, most of the funding for Public Works' projects comes from other sources inside and outside of the City, including federal and state grants, utility taxes, bonded debt, and tax increment financing. Some of the funding is "restricted" for use on certain projects, while other sources are earmarked for maintenance of infrastructure throughout the city or in a specific zone.

Some street improvement projects that will span several years made significant progress in 2011. These projects are important for promoting economic activity in Hamilton, attracting new businesses and employers, and just making life easier for residents and visitors alike. One such project is the South Hamilton Railroad Grade Separation (South Hamilton Railroad Crossing) Project. Progress was made in 2011 with the completion of the draft Preliminary Engineering Report and continuation of environmental studies. Selection of the final alternatives is complete and was presented to City Council in December. City staff is working diligently to identify suitable grants and other funding sources for construction of this project, designed to alleviate traffic congestion in the City's Central Business District (High Street) while providing improved access between Pleasant Avenue (US 127) and Erie Boulevard (SR 4) on the south side of Hamilton.

CITIZEN SURVEY: City Employees

The residents who interacted with an employee of the City of Hamilton in the previous 12 months gave high marks to those employees. Most rated their overall impress of employees as "excellent" or "good."

Traffic congestion can be a major source of frustration that can negatively impact our economy. Businesses and residents expect traffic to flow smoothly at all times of the day. Traffic signals are installed to regulate right-of-way at intersections and to improve safety for motorists, pedestrians and bicyclists. The City acquired a safety grant through the Ohio Department of Transportation (ODOT) to study and re-time a portion of the City's traffic signal system totaling 23 intersections, including High Street and portions of Main Street and Martin Luther King Jr. Boulevard (US 127). The consultant conducted traffic counts at each intersection, investigated travel times, prepared a computer model to simulate traffic activity along the corridors and prepared new signal timings for vehicular and pedestrian traffic. In addition, the Transportation and Traffic Division prepared new traffic signal timings for 21 signalized intersections adjacent to these corridors to coordinate with the main corridor signals.

All traffic signals in the City are now equipped with LED-type lighting with four intersections added in 2011. In addition, battery backup power has been installed at 15 signalized intersections. Columbia Bridge (both sides), B Street at Main Street and Fair Avenue at High Street are scheduled for installation of backup power in 2012. During a power outage, this equipment provides backup power for 8 to 12 hours.

The 2010 Concrete Repair and Resurfacing Program was completed in 2011, which resurfaced 8.2 centerline miles of streets and repaired concrete curbs, sidewalks, and drive approaches. The 2011 Resurfacing and Maintenance Program was also completed, adding 7.5 centerline miles of resurfaced streets. In total, 15.7 miles of City streets were resurfaced in 2011, at a total cost of $6.85 million. The 2011 Concrete Repair and Resurfacing Program is underway with 2.71 centerline miles of streets to be resurfaced and concrete repairs at a cost of $2.65 million. Preliminary work is now underway on the 2012 Concrete Repair and Resurfacing Program that will improve 3.81 centerline miles at an estimated cost of $2.1 million.

Other capital improvement projects are in the planning stage. Conceptual design plans were developed to improve traffic flow and street alignment at several intersections including Main/Millville/Eaton and Pleasant/Laurel Avenues. Additional turning lanes are planned for High Street at Martin Luther King Jr. Boulevard and High Street at Erie Boulevard. Construction of an extended turn lane at Hampshire Drive at High Street is complete. The East High Gateway Project will not only beautify the City's major gateway between Erie Boulevard (SR 4) and MLK Boulevard but will also help vehicles move through the City more efficiently.

While this is only a partial list of Public Works' projects and accomplishments for 2011, it demonstrates the commitment to the larger goals of Hamilton's Strategic Plan, helping to create Economic Opportunity and a Positive Image, while Connecting People and building a Sense of Place in the community.

City of Hamilton, Ohio

SUMMARY OF OUTSTANDING DEBT

For the Year Ending December 31, 2011

The City of Hamilton has employed a variety of financing techniques for capital improvements, as described below:

Notes Payable

Bond Anticipation Notes are instruments due in one year or less, and are issued to raise money for projects of the City. These notes are usually turned into bonds at the completion of the projects.

Special Assessments

These debts are issued to finance improvements for property owners, who must then re-pay the City over a period of time.

General Obligation Bonds

General Obligation Bonds are long-term debts that are paid from the City's available resources and for which the City pledges its full faith and credit. These debts include the Parking, Golf, and One Renaissance Center Bonds.

OWDA Loans

OWDA Loans are low interest loans made to the City for Water and/or Sewer projects by the Ohio Water Development Authority (OWDA). Payments are due every six months for a period of twenty years.

Utility Revenue Bonds

Utility Revenue Bonds are special limited obligations issued to pay for improvements of our utility systems and for which revenues of the systems are used to re-pay the bonds. These bonds include the Gas, Electric, Water, and Wastewater bonds.

DEBT ACTIVITY

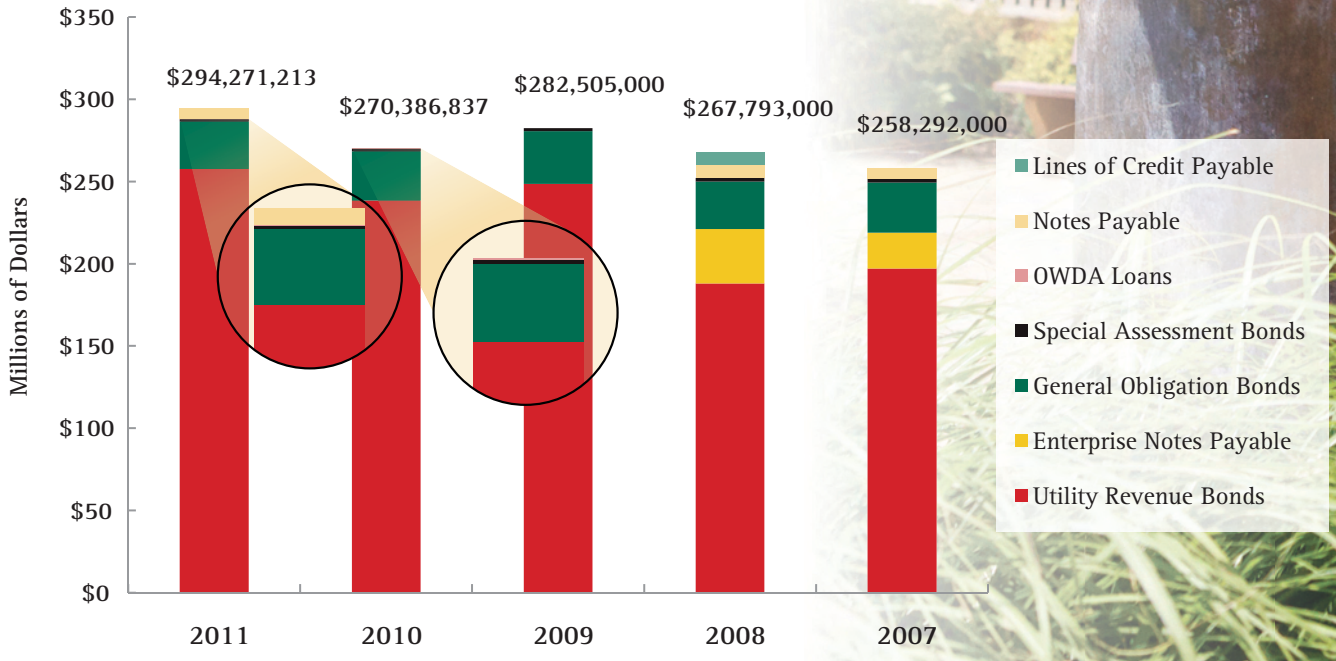
	Balance at January 1, 2011	Debt Added (Issued)	Debt Repaid (Retired)	Balance at December 31, 2011
Special Assessment Bonds	1,650,000	0	(250,000)	1,400,000
General Obligation Bonds+	29,820,000	20,895,000	(21,685,000)	29,030,000
Water System Notes Payable	0	5,900,000	0	5,900,000
Water System Bonds*	26,895,000	0	(995,000)	25,900,000
Gas System Bonds*	10,970,000	0	(1,175,000)	9,795,000
Electric System Bonds*	168,775,000	0	(7,025,000)	161,750,000
Wastewater System Bonds*	31,845,000	29,620,000	(1,385,000)	60,080,000
OWDA Loan*	431,837	0	(15,624)	416,213
Totals	**$270,386,837**	**$56,415,000**	**($32,530,624)**	**$294,271,213**

+ Existing bonds were refinanced in October 2011.

* Principal amounts; the city's payment obligation is limited to utility revenues. These bonds are denoted below as Utility Revenue Bonds.

HISTORICAL DEBT ANALYSIS

Shown in the graph below is a historical analysis of the amount of debt outstanding by year and by type of debt.



CITY'S UTILITY SYSTEMS

Aerial photograph of the City's **SOUTH WATER TREATMENT PLANT**, located on River Road. Drawing water through deep wells from the Great Miami Buried Valley Aquifer, the South Plant has a capacity of 40 million gallons per day, and serves customers throughout the City and many parts of Butler County.

Aerial photograph of the 70.2 megawatt, **GREENUP HYDROELECTRIC PLANT**, placed in service in May 1982. Greenup is located on the Ohio River, 120 miles east of Cincinnati, near Franklin Furnace, OH.

April 2012 aerial photograph of the 105 megawatt, **MELDAHL HYDROELECTRIC PLANT**, under construction at the Capt. Anthony Meldahl Locks and Dam, on the Ohio River. Meldahl is located 30 miles east of Cincinnati, near Augusta, KY. The expected completion date of the Project is 2014.

CITIZEN SURVEY: Utility Service

Residents gave favorable satisfaction to the Utility Services all with 50% or more rating "excellent" and "good": storm drainage (50%), sewer services (65%), power (electric and/or gas) utility (59%). Drinking water ranked the highest satisfaction at 87%.

City of Hamilton, Ohio

UTILITY OPERATING RESULTS

For the Year Ending December 31, 2011

	GAS	ELECTRIC	WATER	WASTEWATER
REVENUES/CONTRIBUTIONS	$22,014,962	$63,441,945	$15,000,714	$12,368,786
EXPENSES				
Purchased Power / Gas	13,744,349	21,810,942	0	0
Operating Expenses	5,485,829	20,595,571	10,795,637	7,355,594
Depreciation	1,887,279	10,751,205	2,733,227	2,272,079
Non-Operating Expenses	660,413	8,285,380	1,439,812	1,813,966
TOTAL EXPENSES	$21,777,870	$61,443,098	$14,968,676	$11,441,639
NET REVENUE OVER OR UNDER EXPENSE	$237,092	$1,998,847	$32,038	$927,147

The operating results for the Gas, Electric, Water and Wastewater Systems for the year ending December 31, 2011 are presented on a non-GAAP basis but were obtained employing the same accounting basis as the City's audited financial statements. Readers desiring to view the GAAP basis financial information should review the City's audited financial statements, which are contained in the CAFR, available on the City's website or by contacting the Finance Department of the City of Hamilton.

Thank You

The City wishes to express its deep appreciation to its citizens for their support and perseverance during the past months of uncertainty and challenge. As the economic future brightens, we can look forward to improving our City, along with the lives of those who call Hamilton "home." We are making inroads in a new and exciting epoch of growth, opportunity, and high-quality city services delivered at the lowest possible cost to taxpayers.

The City of Hamilton would also like to express its gratitude to American troops serving and having served, many making the ultimate sacrifice, to preserve our way of life. We also salute the families of all our fallen heroes, to whom we are indebted beyond measure.

"The republican principle demands that the deliberate sense of the community should govern the conduct of those to whom they entrust the management of their affairs."

- Alexander Hamilton

Information concerning the City of Hamilton, Ohio, including the Popular and Comprehensive Annual Financial Reports can be viewed at our web site:www.hamilton-city.org

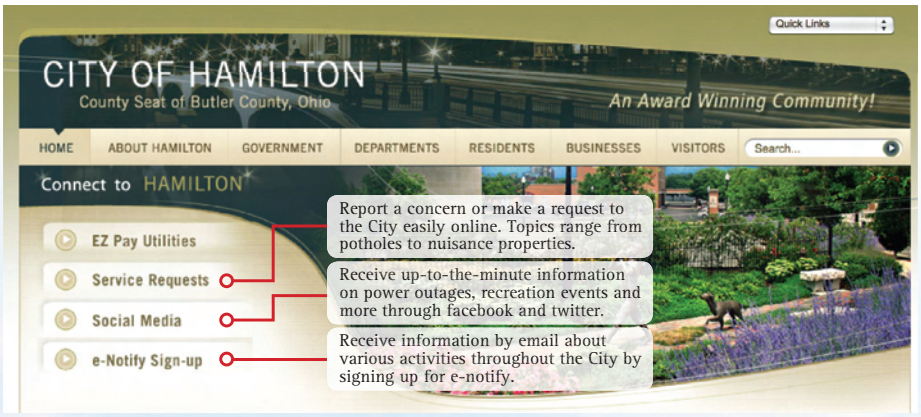
This report was prepared by:
The Finance Department of the City of Hamilton
Peg Bradner Hancock, Director

City of Hamilton, Ohio Directory

345 High Street, Hamilton Municipal Building, Hamilton, Ohio 45011 • **513-785-7000** • *www.hamilton-city.org*

TO REPORT	TO OBTAIN	TO CONTACT	FOR INFORMATION ABOUT
Power Outage or Power Lines Down 785-7550	Birth or Death Certificates 785-7080	City Manager's Office 785-7002	Sidewalk Assessments 785-7170
Gas Leak 785-7550 or 911	Construction Permits 785-7360	Hamilton Police Department *(Non-Emergency)* 868-5811	City Income Taxes and Forms 785-7400
Water or Sewer Problems 785-7550	Vendor Licenses 785-7170	Hamilton Fire Department *(Non-Emergency)* 785-7500	Potter's Park Golf Course 868-5983
Pollution Threats to Water Supply Wells 868-5993	Handicapped Parking Permits 785-7290	Municipal Court Criminal Division *(including Probation and Traffic Court)* 785-7300	Twin Run Golf Course 868-5833
Communicable Diseases 785-7080	Special Event Permits 868-5811 ext. 1122	Municipal Court Civil Division *(Small Claims, Evictions, Garnishments, etc.)* 785-7330	Business Development Team 785-7070
Nuisance Properties 785-7080	Business Health Permits *(Food Service, Swimming Pool, Vending, Tattoo Parlor, etc.)* 785-7080	Economic Development Department 785-7070	Neighborhood Development Programs 785-7020
Traffic Signal, Sign or Obstructed View Problems 785-7290	CAFR, PAFR Copies *(Also on City Website)* 785-7170	Parks and Recreation Division 785-7060	Utility Billing 785-7100
Potholes 785-7550	City Council Meeting Minutes and Agendas 785-7040	Health Division 785-7080	City Employment Opportunities 785-7030

FOR EMERGENCIES DIAL 911



The City of Hamilton offers a variety of web based tools to provide service to our residents, as well as keeping them informed on a multitude of topics here at City Hall. The City of Hamilton's online 311 system has proved to be an extremely valuable tool for our residents as it allows them to report a concern or request a service for various topics ranging from potholes to reporting nuisance properties. On average, City personnel respond to 311 requests in less than two business days and complete the service requests in five business days. If you have an issue or concern you would like to report, please visit www.hamilton-oh.gov and click the "Service Requests" button.

The City of Hamilton is also utilizing social media to keep our residents apprised of various activities throughout the City and at City Hall. The City's e-Notify application is a free email notification service which allows residents to sign up to receive City press releases, golf course news, parks and recreation news, road closure notices and a weekly newsletter. Participants have the option to receive all of the email notifications or they can select to receive notifications of their choosing. Sign up for e-Notify by selecting the "e-Notify Sign Up" link on the City's home page. The City also disseminates information to interested parties via facebook and Twitter. "Like" the City of Hamilton, Ohio on facebook or "follow" HamiltonOh on Twitter to receive up-to-the-minute information on power outages, recreation events, and various other topics.

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