

Joseph M. Cicero, Jr.
Mayor



5301 MAYFIELD ROAD
LYNDHURST, OHIO 44124
(440) 442-5777
FAX (440) 442-5812
cicerroj@lyndhurst-oh.com

State of the City:

As Mayor, I am often asked, "How is our City doing?" When we look at the big picture, Lyndhurst is no different than many other suburban cities or villages. We are an upper middle-class city with homes that range in price from \$100,000 to one million dollars. Quite a nice diversity. Our schools, though challenged, are rated from effective to excellent. Our neighborhoods are neat and clean, our streets are safe, and the majority of our residents are content.

Lyndhurst is a bedroom-community with a moderate tax base; most of our revenue comes from the income taxes and property taxes paid by our residents and small businesses. For every \$1.00 we pay in property tax, the City of Lyndhurst receives only 15.41 cents. The remainder goes to our schools, the county, and library. For many years we were fortunate to be home to the TRW World Headquarters which provided a very nice tax base for the City and helped keep our General Operating Fund healthy. When Legacy Village came to Lyndhurst, there was the vision of added revenues for our City. Based on initial projections, the income from Legacy Village would be a nice added bonus for the City. However when TRW closed, instead of additional revenue, the monies brought in by Legacy Village only replaced the income we lost from TRW. When the TRW property was donated to the Cleveland Clinic, that property became exempt from property tax. So, we suffered a triple impact; significant loss of income tax revenue, lost property tax revenue for our City and lost property tax revenue for our schools.

Our City has strived to provide those amenities and services our residents and businesses want and expect. I believe, for the most part, we have done an excellent job in accomplishing this. But over the last several years our reserves have been stretched as rising expenses have out-paced flat revenues. Did we see this coming? For the most part, yes. When I took office in January of 2004 it was very evident that something different needed to be done, that we needed to decrease expenses and look for new ways of creating revenue. I worked to meet these issues head-on. We tightened our belts and began to look for creative ways of maintaining the services and amenities that you, our residents expect; by doing more, or at least maintaining current standards, with much less. Although expenses have risen, my administration has been able to return budgeted dollars back to the General Fund in far greater amounts than my predecessor. You will find information in this report relating to our income and costs of operation. These figures are exact and come from the City's Audited Financial Statements. I hope that you find this helpful.

What does the future hold for Lyndhurst? Well, none of us has a crystal ball but we are not without possibilities. Acacia Country Club may sell and any new development there would provide new income for Lyndhurst. We have spent a great deal of time updating our Master Plan for zoning so that we are prepared if or when the Club is sold. We are in constant conversation with the Cleveland Clinic in the hopes the land they own is utilized for the best benefit of the Clinic and the City alike. We are studying the Mayfield Road Corridor to assure it too is living up to its maximum potential.

What I do know is that, working together with our City Council, we have been able to accomplish a great deal. We have a common resolve to do all within our collective means to weather this economic storm. Lyndhurst is our home, it is your home and both your City Council and I sincerely appreciate your support and trust in our stewardship of our "Community of Neighbors".

Thank you.

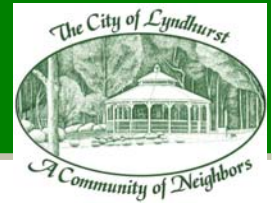
A handwritten signature in black ink that reads "Joseph M. Cicero, Jr." The signature is written in a cursive style.

Joseph M. Cicero, Jr.
Mayor / Safety Director

CITY OF LYNDHURST

2008 FINANCIAL REVIEW

July 2009
Volume 1, Issue 1



The following is an overview of the City's financial position for the fiscal year ended December 31, 2008 and is derived from Generally Accepted Accounting Principles (GAAP). Mary Kovalchik, Finance Director

Where the Money Comes From...

Revenues

Major sources of revenues include property tax, income tax and state-shared taxes. (See Figure 1.)

Revenues	2008	2007
Programs	4,478,218	4,250,997
Property Tax	5,249,674	5,157,705
Income Tax	5,820,074	6,378,134
Local Tax	136,540	146,411
Inter-governmental	2,197,426	1,889,763
Investments/Other	720,916	1,075,613
Total Revenues	18,602,848	18,898,623

Revenues for fiscal year 2008 were down 1.58% over the prior year. This was greatly due to a sharp decline in Municipal Income Tax collections and Investment Earnings. The increase to Intergovernmental revenues is primarily due to the new law which expanded the Homestead Exemption and provided tax relief to qualified senior citizens and disabled Ohioans. Any homeowner aged 65 and older living in the home is now eligible for the Homestead Exemption.

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Property Tax

Property Tax in Lyndhurst is administered by the Cuyahoga County Auditor's Office. The County Auditor assesses your property on 35% of the appraised market value. This value is updated every three years based on the average sales price of properties sold in our area. Every six years your property is revisited and reappraised by the County to include any major improvements or additions. The last reappraisal took place in 2006.

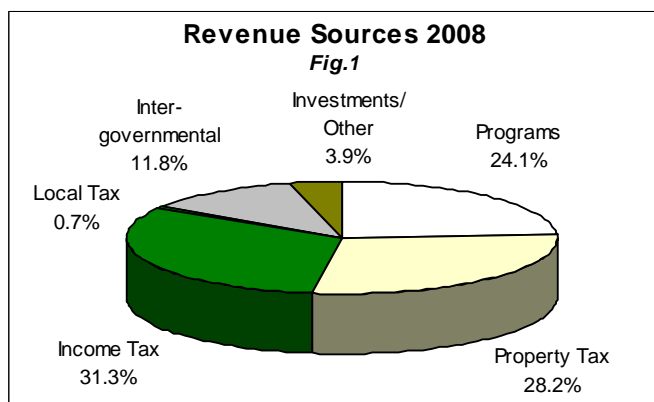
Lyndhurst residents paid \$74.61 per \$1,000 of the assessed value in collection year 2008. **For each one dollar (\$1.00) in property tax paid** the County Auditor distributed those funds as follows: (See Figure 2.)

School District –	60.69 cents
Cuyahoga County –	21.48 cents
City of Lyndhurst –	15.41 cents
Library –	2.42 cents

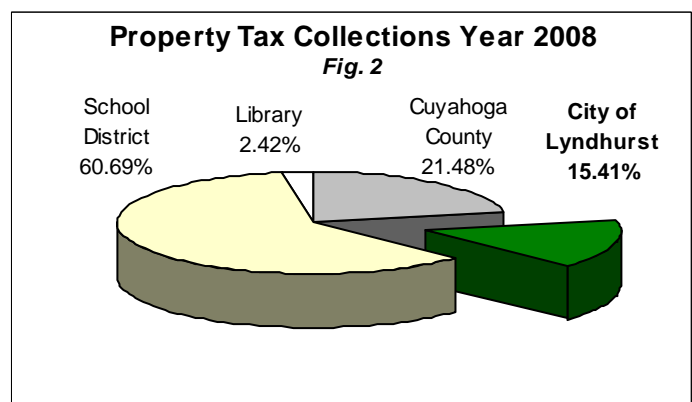
The City operates on the **15.41 cents** and provides most of the government services to you including Police, Fire, EMS, parks, cultural facilities, street maintenance, rubbish collection and neighborhood preservation.

Revenues at a Glance...

Source: Audited Financial Statements



Source: Cuyahoga County Auditor



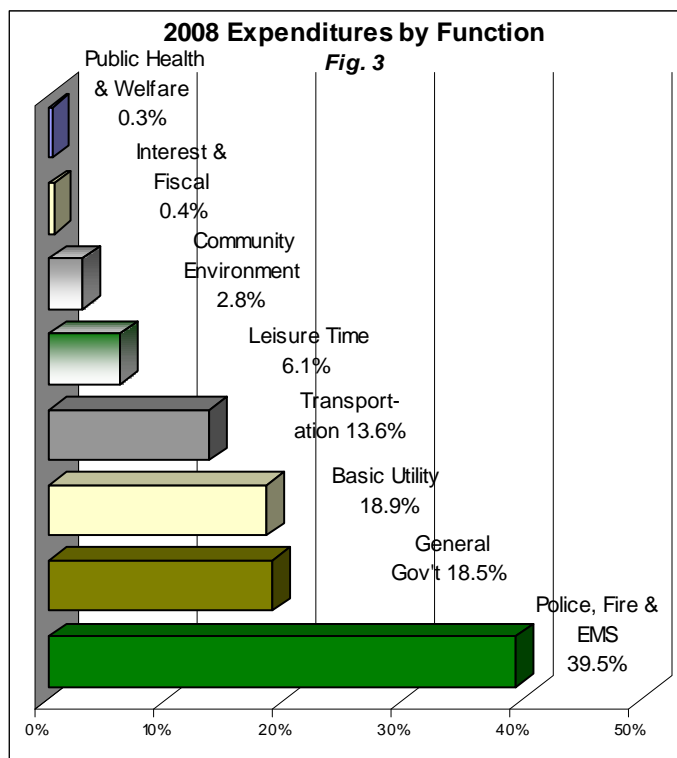
Where the Money Goes...

Expenditures

Expenditures incurred by the City of Lyndhurst, to provide all City services, are shown by function. (See Figure 3.) By far, **Police, Fire and EMS** are the most important and represent the highest cost of these services. The Police Department consists of 29 sworn in full-time officers and the Fire Department consists of 26 full-time firefighter / paramedics. **Transportation** includes the cost of storm sewers, streets, snow removal, and traffic signals. Costs increased by \$2.4 million in 2008 as

Expenditures by Function	2008	2007
Police, Fire & EMS	8,241,523	8,417,169
Public Health & Welfare	55,004	55,004
Leisure Time Activities	1,265,328	1,334,711
Community Environment	593,221	625,720
Basic Utility Services	3,938,514	3,229,880
Transportation	2,842,018	422,306
General Government	3,853,735	4,582,416
Interest and Fiscal Charges	90,874	114,570
Total Expenditures	20,880,217	18,781,776

Expenditures at a Glance...



"Mission Statement": To protect and to enhance the fiscal integrity and efficient management of the city while maintaining citywide programs and initiatives.

a result of the type of improvements made. While the City expended similar capital funds in both years; more minor repairs and maintenance were completed in 2008 than in 2007. **General Government** represents numerous departments including wage and benefits, insurance premiums, professional services, and building repairs and maintenance. **Community Environment** is the cost to assist in preserving our neighborhoods comprised of planning, building and housing. **Capital Outlay** resulted in \$910,620 in new capital. A citywide objective to reduce costs and maintain both services and a strong financial grasp was the scope of the capital plan. Replacing labor with a new automated recycling program helped to lead the way in meeting this objective for 2008.

Debt Management

The City of Lyndhurst is a **AA2** Bond Rated Community. This category is made up of Cities with strong economic and financial character. Annual debt payments for the City of Lyndhurst include principal and interest and totaled \$1,292,692 for the year. At year end the City had \$2.02 million in bonds outstanding. These bonds were issued in 2003 for the Lyndhurst Swim Park and will be paid over fifteen years. Additionally the City renewed \$1.00 million in notes for the Street Improvement Program to be paid in 2009.

Fund Balances

Fund Type	Balance 12/31/2008	Balance 12/31/2007	Increase (Decrease)
General	4,198,673	4,301,297	(102,624)
Bond Retirement Permanent Improvement	1,062,186	674,625	387,561
Capital Reserve Other	3,375,807	4,088,375	(712,568)
Governmental	3,134,562	3,121,167	13,395
Total	5,299,315	5,349,086	(49,771)
Total	17,070,543	17,534,550	(464,007)

CITY OF LYNDHURST

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Financial Review - 2008

MAYOR, Joseph M. Cicero

CITY COUNCIL

David A. Frey	Ward 1
Joseph A. Gambatese	Ward 2
Lane A. Schlessel	Ward 3
Patrick A. Ward	Ward 4
Dale J. Fisher	At Large
Joseph A. Marko	At Large
Charles LoPresti	At Large

2008 Financial Review

CITY ADMINISTRATION

Mayor/Safety Director	Joseph M. Cicero
Finance Director	Mary Kovalchik
Law Director	Paul Murphy
Police Chief	Rick Porrello
Fire Chief	Gerald Telzrow
Service Director	Rick Glady
Building Commissioner	Thomas Kunz
Community Center	Melissa Weldon
Engineer	Jeff Filarski

PHONE DIRECTORY

Municipal Offices	440-442-5777
Service Department	440-473-5100
Building/Housing Department	440-473-5108
Police (non emergency)	440-473-5116
Fire (non emergency)	440-473-5139
Community Center	440-449-5011
Municipal Court	440-461-6500
Office on Aging	440-473-5138
SELREC	216-691-2246