

GREETINGS FROM HAMILTON



City of Hamilton
BUTLER COUNTY OHIO

For the year ended December 31

2012

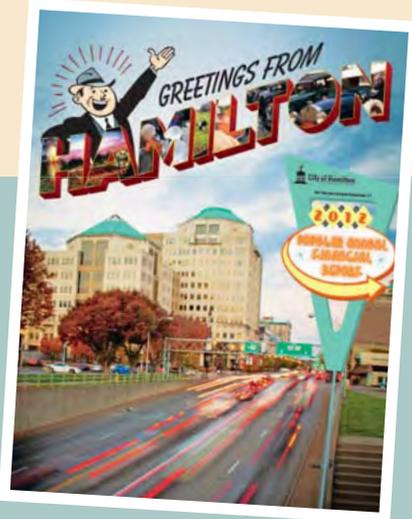
POPULAR ANNUAL
FINANCIAL
REPORT



Dear Citizens of the City of Hamilton, Ohio:

The Finance Department is pleased to present the City of Hamilton's 2012 Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2012. This report provides an analysis of the financial position of the City, where the revenues come from to operate the City and where those same dollars are spent. Above all else, our goal is to better communicate the results of financial operations of the City in a more easily understandable report. 2012 was an important year for the finances of the City, as the nation and community endeavor to pull out of a prolonged economic recession.

The PAFR summarizes the financial activities of the City and is drawn from detailed information appearing in the 2012 Comprehensive Annual Financial Report (CAFR). The financial statements appearing in the CAFR were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and were audited by the Ohio Auditor of State's office, receiving 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 the Popular Annual Financial report come from an audited source, they are presented in an abridged, unaudited, non-GAAP format. GAAP reports 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, while non-GAAP reports do not contain such notes. Citizens who wish to review audited GAAP basis financial statements can refer to City of Hamilton's CAFR report, which is available from the Finance Department or on the City of Hamilton's website <http://www.hamilton-city.org/index.aspx?page=841>.

The purpose of the Popular Annual Financial Report 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, and that the public dollars are being used for the overall public good, and how the City is preparing for the financial challenges of the future using a dynamic and collaborative Strategic Plan.



One important facet of the Strategic Plan is improvement of the City's recreational and leisure opportunities, thereby attracting new residents and business growth. Every year, the City sponsors events that draw visitors. Hamilton is blessed with abundant natural amenities that also help attract visitors and residents alike, thereby contributing to more business activity and a better tax base. The Departmental Profile of this issue is therefore Parks and Recreation. Also presented is an Economic Development Update, which explains the status of current initiatives that are designed to promote growth and prosperity in Hamilton.

We are proud to serve the citizens of Hamilton. We appreciate your taking the time to review the 2012 PAFR and welcome any input or comments you may have regarding this report by contacting the Finance Department at 785-7170.

Sincerely,
Ana Ramanathan, CPA, MBA
Acting Finance Director
City of Hamilton, Ohio

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About the Cover

Featured on the cover is a photo of the intersection of High Street and Martin Luther King Jr. (MLK) Boulevard in downtown Hamilton. The green roofed buildings are

the Government Services Center and houses the offices of the City of Hamilton and Butler County. East High Street between MLK and State Route 4 is undergoing a major

improvement project over the next three years, which will improve traffic flow and enhance the streetscape.

Photo by Pat Brown, Brown Studios Photography

In last year's PAFR I noted six items that I'd hoped to be able to report in this 2013 edition. I would like to use this year's PAFR to report on the progress of those items.

From 2012: "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;

The East High Corridor project is well underway. The City has completed the traffic study, design, and significant work on the underground utilities work. The most notable progress will be seen later this fall. The project is scheduled to be completed sometime in 2014. Phase II improvements will include additional turn lanes at the intersection of High Street and Martin Luther King Jr. Boulevard. Since the funding for that portion is 90% grant funding from ODOT, that portion has to work on their timeline. Work on that portion will begin in 2015.

Created a gap financing fund to provide additional financing for projects in and around our urban core;

The Consortium for Ongoing Reinvestment Efforts (CORE Fund) officially launched in December 2012. CORE has raised \$4 million toward its goal of \$5 million, and expects to be fully capitalized in the summer of 2013. Critical partners in this effort are the Hamilton Community Foundation, First Financial Bank, Fifth Third Bank, US Bank, PNC Bank, and SoMo Lend.

Completed Phase I of the RiversEdge Amphitheater project;

Phase I was complete in June 2013. The overhead tensile roof structure is expected to be installed over the stage in September. After that is completed, there will be an official ribbon cutting. In the meantime, please enjoy the free Summer Concert Series (2nd & 4th Thursdays of June, July and August) and assorted programming to be announced throughout the summer.

Announced significant capital investment and job creation in industries that are important to Hamilton (manufacturing, financial services, information, professional business services, etc.);

In 2012, Hamilton added notable companies such as Koncert IT and Liferay and announced expansions of such

companies as Butler Behavioral Health Services (see more in the Economic Development section of this publication). We are excited about the potential for announcements of new businesses and existing business expansion in 2013.

Announced our next impactful project downtown after completion of the Mercantile Lofts; and

The Hamilton JournalNews announced that it would be vacating its building in downtown Hamilton in 2011. COX Media, the owner of the building, indicated they wanted to see it used in a way that was consistent with the City's Strategic Plan and vision for downtown. It couldn't have come at a more opportune time. Butler Tech was looking for a new permanent home for its fine arts programs, and this building's hybrid office and production space was a natural fit. This project was completed in the winter of 2012 and now houses the Butler Tech School of the Arts, Miami Valley Ballet Theater and Hamilton City School's ABLE program.

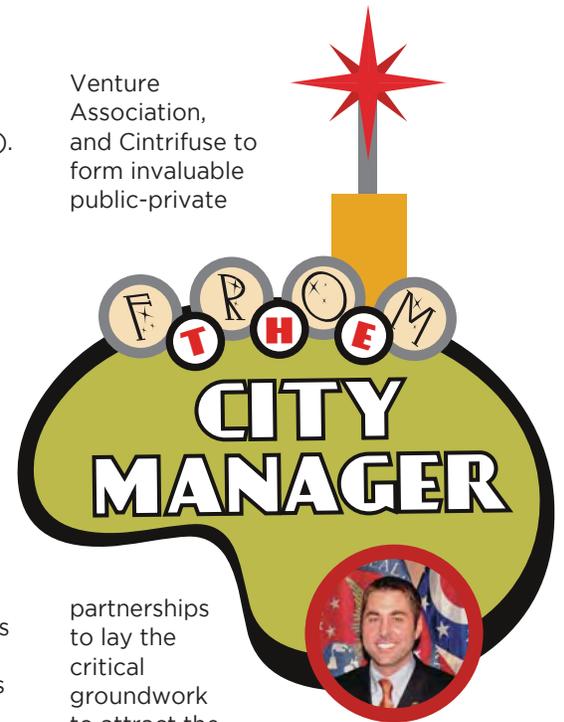
The Robinson-Schwenn Building was acquired by a private developer in 2012 and has since been given a facelift courtesy of a newly restored and painted façade. By summer 2013 the building will become the new home of Liferay's national sales office, Lane Public Library's new tech center, and True West Coffee Downtown (a second location for the Main Street-based restaurant).

Made significant waves in the greater Cincinnati region, promoting Hamilton as THE place in Southwest Ohio to be an entrepreneur, to open a business, or in which to expand or relocate an existing enterprise.

The City of Hamilton has taken an aggressive approach in inserting itself into Cincinnati's nationally recognized start-up ecosystem. We see entrepreneurs, innovators, and start-ups as critical components of a thriving economic development strategy. These high-growth entrepreneurial companies are defying the conventional wisdom of investors, economists, and unfortunately traditional economic development strategies for cities. That is why in the City of Hamilton we are aggressively investing in entrepreneurs and start-ups as an organic measure to grow our 21st Century economy.

The City has effectively tapped into the expertise of the Hamilton County Business Center, CincyTech, the Greater Cincinnati

Venture Association, and Cintrifuse to form invaluable public-private



partnerships to lay the critical groundwork to attract the next generation of ideas, products, and companies. We are aiming to strategically orient our unique assets like location, fiber-optics and green energy for their market competitiveness in a modern economy. And, the approach is working. Liferay, a Los Angeles-based technology company that is a leading provider of enterprise open source portal and collaboration software products, is bringing its national sales office to Downtown Hamilton because of its proximity to universities, Fortune 500 corporations, and a belief in where the City is heading.

The future of Hamilton is bright, but not without its challenges. The next two years are among the most critical in the history of our city. We are facing very difficult decisions. These decisions will undoubtedly impact a generation or more of Hamiltonians.

As always, I look forward to hearing from you. I am again hosting a series of "Coffee with the City Manager" where I invite residents to come with their questions and concerns in an informal setting to discuss the future of Hamilton. For more information, please visit the City's Facebook page at www.facebook.com/HamiltonOH/events.

We are a proud city. Please remain informed and engaged in the process as Hamilton marches toward the future.

Respectfully yours,

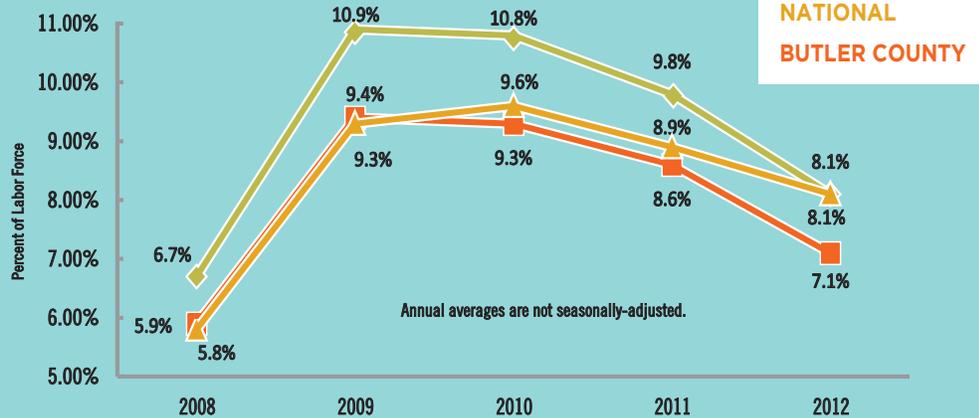
John A. Smith
City Manager

2012

Unemployment Rates

Unemployment Rates

Annual Average Rates 2008-2012



Source: Ohio Bureau of Job & Family Services



PRINCIPAL TAXPAYERS

PROPERTY TAX

Taxpayer	Type of Business	2012 Assessed Valuation*	% of Total Assessed Valuation
Smart Papers, LLC	Manufacturing	5,269,990	0.64%
Shadow Creek Apartments	Real Estate	5,126,050	0.62%
Tippmann Realty Partners	Real Estate	5,075,840	0.61%
AHP Knollwood Crossings	Real Estate	4,403,310	0.53%
Pedcor Investments	Investments	4,006,940	0.48%
Colonial Senior Services, Inc.	Healthcare	3,961,000	0.48%
Hatteras Properties	Real Estate	3,304,660	0.40%
Meijer Stores LTD	Retail	3,272,510	0.39%
Butler County Surgical Property	Healthcare	2,931,890	0.35%
Champion Crossings	Real Estate	2,496,800	0.30%
Subtotal		39,848,990	4.81%
All Others		788,849,570	95.19%
TOTAL		828,698,560	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, 2012 (Tax Year 2011). Source: Butler County Auditor

9 YEARS AGO

Taxpayer	Type of Business	2003 Assessed Valuation*	% of Total Assessed Valuation
International Paper	Manufacturing	9,971,020	1.10%
The Sisters of Mercy	Healthcare	9,304,990	1.03%
Cincinnati Bell	Utility	8,861,880	0.98%
Fort Hamilton Hospital	Healthcare	8,126,310	0.90%
Champion International	Manufacturing	7,893,070	0.87%
Miami University	Education	7,731,970	0.85%
Smart Papers, LLC	Manufacturing	7,341,320	0.81%
Meijer Stores LTD PTR	Retail	6,309,760	0.70%
GE Engine Services	Manufacturing	6,120,090	0.67%
Colonial Senior Services	Healthcare	5,619,720	0.62%
Subtotal		77,280,130	8.52%
All Others		829,577,765	91.48%
TOTAL		906,857,895	100.00%

Real Estate Summary

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.

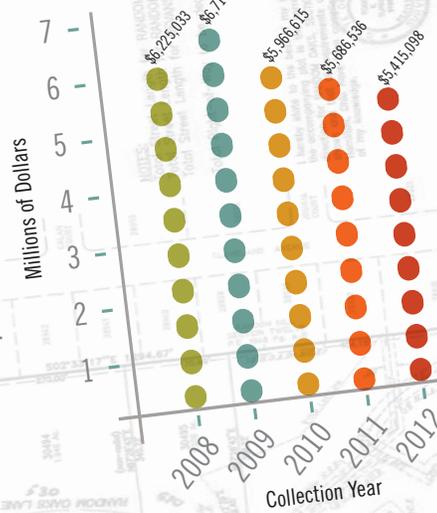


VALUES AND COLLECTIONS

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 the rising costs.

Real Estate Property Tax Collections

Source: Butler County Auditor



Real Estate Property Values

Tax Year	Collection Year	Residential & Agricultural Real Estate	Commercial & Industrial Real Estate	Public Utility Property	Personal Tangible Property*	Total
2011	2012	\$610,132,220	\$212,767,730	\$5,798,610	\$0	\$828,698,560
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	\$690,959,090	\$259,251,020	\$2,719,800	\$0	\$952,929,910
2007	2008	\$659,547,141	\$243,918,689	\$3,167,600	\$38,617,646	\$945,251,076

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

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	0.85
Fire & EMS	1.00	0.85
Total Hamilton Real Estate Tax Levy	6.81	6.51

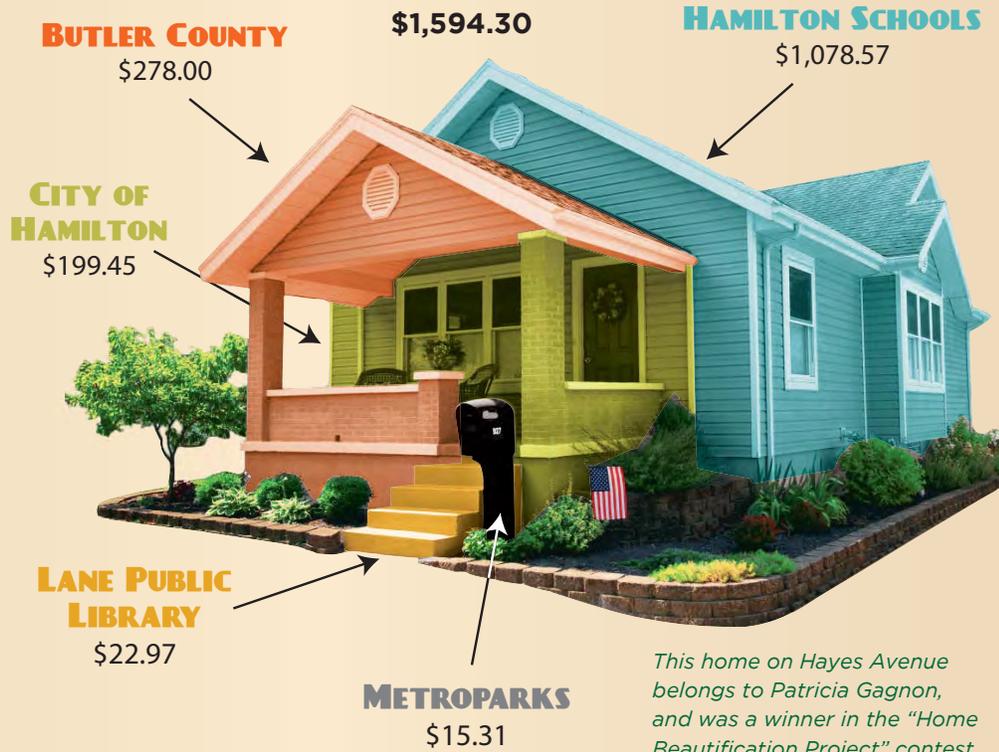
Source: Butler County Auditor

Unbundling the Real Estate Tax Levy

Shown in the chart at left 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.



Total Tax Burden



This home on Hayes Avenue belongs to Patricia Gagnon, and was a winner in the "Home Beautification Project" contest.

Real Estate Tax Burden

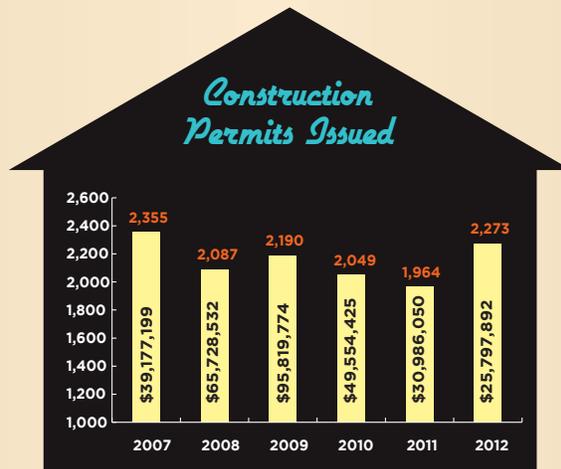
Based on 2012 Property Tax Collections in District P64 • Source: Butler County Auditor

Shown in the chart above 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.

Population Figures

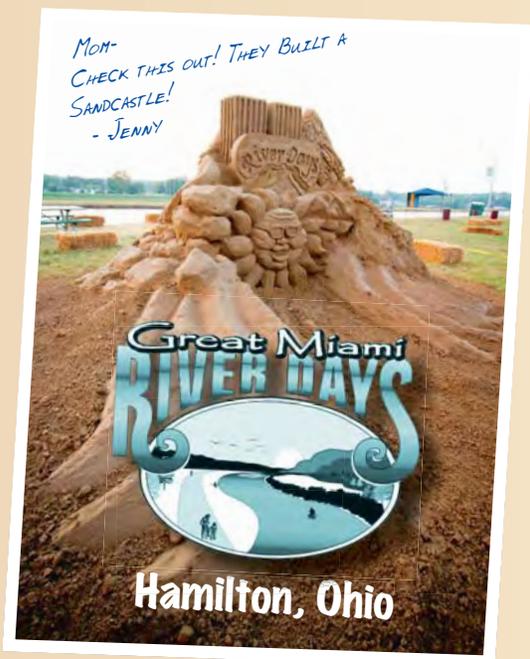
For The Year Ending December 31, 2012



Represented in the graph is the total number of construction permits issued since 2007, 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.

Source: US Census Bureau



Two New Chiefs!

In 2012, Hamilton bid farewell to both its public safety chiefs, Neil Ferdelman (Police) and Joe Schutte (Fire), who retired after a **COMBINED 68 YEARS OF SERVICE** to the City. Best of luck to these heroes of public safety, and thank you for jobs well-done.



POLICE DEPARTMENT: In March 2012, Lieutenant Joseph “Scott” Scrimizzi became Hamilton’s new Chief of Police. Scott is a lifelong resident of Hamilton and a 29 year veteran of the Hamilton Police Department.



Scott is a 2001 graduate of the Police Executive Leadership College in Columbus, Ohio and a 2003 graduate of the F.B.I. National Academy in Quantico, Virginia. Scott is the co-chair of the Tactical Advisory Committee for the State of Ohio Department of Homeland Security.

Scott lives in the City of Hamilton with his wife Ann, a senior designer with SHP Inc. and their two children, John who is 15 and Kathryn who is 13.

FIRE DEPARTMENT: In September 2012, Deputy Chief Steve Dawson ascended to the top job in the Fire Department.



Steve is a graduate of Miami University and served in the United States Marine Corps to the rank of Captain prior to joining the Fire Department.

Steve is a native son of Hamilton and a 28 year veteran of the Hamilton Fire Department. He has served in a variety of positions and has held certifications in hazardous materials, technical rescue, and as a paramedic.

Steve resides in the City with his family.

Police and Fire Departments are the major budgetary units of the General Fund, and innovative, experienced leadership is important for the City’s financial success.



2012 Fire/Emergency Medical Services

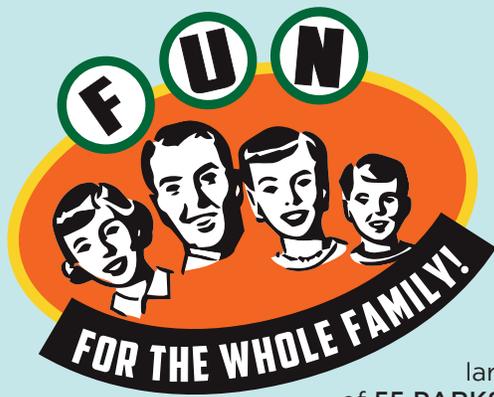
Number of Calls Resulting in an Emergency Response	12,091
Residential Fire Incidents	92
Commercial/Industrial Fire Incidents	21
EMS Patients Served	7,653
Number of Inspections Performed	637



2012 Police Services

Number of Calls Resulting in Dispatch of an Officer	60,907
Law Violations:	
Misdemeanor Arrests	3,832
Felony Arrests	1,371
Traffic Citations Issued	4,903
Parking Tickets Written	2,923





Come to Hamilton for the fun!



Hamilton's large network of **55 PARKS** on a total of about 1,300 acres offers recreational opportunities for everyone – active or leisure. Nearly 25% of its park lands are in natural wooded settings, ranging from dense forests to open grassy areas. There are miles of peaceful hiking and walking paths and trails in **CRAWFORD WOODS, JOYCE PARK, MIAMI WOODS, MILLIKIN WOODS** and **SANDERS PARK**.

Amenities include:

- Ball diamonds, basketball courts, soccer fields, tennis courts, football fields
- Two municipal 18-hole golf courses, spacious modern clubhouses and dining rooms
- Riverfront paved bike path for biking, walking, roller blading (3.6 miles)
- Radio-controlled airplane flying field, golf driving range, putt-putt course, BMX dirt track, and skateboard track
- Boating, fishing

There are a total of **23 SHELTERS** available for rent at our five major picnic areas including Crawford Woods, Joyce Park, Veterans Park, Millikin Woods and the Booker T. Washington Community Center. Each park is equipped with picnic tables, shelters, grills, restrooms, playground equipment and parking facilities.

The beautifully restored **MICHAEL J. COLLIGAN LODGE**, located in Veterans Park, is available for organizational meetings and social events. Originally built in 1932 and restored to its natural beauty in 2000, the lodge is fully equipped with a caterer's kitchen and outfitted with a beautiful fireplace, electric piano and terrace. The 2,000 square foot lodge may accommodate up to 84 guests.

THE BOOKER T. WASHINGTON COMMUNITY CENTER

located at 1140 S. Front St., has 13 acres of premier park land. A basketball court, tennis court, playground system, little league baseball field, and shelter houses help to create the outside park amenities that can be enjoyed by the entire family. In addition, Foundation Field, home of the Miami University Harriers and Hamilton Joe's baseball teams, sits behind the BTWCC. The center also has an indoor pool and gymnasium.



The new RIVERSEDGE PARK AND AMPHITHEATER

is a brownfield redevelopment of a former hospital that will be the home of the City's new downtown riverfront amphitheater and overlook that will be the host of numerous civic and entertainment events, such as concerts and fairs, beginning in the summer of 2013.



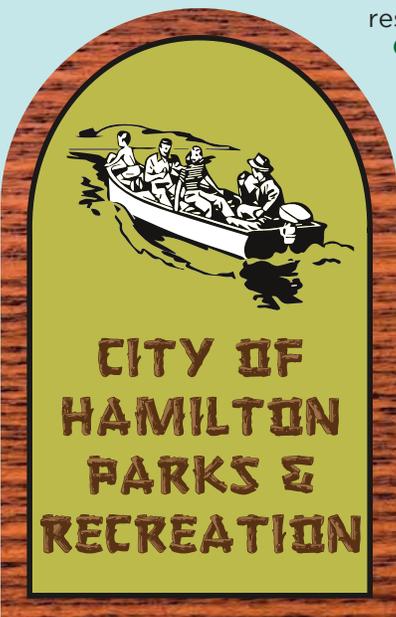
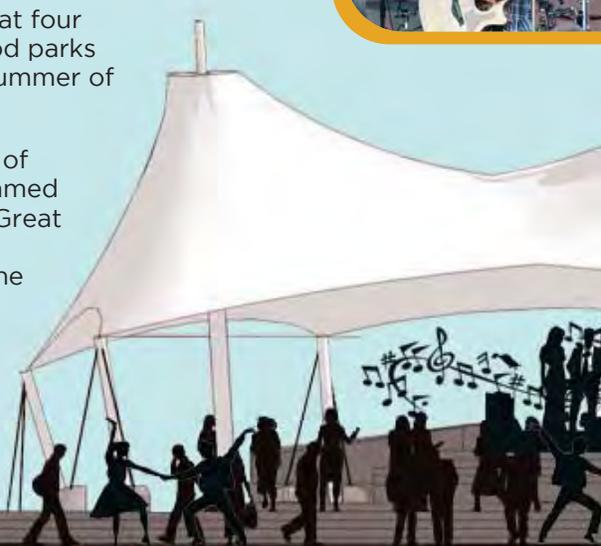
The Parks and Recreation Division assisted as the liaison with the Tree Board in achieving a **TREE CITY USA** designation for the eighth consecutive year.

The City of Hamilton Parks and Recreation Division offered the long standing **ADULT SOFTBALL PROGRAM** at the North End Athletic Complex on Joe Nuxhall Blvd. There were over 80 teams participating in leagues that included church, men's, women's and coed.

In cooperation with the Great Miami Valley YMCA, a **FREE COMMUNITY SUMMER DROP-IN PLAYGROUND PROGRAM** was offered at four neighborhood parks during the summer of 2012.



The City of Hamilton teamed up with the Great Miami Valley YMCA and the Presbyterian Church to provide the **FREE**





FRIDAY NIGHT MOVIE IN THE PARK SERIES

with a total of six movie nights held at various parks throughout the City.



The City of Hamilton has partnered with the Cincinnati Reds to host **"CITY OF HAMILTON NIGHT" AT THE GREAT AMERICAN BALL PARK.** This is an annual event for the whole family to enjoy with special pre-game festivities and a spectacular post-game fireworks display. A portion of every ticket sold goes to the Joe Nuxhall Character Education Fund.



The City of Hamilton teamed up with the First Tee Program of the Greater Miami Valley to provide a **SUMMER GOLF PROGRAM FOR CHILDREN AGES 7-18.**

The program is designed to help teach children how to play golf and learn life skills. The lessons took place at Twin Run Golf Course and Joe Nuxhall's Golf Center.

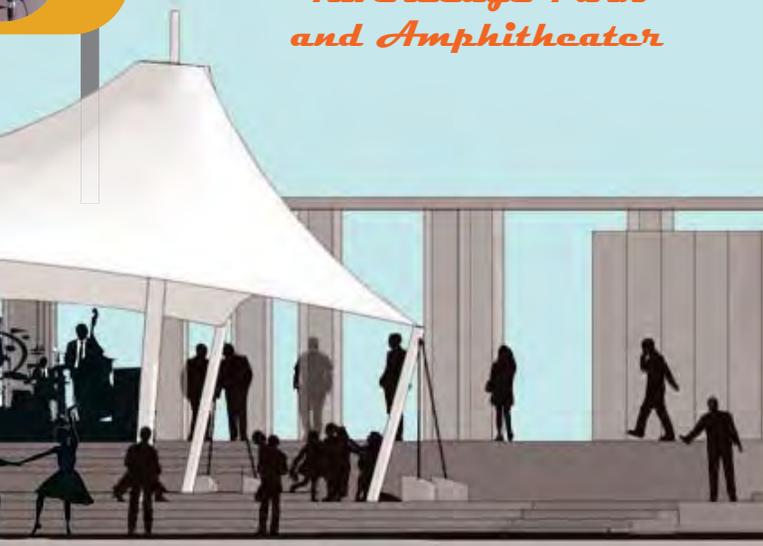


The 2012 **SUMMER CONCERT SERIES** brought over a

thousand people to Downtown Hamilton throughout the summer, making enough money to fund summer concerts in 2013 at the new RiversEdge Amphitheater. A total of 13 concerts were held at various parks and downtown locations.



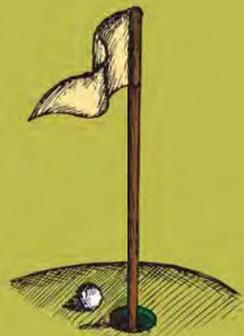
Riversedge Park and Amphitheater



Golf Courses

The City of Hamilton owns and operates two 18-hole golf courses, Potter's Park and Twin Run. They are a popular component of the parks and recreation programming that the City offers its residents. In 2012, 25,209 rounds of golf were played at Twin Run and 26,056 rounds were played at Potter's Park. Additionally, the Twin Run Clubhouse hosted numerous private events. In 2012, the City contracted with John Small to operate both courses through a Golf Professional Management Agreement, as it had for the past 25 years.

Over the past several years, Potter's Park and Twin Run golf courses have required assistance from the City's general fund for general upkeep and maintenance. In 2012, \$243,296 was transferred to the golf courses from the Capital Improvement and Debt Service Fund. Upon reviewing golf course financial trends, the City has decided to make changes in 2013 in an effort to make the golf courses self-sufficient and enhance the experience for golfers. For the first time in nearly 25 years, the City of Hamilton will begin conducting golf course operations exclusively using its own personnel in 2013. Additionally, the City will be investing in capital equipment and improvements for both Potter's Park and Twin Run golf courses. Investments include new golf carts, a beverage cart for each golf course, new maintenance equipment, efficiency measures such as a new Point of Sales system, and enhancements to both golf courses' club houses such as restroom improvements, new TVs, and carpeting. These changes are reflective of the City Council's vision for the golf courses and the City's commitment to fiscal responsibility and efficiency.



Golf Course Operating Results

REVENUE	\$1,257,121
OPERATING EXPENSES	\$906,585
DEBT SERVICE	\$243,296
NET REVENUE	
OVER/(UNDER) EXPENSES	\$107,240

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, 2012 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.

2012



FINANCIAL ACTIVITY STATEMENT

FOR THE YEARS ENDING DECEMBER 31, 2012 AND 2011
(In Thousands)

SOURCES OF REVENUE	2012	2011
PROGRAM		
CHARGES FOR SERVICES	\$121,121	\$126,883
OPERATING GRANTS	\$6,403	\$6,123
CAPITAL GRANTS	\$1,339	\$2,841
GENERAL		
INCOME TAX - NET OF REFUNDS	\$21,260	\$21,912
PROPERTY TAXES	\$5,844	\$5,788
GRANTS/CONTRIBUTIONS	\$3,113	\$10,357
OTHER LOCAL TAXES	\$3,126	\$3,238
INVESTMENT EARNINGS	\$360	\$374
MISCELLANEOUS	\$913	\$964
EXTRAORDINARY ITEM	\$0	\$0
TOTAL SOURCES	\$163,479	\$178,480

USES AND EXPENSES

SECURITY OF PERSONS/PROPERTY	\$31,283	\$32,950
PUBLIC HEALTH/WELFARE	\$1,061	\$1,163
LEISURE TIME ACTIVITIES	\$2,247	\$1,970
COMMUNITY ENVIRONMENT	\$3,398	\$2,903
BASIC UTILITY SERVICES	\$5,809	\$6,151
TRANSPORTATION	\$6,158	\$6,605
GENERAL GOVERNMENT	\$7,058	\$5,992
INTEREST ON DEBT	\$1,440	\$1,597
UTILITY EXPENSE	\$104,294	\$109,445
TOTAL USES	\$162,748	\$168,776

TOTAL SOURCES OVER (UNDER) USES	\$731	\$9,704
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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 2012 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 2012 and 2011 audited financial statements.

FINANCIAL POSITION STATEMENT

FOR THE YEARS ENDING DECEMBER 31, 2012 AND 2011
(In Thousands)

FINANCIAL BENEFITS	2012	2011
CASH	\$61,565	\$30,503
INVESTMENTS	\$67,546	\$104,344
RECEIVABLES	\$27,983	\$27,893
PROPERTY AND EQUIPMENT	\$398,624	\$396,907
OTHER ASSETS	\$8,889	\$6,091
TOTAL FINANCIAL BENEFITS	\$564,784	\$565,738

FINANCIAL BURDENS

AMOUNTS OWED TO EMPLOYEES & VENDORS	\$10,116	\$9,839
NOTES PAYABLE	\$10,690	\$5,900
LONG TERM DEBT OUTSTANDING	\$285,506	\$293,565
OTHER LIABILITIES	\$13,274	\$11,967
TOTAL FINANCIAL BURDENS	\$319,586	\$321,271

BENEFITS OVER BURDENS	\$245,198	\$244,467
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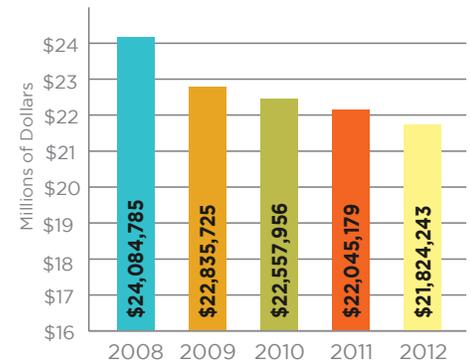
Benefits over Burdens represents the difference between the financial benefits and financial burdens of the City, providing a Net Worth of Hamilton.

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.

New to the Position Statement in 2012 are Deferred Inflows and Deferred Outflows. The City has included these in Other Assets and Other Liabilities for reporting purposes on this page. Therefore, prior year Benefits and Burdens have been restated.

Note: Rounded figures are presented.

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 resident 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. Residents are urged to file electronically, but returns can also be picked up at the Municipal Building or found on the City of Hamilton website at www.hamilton-city.org.





WHERE THE MONEY COMES FROM



TOTAL SOURCES & REVENUES: \$163,478,723

CHARGES FOR SERVICES	\$121,121,347	74.090%
INCOME TAX - NET OF REFUNDS	\$21,259,474	13.004%
OPERATING GRANTS	\$6,402,940	3.917%
PROPERTY TAX	\$5,843,394	3.574%
OTHER	\$4,399,617	2.691%
GRANTS & CONTRIBUTIONS	\$3,112,982	1.904%
CAPITAL GRANTS	\$1,338,969	0.819%

WHERE THE MONEY GOES TO



TOTAL USES & EXPENSES: \$162,747,302

UTILITY EXPENSE	\$110,103,128	67.65%
SECURITY OF PERSONS & PROPERTY	\$31,282,855	19.22%
GENERAL GOVERNMENT	\$7,057,730	4.34%
TRANSPORTATION	\$6,157,603	3.78%
COMMUNITY ENVIRONMENT	\$3,397,734	2.09%
LEISURE ACTIVITIES	\$2,247,173	1.38%
INTEREST	\$1,439,838	0.88%
PUBLIC HEALTH & WELFARE	\$1,061,241	0.65%

General Fund Revenue vs. Expenditures

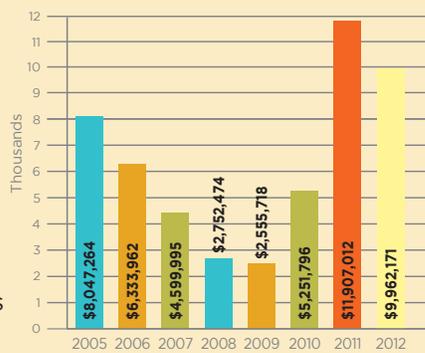
The General Fund is the primary operating fund of the City. The charts below show the funding and expenses (revenues and expenditures) and the effects of changes in those factors on General Fund cash reserves (fund balance).

A healthy General Fund Balance is the primary measure of a city's financial health. These reserves are necessary to cover unexpected expenses and cuts in funding. The funds also provide a

Just like your household budget, the City strives to cover all its annual expenses with the funds it receives. When this doesn't happen, the City must tap its savings, or fund balance, to cover the shortfall. The longer the period that expenditures exceed revenue, the lower the fund balance becomes. Eventually, if the period of negative "margin" goes long enough, fund balance will be exhausted and new funds or spending cuts must be found to avoid fiscal insolvency.

GENERAL FUND BALANCE

NOTE: Prior year balances have been changed to reflect the GAAP basis fund balance.



means to generate new business activity, improve facilities and roads, replace equipment, and to keep up with the rising cost of doing the citizen's business. As prices go up, the City must spend more, or cut things (services) out of the budget - just as you must do when your wages do not keep pace with the rising cost-of-living.

As the charts show, Hamilton's expenditures exceeded revenue from 2005 to 2008, and there was a corresponding drop in fund balance through that period. From 2009 through 2011, after cuts to services and spending, and an unexpected \$6 million inheritance tax receipt in 2011, the City was able to rebuild its savings. In 2012, expenditures (and outstanding obligations) once again exceeded revenue and the General Fund Balance dropped by over by \$1.9 million.

In addition to inflationary trends, since 2008, Ohio cities have seen revenue from the state diminish, putting additional stress on local budgets. Other pressures on the revenue side include declining property taxes due to the drop in real estate values, and lower income taxes caused by high unemployment. The inheritance tax, which provided Hamilton with \$1 million in yearly revenue and the unexpected \$6 million in 2011, has been abolished for 2013. This trend of static to declining revenue is foreseen for the next few years as the State of Ohio struggles with its own budget challenges, as the overall economy gets back on a track of growth.

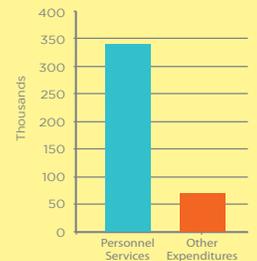
WHO SPENDS THE MONEY

For the year ending December 31, 2012
GENERAL FUND (Non-GAAP Budgetary Basis)



WHAT THE MONEY IS SPENT FOR

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 12/31/2012 (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 2012 General Fund Expenditures = \$41,468,095

DEBT SUMMARY

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.

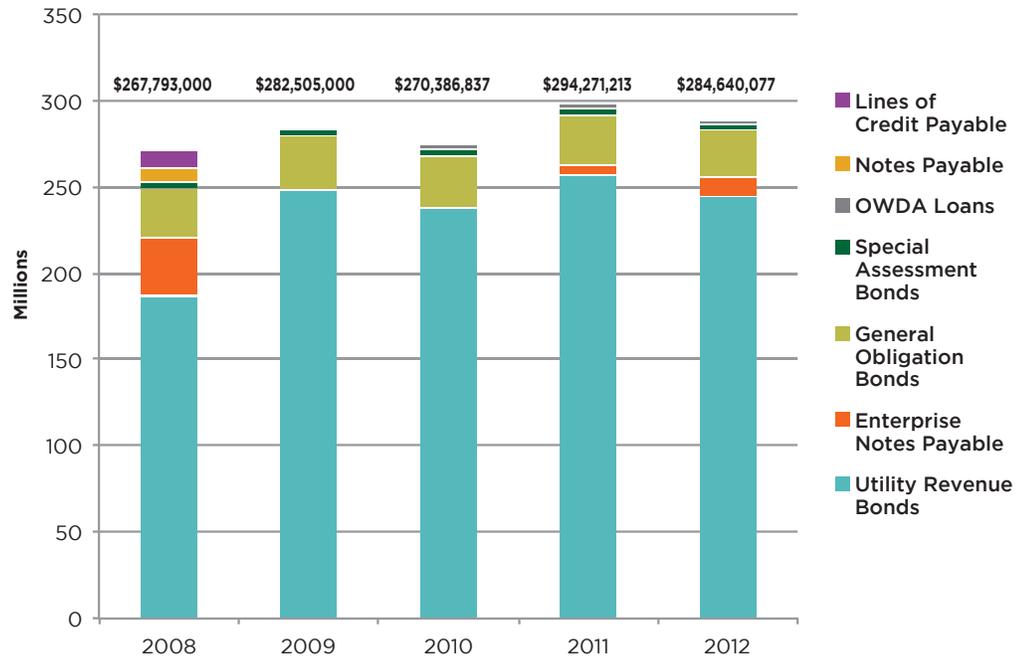
OWDA Loans

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.

HISTORICAL DEBT ANALYSIS



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



DEBT ACTIVITY

	Balance at January 1, 2011	Net Debt Added (Issued)	Net Debt Repaid (Retired)	Balance at December 31, 2012
Enterprises Notes Payable	5,900,000	4,790,000	0	10,690,000
Special Assessment Bonds	1,400,000	0	(205,000)	1,195,000
General Obligation Bond	29,030,000	0	(2,490,000)	26,540,000
Water System Bonds*	25,900,000	0	(1,035,000)	24,865,000
Gas System Bonds*	9,795,000	0	(1,230,000)	8,565,000
Electric System Bonds*	161,750,000	0	(7,450,000)	154,300,000
Wastewater System Bonds*	60,080,000	0	(1,995,000)	58,085,000
OWDA Loan*	416,213	0	(16,136)	400,077
Totals	\$294,271,213	\$4,790,000	(\$14,421,136)	\$284,640,077

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



ECONOMIC DEVELOPMENT UPDATE

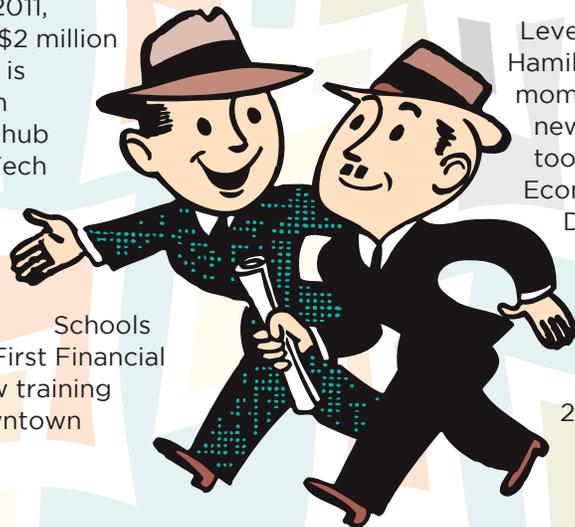
In 2012, Hamilton experienced job growth in new industries and made progress in its efforts to reinvigorate its historic urban core. Some of Hamilton's most exciting job announcements came from emerging and innovative industries. Koncert IT, a partnership between Kroger and Ascendum, expanded its pharmacy support center at Vora Technology Park, now employing 70 people. Liferay, a fast-growing technology company based in California, announced it would be opening its national sales office in downtown Hamilton, adding up to 15 new jobs. Butler Behavioral Health Services announced it was selected as one of four Ohio mental health services providers to lead state Medicaid reforms. This will add 45 new jobs in downtown Hamilton.

Significant investments in historic buildings accompanied these downtown job announcements in 2012. The former Journal News building, which closed in 2011, underwent over \$2 million in renovations. It is now a downtown arts and cultural hub home to Butler Tech School of the Arts, Miami Valley Ballet Theatre, and Hamilton City Schools ABL program. First Financial invested in a new training facility in its downtown

Hamilton building that will serve all of its southwest Ohio employees, and a developer obtained ownership over the former Smart Paper Facility with plans to develop a business park. The Historic Mercantile Lofts, the city's first downtown mixed-use residential project, fully opened in April 2012. By the end of the year, the building's 29 market rate apartments were 95% leased.

In a strategic effort to accelerate development in the urban core, the CORE Fund was launched in December 2012. It will provide the necessary capital for qualified residential and commercial real estate projects within the urban core. Another important economic development tool initiated in 2012 is the Butler County Land Reutilization Corporation, better known as the Land Bank. The Land Bank is a tool to assist in demolishing nuisance properties and to promote economic and housing development.

Leveraging Hamilton's positive momentum and new development tools, the Economic Development Department is looking forward to even more success in 2013.



Upon completion, nearly **70%** of the City's power will be from renewable resources

52% of the Project is Completed

\$504 Million Total projected investment

4th Quarter 2014 Expected completion date and commercial operation set to commence

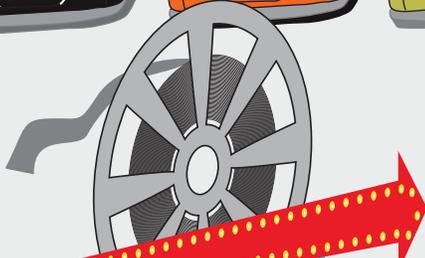
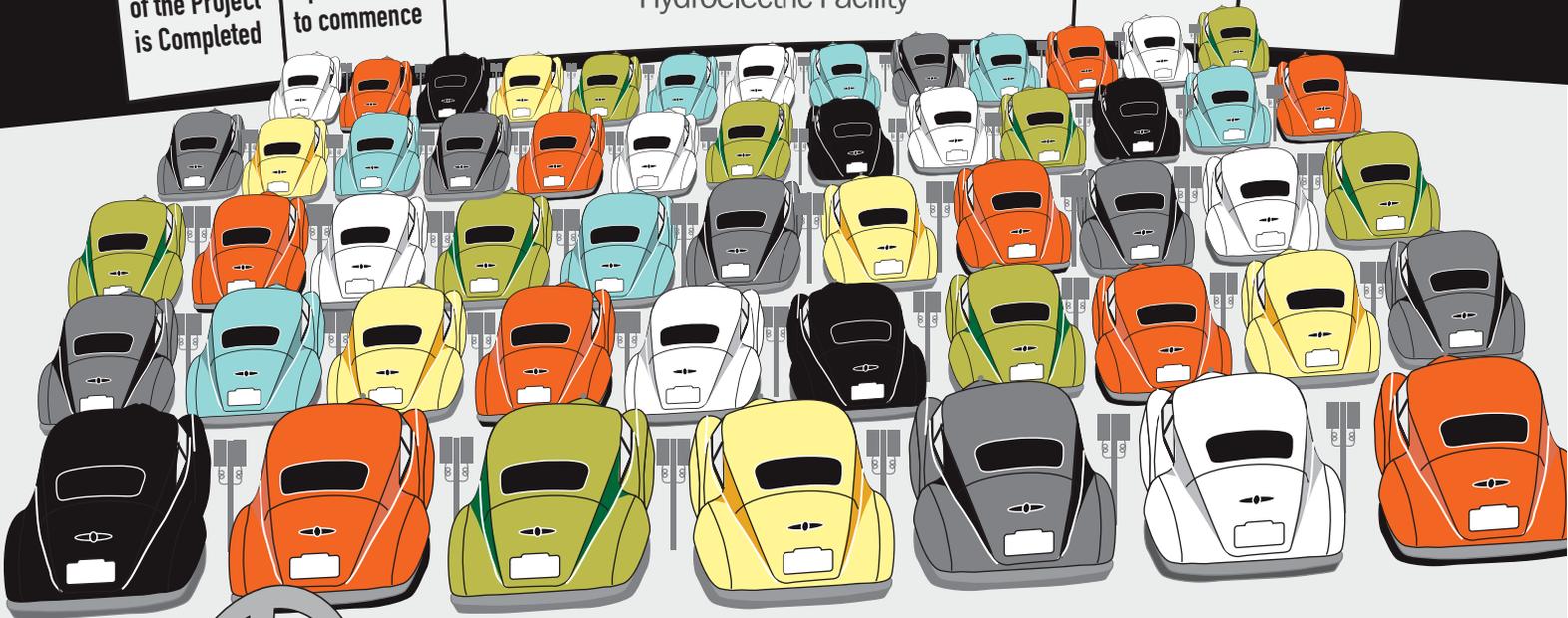


Meldahl
Hydroelectric Facility

400 Construction jobs created at project peak

558k MW Projected gross annual output of clean energy

8.5 Million Pounds of steel have already been placed at the project (63% of total required)



UTILITY DRIVE-IN

NOW PLAYING
ATTACK OF THE RENEWABLE RESOURCES
STARRING THE MELDAHL HYDROELECTRIC FACILITY

The City of Hamilton is developing a new, renewable energy hydroelectric generating facility - the Meldahl Hydroelectric Project. So named because of its location adjacent to the U.S. Army Corp of Engineers' Captain Anthony Meldahl Locks and Dam, the Meldahl Hydroelectric Project represents a significant economic development investment and will provide a new source of clean, zero emission electric generation. Once completed, the plant will have a capacity of 105 MW, with an average gross annual output of approximately 558,000 MW of clean energy.

Plant construction is well underway and, at its peak, the project will employ up to 400 construction workers. The associated transmission line will consist of approximately 3 miles of 138kV line and will connect with the existing Zimmer-Spurlock transmission line in Clermont County, Ohio. The new transmission line will provide southwest Ohio with additional low-cost power from a renewable energy resource and enhance service reliability for the region's municipal electric customers.

We've got the good stuff!

And we have the awards to prove it!

The City of Hamilton once again proved that it has drinking water of the highest quality!

The City of Hamilton participated against many other municipal drinking water suppliers in the State of Ohio at the Ohio Section American Water Works Associations (AWWA) 2012 Annual Exposition and Conference. The Ohio AWWA 2012 section conference was held in Dayton, Ohio in September. In the final competition the judges **unanimously** selected the City of Hamilton municipal tap water as the best tasting water in the State of Ohio for 2012.

This prestigious award qualifies the City of Hamilton to participate in the 2013 National American Water Works Association water tasting competition to be held in Denver, Colorado in June of 2013.

Taking the competition one delicious glass of Hamilton tap water at a time.



(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.



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 Ana Ramanathan, CPA, MBA, Acting Finance 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 Info 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



Outstanding!

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Financial Reporting to the City of Hamilton for its Popular Annual Financial Report for the fiscal year ended December 31, 2011. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

City of Hamilton
Ohio

for the Fiscal Year Ended

December 31, 2011



Christopher P. Morinell
President

Jeffrey L. Essex
Executive Director

