

IN THE SUPREME COURT OF OHIO
CASE NUMBER 2009-0866

STATE, EX REL. ELIZABETH A. KOBLY, ET AL.

RELATORS

vs.

YOUNGSTOWN CITY COUNCIL, ET AL.

RESPONDENTS

RESPONDENTS' SUBMISSION OF EVIDENCE
VOLUME FIVE

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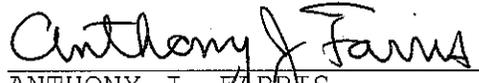
ATTORNEYS FOR RESPONDENTS

FILED
JUL 29 2010
CLERK OF COURT
SUPREME COURT OF OHIO

CERTIFICATE OF SERVICE

I hereby certify that a true copy of RESPONDENTS' SUBMISSION OF EVIDENCE, VOLUME FIVE, was mailed by regular mail on this 29th day of July, 2010, to JOHN B. JUHASZ (0023777), 7081 WEST BOULEVARD, SUITE 4, YOUNGSTOWN, OHIO, 44512-4362, ATTORNEY FOR RELATORS.


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RECORD OF EVIDENCE

VOLUME FIVE

EXHIBIT K - Deposition of David Bozanich

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THE SUPREME COURT OF OHIO
CASE NO. 2009-0866

STATE OF OHIO, EX REL)	
ELIZABETH A. KOBLY,)	
ROBERT A. DOUGLAS, JR.,)	
ROBERT P. MILICH,)	
)	
Relators)	VIDEO DEPOSITION
)	
VS)	OF
)	
YOUNGSTOWN CITY COUNCIL)	DAVID G. BOZANICH
ET AL.,)	
)	
Respondents)	

VIDEO DEPOSITION taken before me, Tracey L. Berarducci, a Notary Public within and for the State of Ohio, on the 30th day of June, A.D., 2010, pursuant to Notice, and at the time and place therein specified, to be read in evidence on behalf of the Relators in the aforesaid cause of action, pending in the Court of Common Pleas, within and for the Supreme Court of Ohio in the State of Ohio.

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APPEARANCES

JOHN B. JUHASZ, ESQ.
On behalf of the Relators

ANTHONY J. FARRIS, ESQ.
IRIS TORRES GUGLUCELLO, ESQ.
On behalf of the Respondents

ALSO PRESENT:

Hon. Elizabeth A. Kobly

FORM CSR - LASER REPORTERS PAPER & MFG. CO. 800-626-6313

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Relators' Exhibits

- G - City of Youngstown Budget Table of Contents, Budget and Review Expenditures, Budget Expenditures, Re-distributions, Select Budget Funding Levels, Operating Funds Balances, Net Income Tax Collections, Budget Funding by CDA
- H - Income Tax Forecast

Reported and Transcribed by
Tracey L. Berarducci, Court Reporter

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STIPULATIONS

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It is stipulated and agreed by and between counsel for the parties hereto that this deposition may be taken at this time, 11:30 a.m., at the Youngstown City Hall, Youngstown, Ohio, with the usual Notice to Take Deposition having been served.

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It is further stipulated and agreed that the deposition may be written in stenotype by Tracey L. Berarducci, a Notary Public within and for the State of Ohio, and a Certified Stenotype Reporter, and by her transcribed; that the transcript be made available to the witness for signature, that the witness shall read the same and subscribe thereto, and that the deposition may thereupon be used on behalf of the Relators in the aforesaid cause of action.

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1 (Whereupon, Exhibit H and G were marked
2 for identification purposes by the court reporter.)

3 WHEREUPON,

4 DAVID G. BOZANICH,

5 Having been first duly sworn to testify the truth,
6 the whole truth and nothing but the truth, testified
7 as follows:

8 CROSS EXAMINATION

9 By Mr. Juhasz

10 Q Would you state your name, please, spell
11 your last name for the record?

12 A Sure. It's David George Bozanich,
13 B-o-z-a-n-i-c-h.

14 Q Mr. Bozanich, do you hold a position with
15 Youngstown City Government at the present time?

16 A I currently do.

17 Q Can you tell me what position, please?

18 A Director of finance.

19 Q How long have you held the position of
20 director of finance?

21 A I've held the position for approximately
22 five years for Mayor Williams. Approximately six
23 years for Mayor McKelvey, and five years Mayor
24 Ungaro.

1 Q I should stop. I've been doing this with
2 other witnesses. And forgive me. Have you gone
3 through this process before? That is, have you had
4 your deposition taken before?

5 A Yes, I have.

6 Q All right. So you are generally familiar
7 with the ground rules, are you not?

8 A Yes, I am. So help me out with the math.
9 You've given me your service under different mayors
10 as finance director.

11 Q How long have you been finance director in
12 total, roughly?

13 A Seventeen years.

14 Q Okay. And prior to being finance director
15 of the City of Youngstown, did you hold any other
16 office in the City of Youngstown, elective or
17 appointed?

18 A I was the deputy finance director for
19 approximately 11 years.

20 Q Can you tell me, please, in general, what
21 the duties and responsibilities are of the finance
22 director of the City of Youngstown?

23 A The duties are defined by the City
24 charter. But basically you're in charge of the

1 financial operating system for the City of
2 Youngstown, certification of funds for the City of
3 Youngstown, chief purchasing agent for the City of
4 Youngstown.

5 Q The position of finance director is an
6 appointed position; am I correct?

7 A That's correct.

8 Q And you are appointed by the Mayor of the
9 City of Youngstown; am I correct?

10 A I'm appointed by the Mayor and confirmed
11 by city council.

12 Q In addition to being finance director do
13 you also serve on a board called the Board of
14 Control?

15 A That's correct.

16 Q Can you generally describe for us, please,
17 what the Board of Control is?

18 A The Board of Control is a contractual
19 entity for the City of Youngstown.

20 Q And when you say "a contractual entity" is
21 it the entity -- first of all, if you know, is it
22 created by city charter?

23 A Yes, it is.

24 Q And is the Board of Control the entity

1 that is authorized to act on behalf of the city to
2 enter into various contracts?

3 A Yes, it is.

4 Q I assume those would include things
5 ranging all the way from purchasing contracts to
6 construction contracts; am I correct?

7 A That's correct.

8 Q Does the Board of Control also have to
9 enter into other agreements? For example,
10 collective bargaining agreements, that sort of
11 thing?

12 A Yes, we do.

13 Q And does the Board of -- is it the Board
14 of Control that makes applications for, say, federal
15 grant money, that sort of thing, or is that another
16 department of the City?

17 A Generally not. But if there's a contract
18 associated with the ultimate funding then we do.

19 Q And can you tell me in general what is the
20 authority of the Board of Control in terms of, if
21 any, in terms of defining what the terms of the
22 contract are that the City ultimately enters with
23 some vendor?

24 MR. FARRIS: Objection.

1 A The City of Youngstown follows the state
2 statute on purchasing limits. However, we have
3 instruct -- we have installed a system which is
4 assigned each department head, which gives certain
5 amounts that they have discretion. The State of
6 Ohio let's you buy things, \$25,000, without going
7 through a competitive bid. We require certain price
8 quotes up to \$500, another process up to 1500, a
9 different process up to 25,000.

10 Q I'm also interested, in terms of that
11 question, however, in whether the nuts and bolts of
12 the details of the contract are to be ironed out by
13 the Board of Control or some other authority. In
14 other words, let's say that the -- well, first of
15 all, correct me if I'm wrong. The legislative
16 branch, the city council authorizes, by legislation,
17 the Board of Control to enter into a contract; am I
18 correct?

19 A That's correct.

20 Q And it also, by legislation, appropriates
21 the amount of revenue necessary to defray the
22 contract; am I correct?

23 A That's correct.

24 Q In the course of doing that, does the

1 legislative branch give a certain amount of
2 discretion to the Board of Control in terms of,
3 well, we're authorizing you to spend up to \$25,000
4 to go buy a car, but what the car is, and what it's
5 specifications are, we leave up to the Board of
6 Control; does it work like that or does the
7 legislature set those terms and conditions?

8 A No. Generally it's an authorization of a,
9 of an act to be carried out. And the Board of
10 Control department heads would actually negotiate
11 the specifics of that act.

12 Q Okay. And so if I understand it then the
13 -- and let's just say that the car is for the parks
14 department; the parks department would have some
15 input to the Board of Control in terms of what we
16 want or need in a car, correct?

17 A Correct.

18 Q And then the Board of Control would
19 ultimately be the party that defines, on the City's
20 half of the contract, what specifications you need
21 for the car; is that a fair statement?

22 A It's fair. But generally our cars are all
23 purchased off the State of Ohio's purchasing
24 contract so --

1 Q Now, correct me if I'm wrong. But the
2 City of Youngstown operates like most governments in
3 the State of Ohio, principally from a general
4 revenue fund; am I correct?

5 A The general fund is the, is the main
6 income fund for the City of Youngstown.

7 Q And so while there are other funds, the
8 general fund is the fund that operates the bulk of
9 city government; is that fair to say?

10 A I want to say our general fund probably
11 makes up 50 to 55 percent of our expenditures;
12 water, 20 to 25 percent; waste water, another 20 to
13 25 percent. And then miscellaneous community
14 development, other funds.

15 Q Okay. Can you tell me, first of all, if
16 the expenses to operate the legislative branch of
17 the City government for the City of Youngstown are
18 paid for from the general fund as opposed to one of
19 these other funds you've mentioned to me?

20 A Approximately 60 percent of those costs
21 are paid for out of the general fund. Approximately
22 40 percent of our enterprise funds.

23 Q For the cost of operating city council?

24 A That's correct.

1 Q Okay. And when you say enterprise funds,
2 would you define for us, please, what sort of funds
3 you're referring to?

4 A Water and waste water.

5 Q How about the cost of the Executive Branch
6 of the government, how is that funded? Is that
7 funded solely from the general fund, or is it funded
8 similarly to what you just described for me for the
9 legislative branch?

10 A If you could -- certain costs in the
11 executive branch side are funded with a cost formula
12 that we have in place. That is to say Board of
13 Control salaries, law department, certain law
14 department salaries, certain finance department
15 salaries. Those are all funded with an indirect
16 cost formula.

17 In effect, we take -- it generally comes
18 out to somewhere in the area around 35 to 40 percent
19 of the cost of salary benefits associated with those
20 employees in charge of enterprise funds, also.

21 Q So the City does have in place an indirect
22 cost allocation plan?

23 A Correct.

24 Q And pursuant to that, you collect a

1 certain amount from the enterprise funds because of
2 the services that you provide them, the general
3 services you provide them, you collect a certain
4 portion of the cost of doing that from those
5 enterprise funds, correct?

6 A That's correct.

7 Q And do those enterprise -- are the
8 salaries for those individuals that we're speaking
9 of, however, paid out of the general fund and then
10 you charge back the enterprise fund?

11 A That's correct. We do an annual
12 reconciliation. Of which we do the math and try to
13 draw up the appropriate costs.

14 Q Okay. And are those costs then paid for
15 by an inter-fund transfer?

16 A Yes.

17 Q So, just so we're clear, if I'm an
18 employee in the city general fund, and my services
19 are deemed to be under the indirect cost allocation
20 plan, ones that provide benefits to say the sewer
21 fund or the waste water fund, or the water
22 department fund, my salary would be paid, my
23 paycheck would come as a general fund paycheck,
24 correct?

1 A That's correct.

2 Q And then the 35 percent of whatever number
3 that is, at the end of the year, or whenever you do
4 it, you would affect a transfer between the waste
5 water fund and the general fund to, in essence,
6 reimburse the general fund for those indirect costs?

7 A Right.

8 Q Now, can you describe for me, please, what
9 the primary source of revenue is for the general
10 fund in the City of Youngstown? Is it income taxes?
11 Is it property taxes?

12 A Income tax collections. Approximately 65,
13 70 percent.

14 Q I spoke with Mayor Williams yesterday.
15 And he indicated to me that a portion of income tax
16 revenues are segregated or set aside for capital
17 improvements in the City of Youngstown; is that --
18 do you agree with that?

19 A Yes.

20 Q Are you able to tell me what percentage of
21 the City's income tax, revenue collections, are
22 segregated into a capital improvements fund?

23 A Yes. We provided the exact numbers to
24 you. There's two formulas; one that was adopted, I

1 believe, in 1982. And then one was adopted in, I
2 think it was 2002 or three. The formulas are
3 different; so you have to do different allocations
4 for them.

5 Actually, it would be a little easier if
6 we looked at this sheet here.

7 Q Okay.

8 A Give you a summary on it. Whatever that
9 Exhibit is.

10 Q That's H.

11 A It's the last line from the total on the
12 bottom.

13 MR. JUHASZ: That's the only copy I have.

14 MR. FARRIS: Oh, I'm sorry.

15 MR. JUHASZ: That's okay. So we're going
16 to have to do it the old-fashioned way.

17 A That's okay. No, I made you two. There's
18 a color-coated one, I think, Counsel, that I
19 provided to you.

20 MR. FARRIS: I have one anyway.

21 A Okay.

22 Q I'm going to hand it to you simply because
23 we've marked that one --

24 A Sure.

1 Q -- as an exhibit in this case as Exhibit
2 H.

3 A Uh-huh.

4 Q Can you take a look at that document. And
5 then when you're finished looking at it, would you
6 mind identifying for me what that document is?

7 A It's an income tax forecast for the City
8 of Youngstown.

9 Q Is that prepared by the finance department
10 of the City of Youngstown?

11 A Yes, it is.

12 Q Under your direction, if you did not do it
13 personally?

14 A That's correct.

15 Q Can you tell me, from that document, what
16 are the percent -- you mentioned two different
17 percentage formulas for the allocation of income
18 taxes to a capital improvements fund. Will looking
19 at that document enable you to tell me what those
20 percentages are?

21 A It will not.

22 Q Are you able to tell me in raw dollars,
23 from looking at that document, how much money, let's
24 say in the year 2009, the City collected and

1 segregated into a capital improvements fund?

2 A Yes, I can.

3 Q Okay. Can you tell me what that number
4 is, please?

5 A Fiscal 2009, \$4,325,000.

6 Q Now, when you say fiscal year 2009, I know
7 different governments do it different, different
8 periods. Is the City's fiscal year, does that
9 coincide with the calendar year?

10 A Yes, it does.

11 Q So the City's fiscal year is January 1 to
12 December 31?

13 A That's correct. Except for our block
14 grant funding, which is a July 1st through June 30th
15 fiscal year.

16 Q Concurrent with the state fiscal year?

17 A Correct. Well, fiscal is bi -- is
18 biannual, or annual with the feds.

19 Q All right. But in any event, the reason I
20 ask the question is, so when you tell me the
21 four million number for fiscal year 2009, we're
22 essentially talking January 1, 2009 to December 31
23 of 2009?

24 A That would be correct.

1 Q Okay. Do you have information available
2 to you that, here today, that would tell you what
3 those collections are for the three or four years
4 prior to 2009?

5 A Yes, I do. And I provided it as an
6 exhibit.

7 Q Is that this exhibit?

8 A Yes, it is.

9 Q I'm going to hand you -- and if you want
10 to look at the color one after, Dave, I'm going to
11 ask you, if you would, identify Exhibit G.

12 A Exhibit G is a budget report we provide to
13 city council as we go through the budgeting process
14 with our city council.

15 Q And does Exhibit G enable you to tell us
16 the amount of income taxes that the City of
17 Youngstown collected and segregated into the capital
18 improvements fund for the year 2008?

19 A Yes, it does.

20 Q Can you tell me, please, what that number
21 is?

22 A Let me see here.

23 Q And by the way, before you answer that
24 question, may I interrupt you? Because I handed you

1 that exhibit. But I -- it's fine if you want to use
2 the other one. I simply want to make certain that
3 you've compared them. They are the same thing.
4 Except the one you have is color-coated; am I
5 correct?

6 A That's correct.

7 Q And that will enable you to answer my
8 questions more easily, I assume.

9 A That's correct.

10 Q All right. Very well. Now, having said
11 that, would you mind telling me the amount that was
12 collected for fiscal year 2008 and segregated into
13 the capital improvements fund?

14 A In 2008 we collected a total of -- you
15 would have to add these two figures together,
16 1,530,000 plus \$3,315,000 in our -- I have 2009
17 figure, not 2008 figure.

18 Q I'm sorry. Is what you just gave me 2009
19 or 2008?

20 A It's 2009 distribution. But in 2000 --
21 I'm trying to give you the number the way you want
22 it. Although, it's not on the report the way you
23 want it. If you give me a second here, I'll get
24 there.

1 Q Okay.

2 MS. GUGLUCELLO: Can we go off the record
3 for a minute.

4 VIDEOGRAPHER: Off the record.

5 (Whereupon, a discussion was had off the
6 record.)

7 VIDEOGRAPHER: On the record.

8 Q Okay. Mr. Bozanich, I was just asking you
9 about the two -- the amount that the City had
10 collected in income tax and segregated into the
11 capital improvements fund for the year 2008. And I
12 think we've discussed off the record that there's a
13 document that would probably enable you better than
14 Exhibit G to answer that question, correct?

15 A That's correct.

16 Q And could you tell me what exhibit that
17 is? Is that Exhibit H?

18 A Exhibit H.

19 Q Okay.

20 A And the number would be for fiscal 2008,
21 it would be 5,048,000.

22 Q And does Exhibit H also enable you to give
23 me the same information for the fiscal year 2007?

24 A Correct.

1 Q And can you tell me what that number is?

2 A \$5,045,000.

3 Q And let me ask you one back to 2006, the
4 same question.

5 A \$4,990,000.

6 Q Now, can you tell me, when those monies
7 are collected and segregated into that account then,
8 and let's just use fiscal year 2009, what does the
9 City do with that money?

10 In other words, are capital improvements
11 projects paid for out of that capital improvement
12 fund and accounted under line items in that fund?

13 A Yes, they are. 2009 we distributed
14 \$1,878,000 to the park department. We distributed
15 \$2,429,000 to the street department. And we
16 distributed \$50,000 to the demolition department.

17 Q How were those numbers determined,
18 Mr. Bozanich? In other words, how do you determine
19 how much to distribute to the parks department, how
20 much to the streets department?

21 When I say "you," I don't mean you
22 personally. I mean whoever in the City is
23 responsible for making that determination.

24 A Ultimately it would be a recommendation

1 from the administration to the appropriating
2 authority, which is city council. And it's a
3 back-and-forth process where the ultimate goal is to
4 come up with a balanced budget based on a set of
5 value decisions that allows for the City to not only
6 maintain the financial integrity of operating a
7 balanced budget but also provide the necessarily
8 services to the public that we're mandated to do.

9 Q So let's take the street department as an
10 example. When you transfer money from the capital
11 improvement fund to the street department, is that
12 money then used and accounted for strictly as
13 capital improvements in the street department, or
14 are there also current operations funded by that
15 money?

16 A It's a combination of -- generally, the
17 street department gets a transfer from the general
18 fund, which isn't enough to offset the operations of
19 our street department, which we're -- are mandated
20 to maintain and operate safe streets.

21 But we are required then to transfer some
22 additional monies out of our permissive tax, license
23 plate fees. And then we also transfer monies in
24 from our capital improvement budget to offset not

1 only capital cost of maintaining, but operating
2 costs.

3 Q So if I understand you, there are two --
4 using the street department example. There are two
5 supplemental sources of revenue that the City
6 sprinkles into that street department fund. That
7 being, pardon me, capital improvements money and
8 permissive tax money?

9 A Correct.

10 Q Aside from that how is the street
11 department funded? In other words, what would be
12 the source of funding of the street department if
13 the City did not make those transfers?

14 A The general fund alone would be the
15 source.

16 Q Okay. So in addition to the -- and I
17 guess what I'm asking then is, the street department
18 does not generate any revenue; am I correct?

19 A That's correct.

20 Q So for accounting purposes, you transfer
21 money from the general fund into the street
22 department, or do you not do that anymore since you
23 fund it with these other sources?

24 A No, we do.

1 Q Okay. So I just want to make sure that
2 I'm clear then. The sources of revenue for the
3 street department are general fund transfers,
4 correct?

5 A Correct.

6 Q Transfers from the capital improvement
7 fund about which we've been speaking, correct?

8 A Correct.

9 Q And transfers from your permissive tax
10 collections?

11 A Correct.

12 Q Okay. And those are the sources of
13 revenues for funding the street department?

14 A And they vary year to year, depending on
15 the ultimate budget decisions.

16 Q Are capital improvements monies that are
17 segregated into those, that account that we spoke of
18 earlier, are they also transferred to the parks
19 department? I thought I heard you say that earlier.

20 A Yes, they are.

21 Q And sort of the same set of questions.
22 First of all, does that transfer help fund not only
23 capital improvements but also current operations in
24 terms of payroll, fringes, that sort of thing?

1 A Yes, it does.

2 Q Now, I was given an understanding
3 yesterday by the Mayor that there's a legal opinion
4 that was issued by the law department that sort of
5 defines what our permissible uses for this capital
6 improvement money that's segregated into the
7 account. Are you familiar with this or are you not?

8 A Yes, I am.

9 Q Are you able to tell me the general
10 vintage of that letter? In other words, about when
11 was it written?

12 A I believe there was one written in '83 or
13 '84 by then law director William Higgins. And then
14 I believe it was rewritten at the request of the
15 state auditors probably four, five years ago. And I
16 think at that time it was written by Bob Bush, the
17 law director.

18 Q When you say "at the request of the state
19 auditors," my understanding is that state auditors
20 will not issue a finding regarding a certain
21 expenditure if there is a legal opinion from a
22 prosecutor, a law director, whoever, that says
23 that's a legitimate purpose for spending that money;
24 is that correct?

1 A Generally.

2 Q And when you say that the second opinion
3 letter written by Mr. Bush was written in response
4 to or as a result of things said by the state
5 auditors, is that generally what is going on there,
6 that they were questioning expenditures and wanted
7 legal clarification?

8 A No. Actually, what had happened is we had
9 repassed a new levy. And when we passed that levy,
10 and forgive me, I think it was 2000 or -- '98 or
11 2000, somewhere around there. When we passed that
12 levy we were redistributing those funds in a similar
13 fashion to the redistribution we were using.

14 And since it was a new levy, new money is
15 coming into the system, they had asked for another
16 legal opinion to that effect. We then, of course,
17 asked our law director to look at it. And he issued
18 an opinion.

19 Q Very well. Now, of these monies -- sorry.
20 Before we go there. Is it a fair statement to say
21 that all or most of the monies that are collected
22 and segregated into this capital improvements fund
23 are transferred out to other departments?

24 A Yes.

1 Q So what I'm getting at is, if you collect,
2 for example, \$4.3 million, most of that \$4.3 million
3 is getting transferred out, correct?

4 A Correct.

5 Q If I understood your testimony earlier,
6 and correct me if I'm wrong, the amounts of those
7 transfers, and the places to where they go is in
8 essence a policy function; is that fair to say?

9 A That would be a value decision of the
10 administration and city council.

11 Q The administration would make
12 recommendations to city council about -- I think we
13 should transfer X number of dollars, for example, to
14 the street department, correct?

15 A Correct.

16 Q And then the ultimate responsibility, at
17 least legally, lies with city council because it has
18 to be done by a legislative action; am I correct?

19 A Correct.

20 Q Okay. And so city council can either say,
21 yes administration, we agree that we should transfer
22 that much money to the street department, or they
23 can change the number?

24 A Correct.

1 Q Fair to say?

2 A Yes, sir.

3 Q Is it fair to say that generally the city
4 council has followed the administration's
5 recommendation, let's say in the past five years as
6 far as those transfers?

7 MR. FARRIS: Objection.

8 A There's been a lot of back and forth on
9 budget issues. I would say 50 percent of the time
10 they follow our recommendation.

11 Q Can you tell me how much, if any, of that
12 capital improvement money has been set aside for the
13 construction or renovation of a facility to house
14 the Youngstown Municipal Court?

15 A I don't believe there's been any money set
16 aside for that purpose.

17 Q Besides the funds that we've been talking
18 about, Mr. Bozanich, the judges of the City of
19 Youngstown, some time ago, around the same time
20 frame, 1998, 2000, adopted an entry that set up a
21 number of funds to be segregated from the collection
22 of court costs; are you aware of that?

23 A Yes.

24 Q For example, there's a special projects

1 fund, isn't there?

2 A Uh-huh.

3 Q There's a computerization fund, I believe.

4 A I believe, it's a capital fund and a
5 computerization fund.

6 Q Okay. Do you have with you today, or even
7 in any of these documents you've given me, a chart
8 of accounts that would help you answer that question
9 a little more succinctly I guess?

10 A Let me see. We have three funds that are
11 improvement funds associated with the court
12 operations. The city authorized a court capital
13 improvement funds. We authorized a court
14 computerization fund and a court special projects
15 fund.

16 Q And the document that you have before you
17 has helped you recall specifically what those funds
18 are; am I correct?

19 A That's correct.

20 Q Does that document, Mr. Bozanich, tell you
21 what the present amount credited, credited to each
22 of those funds is?

23 A This one does not because it's dated
24 June 30th of 2009.

1 Q Okay. Do you have a document with you
2 that would tell you that?

3 A I do not. But we can provide them for
4 you.

5 Q Okay. Would you be kind enough at least
6 to use the one and tell me, as of June 30th, 2009,
7 how much money was in each one of those accounts you
8 just mentioned?

9 A Sure.

10 Q Thank you.

11 A In the court capital improvements budget
12 there was \$486,000.17. That's fund 210. In the
13 court computerization fund there was \$225,000,
14 \$225,081.26. In the court special projects fund
15 there was \$1,681,203.41.

16 Q Thank you. And that's -- if I understood
17 your testimony earlier, that's as of June 30th of
18 2009?

19 A That's correct.

20 Q All right. Thank you. And you're
21 likewise willing to provide me information to update
22 that to give me something that would get us -- what
23 would be your most available information, the end of
24 May?

1 A Sure.

2 Q Okay. If I use the phrase, Mr. Bozanich,
3 the Master's project, or the Master's block in
4 connection with the Youngstown Municipal Court, are
5 you generally familiar with what I'm speaking about?

6 A I am.

7 Q You know, don't you, that the Youngstown
8 municipal judges, at one point, proposed
9 construction of a new court building in the Master's
10 block or in the Master's area, correct?

11 A Correct.

12 Q Do you recall, Mr. Bozanich, as a member
13 of the Board of Control, being asked to approve a
14 contract to pay for and to provide for construction
15 drawings for that particular project?

16 A Yes.

17 Q And did the Board of Control -- well, when
18 that presentation or request was made to you, was it
19 also represented to you that the judges were willing
20 to pay for it out of one of those three special
21 project codes that we've just been talking about?

22 A I don't believe they were willing to pay
23 for it out of their own special project codes.

24 Q Did you, as a member of the Board of

1 Control, vote in favor of or against approving a
2 contract to acquire the construction drawings for
3 the Master's block?

4 MR. FARRIS: Objection.

5 A I actually can't recall without looking at
6 the Board of Control records.

7 Q Do you know whether the Board of Control
8 authorized the City to enter into a contract to
9 prepare construction documents for the Master's
10 project?

11 A I can't recall.

12 Q Fair enough. Same questions with regard
13 to -- you're aware that there's been some discussion
14 about possibly renovating the City Hall Annex
15 building to house the court facility, are you not?

16 A Yes, I am.

17 Q Same sort of questions with regard to that
18 facility. Has the Board of Control been asked to
19 approve a contract that would enable construction
20 drawings to be prepared for that renovation?

21 A I don't believe so.

22 Q I asked Mayor Williams some questions
23 yesterday, and he deferred to you. I don't know how
24 happy that will make you. But let's see what

1 information you can provide me about this. I had
2 asked him some questions about renovations that were
3 made to the Mayor's office and the first floor of
4 City Hall. Are you generally familiar that such
5 renovations were done?

6 A Yes, I am.

7 Q Do you have a general timeframe you can
8 provide me as to when those were done?

9 A They were done approximately five years
10 ago.

11 Q And do you have a general cost of what
12 were required to do those renovations? I'm not
13 asking you to give me an exact cost.

14 A Yeah, I believe they were in the range of
15 \$200,000.

16 Q Likewise, were there renovations made to
17 the Youngstown City Council chambers and the
18 attendant facilities within the last five or six
19 years?

20 A I believe they're more aged than that.
21 But yes, there were.

22 Q And going back for a second to the
23 renovations to the Mayor's office and the first
24 floor. I assume, but correct me if I'm wrong, that

1 those were done pursuant to contracts entered into
2 by the City through the Board of Control with the
3 various contractors who did the work?

4 A That's correct.

5 Q Would that also be true of the renovations
6 of the City Council chambers and the attendant
7 facilities, regardless of when that date was?

8 A That's correct.

9 Q Okay. And with regard to those city
10 council chamber renovations, can you give me a
11 general cost estimate as to the cost of those
12 renovations?

13 A I believe they were in the range of
14 \$400,000.

15 Q Okay. Not with you today, but do you have
16 available in the finance department, records which
17 would sort of crystalize the exact amounts of these
18 renovations I've been asking you about?

19 A Sure.

20 Q Okay. And are you willing to provide
21 those to me --

22 A Sure.

23 Q -- at some point after the deposition?

24 A Yes, we would.

1 MR. JUHASZ: Let's go off the record a
2 second.

3 VIDEOGRAPHER: Off the record.

4 (Whereupon, a brief recess was taken.)

5 VIDEOGRAPHER: On the record.

6 Q Mr. Bozanich, I have just a few more
7 questions for you. You told me a little while ago
8 that you were familiar with the proposal or idea of
9 renovating the City Hall Annex to provide facilities
10 for the Youngstown Municipal Court, correct?

11 A Correct.

12 Q Have you ever been asked, or whether asked
13 or not, have you ever done any capitalization
14 projections. That is how much -- have you estimated
15 what the debt service would be on such a project?

16 A A few years back, at the request of the
17 Mayor, I, I drafted a report basically outlining
18 what all those costs would be. He wanted a third
19 party's independent analysis done of that. Which we
20 then hired a company called Professional Finance
21 Management, PFM, which did a full in-depth analysis
22 of our inability to fund that project. With the
23 amortization schedules at various amounts based upon
24 what that capital outlay would be.

1 Q When you say inability to fund it, it's a
2 fair statement to say that the City is collecting,
3 let's say, roughly \$4 million per year in income tax
4 revenues that are segregated to the capital
5 improvements funds, correct?

6 A Actually, it's somewhat higher than that,
7 \$4.5 million.

8 Q All right. So let's use, let's use the
9 number of four and a half million dollars. Did any
10 of those studies indicate that the capitalization
11 cost for the municipal court would be more than four
12 and a half million dollars per year?

13 A They would not.

14 Q Okay. And so it's a fair statement on my
15 part to say, isn't it, that when you say the City
16 was unable to afford it, it's because of what the
17 City perceives as other needs or other things to do
18 with the money; is that a fair statement?

19 A Well, for example, all decisions are value
20 decisions, of course, in the budgeting process.
21 That's part of, of how budgets work. And budgets
22 are merely financial plans of go-forward financial
23 action.

24 When we did our council and the Mayor's

1 office improvements, 40 percent of those costs came
2 out of our water and waste water operations. So in
3 effect, those costs will somewhat minimize to the
4 effect in the general fund.

5 When we look at the overall impact of
6 having to fund, say six or \$700,000 of debt service
7 in order to offset a project of this magnitude, I
8 know as finance director, and going back to my
9 history, and being in the system, you know, whenever
10 I started in this job we had, I had 1700 employees.
11 Today I have 675 employees.

12 So we have had to dramatically change the
13 way the City of Youngstown does business. We had
14 170,000 residents. Today we have 70,000 residents.
15 So we have truly cut all the costs out of the system
16 that we can cut out of the system, with the
17 exception of -- excuse me. And including our police
18 and fire operations. But the overall budget goal
19 and all of our budget processing has been safety and
20 security of the City first. And then all of the
21 other operations sort of fall into a second or third
22 position after that.

23 Q All right. When you say the safety and
24 security of the City, I don't think we've talked

1 about this. Maybe we should address it now. A
2 portion of the income tax revenues that are
3 collected by the City are segregated for safety
4 forces, just like a portion that's segregated for
5 capital improvements; am I correct?

6 A That is correct.

7 Q In fact, that was a representation made to
8 the citizens to encourage them to vote for an
9 increase in the income tax; that's a fair statement,
10 isn't it?

11 A Yes, it is.

12 Q Okay. So let me ask you then. Are any of
13 -- and by the way, are those percentages larger for
14 safety forces than they are for capital
15 improvements? In other words, is a greater
16 percentage of the income tax revenue set aside for
17 safety forces than for capital improvements?

18 A Yes.

19 Q Okay. If you know off the top of your
20 head, do you know what those numbers are? For
21 example, you're saying that roughly four and a half
22 million dollars per year is collected for -- and
23 segregated into a capital improvements account. Are
24 you able to tell me roughly how much is collected

1 and segregated for safety forces?

2 A It's approximately 75 percent for safety
3 forces; 25 percent for capital improvements.

4 Q Okay. Are any of the capital improvements
5 monies -- we've talked about them being transferred
6 out to various departments. Are any of those
7 capital improvements monies transferred to safety
8 force funds?

9 A No, they are not.

10 Q Okay. Other than the street department
11 and the parks department, I think you mentioned one
12 other place that those capital improvement monies
13 are transferred; is that correct? Or are there more
14 than one?

15 A I don't understand the question.

16 Q Well, if I understood you, you collect the
17 capital improvements money and segregate it into an
18 account. And then policy decisions are made, value
19 decisions, whatever nomenclature you want to put on
20 it, as to how much to transfer, for example, to the
21 park department, correct?

22 A Correct.

23 Q The same thing with the street department,
24 correct?

1 A Correct.

2 Q Are value decisions made to transfer any
3 of the capital improvement money to any place other
4 than the parks department and the street department?

5 A I would have to go back and look at those
6 decisions over the last, you know, five or six
7 years. But generally the bulk of those monies
8 always end up in the street department.

9 Q Now, when I was asking you about the cost
10 of capitalization, you mentioned that the
11 renovations to city council, and the first floor
12 administration offices were paid in part by
13 enterprise fund revenues, correct?

14 A That's correct.

15 Q Okay. And so if I understood your
16 testimony, the gist of that was is that they didn't
17 actually cost the general fund the total amount of
18 the listed cost of the renovation, correct?

19 A Correct.

20 Q So if using the figure, I think you used
21 \$400,000 for the city council renovation; does that
22 sound about right?

23 A About right.

24 Q Not all of that \$400,000 was ultimately

1 absorbed by the general fund, correct?

2 A That's correct.

3 Q Okay. But you're aware, aren't you, that
4 the judges of the municipal court as regards,
5 acquiring a new or remodeled facility have agreed to
6 contribute or allow to be used the funds that they
7 have collected in the special projects and capital
8 improvements account; you're aware of that, are you
9 not?

10 A I am not.

11 Q No one has ever told you that?

12 A Their previous position was just the
13 opposite.

14 Q So in the entire course of -- well, when
15 you say that their position was just the opposite,
16 what was their position that those monies were to be
17 used for then?

18 A I believe they wanted to use it for new
19 furniture and upgrades to certain architectural
20 plans were being provided.

21 Q Well, architectural plans would be part of
22 the cost of either building or renovating a
23 facility, wouldn't you agree?

24 A Well -- but if somebody comes in and says,

1 we want to use a laminate finish; and the judges say
2 we want a wood finish on the project, then they
3 would probably want to go into that fund to upgrade
4 the materials being provided to the Court.

5 Q All right. So if I understand your
6 testimony then, you have never been made aware that
7 the judges -- of the judges have the position that
8 they were willing to contribute the special projects
9 and capital improvements money toward a new or
10 renovated court facility?

11 A I was unaware of that.

12 Q All right. And I take it then that when
13 you did your capitalization figures that we talked
14 about a few moments ago, you did not take into
15 account those monies being used to help defray part
16 of the cost of either constructing or renovating a
17 court facility; is that a fair statement?

18 A I don't know.

19 Q Okay. So you don't know whether you
20 accounted for that or not when you came up with
21 the -- did you say five or \$600,000 a year?

22 A Correct. Actually, PFM did the final
23 study. Which is part of that PFM study. They took
24 into consideration various scenarios.

1 Q So we don't know, without looking at the
2 study, whether the judges' contributing funds was
3 put into the, the equation, as it were, in terms of
4 determining what the City's annual debt service
5 would be?

6 A I would assume it would be done both ways.

7 Q So when you gave me the figure of five or
8 \$600,000 per year, if you know, was that based upon
9 the judges contributing that money or not
10 contributing that money?

11 A I don't know.

12 Q Fair enough. But that at least seems to
13 be the number that sticks in your mind as to what
14 the City would require for debt service when you
15 came up with the conclusion that we simply can't
16 afford this, correct?

17 A Yes.

18 MS. GUGLUCELLO: Can we go off the record
19 for a minute?

20 MR. JUHASZ: Sure.

21 VIDEOGRAPHER: Off the record.

22 (Whereupon, a discussion was had off the
23 record.)

24 VIDEOGRAPHER: On the record.

1 Q Mr. Bozanich, the study that you were just
2 telling me about by the outside firm -- and by the
3 way, I don't think we clarified this. You said that
4 the Mayor asked for that. You worked for several.
5 Was it Mayor Williams?

6 A Mayor Williams, correct.

7 Q Thank you. That study, does that relate
8 to the cost of capitalizing the Master's project,
9 the renovation of the City Hall Annex, or both?

10 A From my perspective, working in the
11 finance field, I'm interested in the bottomline
12 number in terms of what they were amortizing.
13 Whether it was 10,000,000, 8,000,000.

14 In a project such as this you're going to
15 have multiple variables coming in. What's the rate
16 of cost of money when you issue your debt; how much
17 is going to be issued; how many change orders are
18 anticipated. All that type of stuff.

19 So really, you have to kind of look at the
20 number and say, this is a ball park number. It is a
21 guesstimate going in. But the final project costs
22 are going to be, you know, give or take probably
23 seven or eight percent in either direction.

24 Q So if I'm understanding you. Really it

1 doesn't matter whether it's the Master's project or
2 the City Hall Annex. If the City's got to borrow
3 \$8 million, here's what it cost to capitalize it.
4 If the City's got to borrow \$9 million, here's what
5 it cost to capitalize it, right?

6 A Absolutely.

7 Q So when you say, as the finance guy you
8 care about the bottom line, is that what you're
9 referring to?

10 A That's correct.

11 Q Okay. It doesn't matter where we put the
12 court. It's a question of how much do I have to
13 capitalize, correct?

14 A Correct.

15 Q Okay. Now, when you use the figure of
16 five or \$600,000 do you recall what principal amount
17 that correlated to?

18 A I do not.

19 Q Do you recall the period of time over
20 which the debt would be repaid?

21 A When we were looking at it, I was looking
22 at either 15 or 20 years. I don't, just
23 philosophically believe that money should be out for
24 longer than that.

1 Q Well, is it legally possible for the City
2 to borrow money for longer than that?

3 A Correct, it is.

4 Q Okay. And given the history of the lack
5 of renovations in City Hall, it doesn't seem like we
6 would be building a court every 15 or 20 years, that
7 seems to be a fair statement, wouldn't you agree,
8 building or renovating a court every 15 or 20 years?

9 A I wouldn't comment on that judgment.

10 Q So regardless of the amount of
11 principal -- well, let me ask you this: If the
12 period of time over which the project was financed
13 were extended, that could conceivably lower the
14 City's annual capitalization cost, correct?

15 A It would, yes.

16 Q Okay. If you know, right now what is the
17 City's bond rating?

18 A Triple B.

19 Q If you're aware, has the City, in the last
20 five years, issued either notes or bonds?

21 A We've issued notes.

22 Q And are those short-term notes or are
23 those notes issued in anticipation of bonds?

24 A We've issued both.

1 Q Has the City had any difficulty -- well,
2 do you know the last time that the City went into a
3 bond sale?

4 A I believe the last bond sale we had was
5 2002.

6 Q Did the City have any difficulty selling
7 the bonds?

8 A Yeah, we had to pay a pretty high premium
9 for a bond insurance. It's a, it's a difficult
10 market.

11 Q Is that because, in your estimation,
12 because of the economy, because of the city's rating
13 or a combination of the two?

14 A It's probably a combination of three
15 things: The geographic location of the City. Every
16 bid on there is viewed as a rust-belt community.
17 But it's not the hot spot for investment activity.

18 The second issue would be is soon-to-be
19 declining balances, continued loss of population.
20 Very low relative income levels for residents of the
21 City of Youngstown. I think we're the lowest in the
22 State of Ohio. And the third would be just the
23 financial statements of the City of Youngstown have
24 been somewhat choppy over the years in terms of our

1 ability to manage the revenues coming into the
2 system.

3 Q The bottomline is essentially this though,
4 isn't it, it is a -- I think to use your phrase, a
5 value decision as to how the City is going to spend
6 that roughly four and a half million dollars of
7 capital improvement money every year, correct?

8 A You know, myself having, you know, in
9 excess of 25 years experience in this area, I do
10 tell -- I do give an impact statement as to if we
11 were to fund, say, \$3 million of demolition out of
12 this budget. Then I do explain to city council that
13 this is going to directly cost you, you know,
14 probably out of that \$3 million \$2.8 or \$2.9
15 million loss of police and fire. Because we have
16 cut pretty much everywhere that we can.

17 For example, this year there's no summer
18 programs in the park. We had to shut our pools down
19 in the park. And I went to the Mayor and said, "You
20 need to make a decision here whether or not we go
21 into police and fire and layoff, or whether or not
22 we shut our summer programs down." And he made a
23 determination to shut the summer programs down.

24 But it is a value decision. It's just

1 that, you know, the longer the recession goes, the
2 more difficult struggles we're having on the revenue
3 side. The value decision keeps getting nastier and
4 nastier as to, you know, what you have to choose
5 between.

6 Q Of that roughly, on the average, four and
7 a half million dollars that is segregated into
8 capital improvements every year, it is not committed
9 in advanced, is it? In other words, there's no debt
10 service requirements on that or -- of the nature of
11 inside mileage requirements, anything like that, is
12 there?

13 In other words, it's all available to be
14 transferred in accordance with the value judgments
15 we spoke about?

16 A Well, in the PFM report you'll see that
17 there is, in the Squire, Sanders and Dempsey
18 decision -- or excuse me, opinion. That we are
19 pretty much at the maximum or inside limitation on
20 our debt, ability to issue debt.

21 However, there is no restriction on those
22 capital improvements funds under any of our
23 financing. But those funds are used to support the
24 general obligation commitment of the City of

1 Youngstown to repay its note and bond financings.

2 Q But when you collect that money and
3 transfer it out, you're transferring it to the
4 street department and the parks department, correct?

5 A Correct.

6 Q Okay. It's not getting transferred to any
7 bond retirement account or anything like that, is
8 it?

9 A It is not. However, we do transfer
10 general fund dollars to our bond account. Our --

11 Q Understood. And so in essence what you're
12 saying to me, and having done some of this work
13 myself in the past, I feel your pain. But in
14 essence what you're saying to me is, when you have
15 to transfer that money to the bond retirement
16 account, that's less general fund money to do other
17 things, correct?

18 A Correct.

19 Q Okay. And if I understand what you're
20 saying to me is, if the City is required to finance
21 \$500,000 a year for a court renovation or
22 construction project, there are things that we can't
23 do in terms of the parks department and the street
24 department where we normally transfer that money?

1 A Yes.

2 MR. JUHASZ: Okay. Can we take a break
3 and let me talk to Judge Kobly?

4 MS. GUGLUCELLO: Uh-huh.

5 MR. JUHASZ: Thanks.

6 VIDEOGRAPHER: Off the record.

7 (Whereupon, a brief recess was taken.)

8 VIDEOGRAPHER: On the record.

9 MR. JUHASZ: Mr. Bozanich, I don't have
10 anymore questions for you. I appreciate you taking
11 the time today to answer my questions. I think Mr.
12 Farris has -- somebody else that has to explain some
13 procedural things to you about the deposition. But
14 thank you for your time.

15 MR. BOZANICH: Sure. Thank you.

16 DIRECT EXAMINATION

17 By Mr. Farris

18 Q Mr. Bozanich, I just have a couple things,
19 I think it's important in order to understand you
20 testimony. There was reference to the police
21 budget. Do you know what the yearly police budget
22 is?

23 A Approximately \$19 million.

24 Q Okay. And the yearly fire department

1 budget?

2 A Approximately \$14 million.

3 Q \$14 million. And is the amount
4 accumulated through capital improvements set aside
5 for the police enough to pay for that?

6 A Not -- it is not.

7 Q Do you know about how much is, does come
8 through there? Would it be in H?

9 A Approximately \$8.2 million of capital
10 funds are raised, monies for the capital budget for
11 the police department budget. And the police
12 department budget, as I said earlier, is
13 approximately \$19 million.

14 Q Okay. And in reference to the value
15 decisions that are made regarding the money in the
16 capital improvement fund what, if any, consequences
17 would there be if the money in the capital
18 improvement fund was not set aside to those
19 departments to which it is currently used?

20 A Well, we would not able to maintain
21 adequate thoroughfare on our streets, safety issues
22 of managing right of ways, red lights, things of
23 that nature, traffic lights.

24 In the park department we have, over the

1 years, significantly sold off assets. And we have
2 probably more assets we could actually maintain in
3 the park department. We've sold off Harrison Field,
4 you know, personal to the hospital for expansion.

5 We've not be able to properly maintain the
6 parks that a City our size should be doing. So it
7 would have a pretty dramatic effect on, on those
8 facilities.

9 Q In reference to the employees, would they
10 be able to continue their employment or --

11 A No. We, right now -- approximately four
12 or \$500,000 a year comes from the block grant budget
13 every year to also support park operations. We also
14 get some monies from third-party foundation groups
15 on occasion that come into the system.

16 We would, if we took out the transfer from
17 the capital budget to the park, you would probably
18 look at 70 or 80 percent of employees being laid
19 off.

20 Q Would that be similar with street?

21 A That's correct. It would be a similar
22 number to the street department.

23 MR. FARRIS: Okay. Thank you. I just
24 wanted to get those things onto the record. Thank

1 you.

2 And in reference to the general
3 instructions. I know you've done depositions
4 before. But there will be sent to you a notice that
5 the transcript is done. And then you have a right
6 to inspect it to see if it's accurate. If it is
7 accurate, you just sign it. If you think it does
8 not accurately reflect your comments, you'll notify
9 Iris and she can object to the contents.

10 There's also, as you see, a video down at
11 the end, that they took of you, which you have a
12 right to inspect as well. The only thing is, you
13 would have to take a look at it now, because once
14 they leave we're not going to have another chance.

15 MR. BOZANICH: I'm fine with it.

16 MR. FARRIS: Okay. Thank you.

17 MR. BOZANICH: Okay. Thank you.

18 I have read the transcript of my testimony
19 and it is true and accurate.

20

21

SIGNATURE OF WITNESS

22

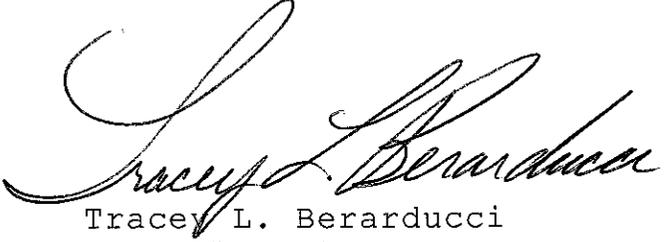
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REPORTER'S CERTIFICATE

I DO HEREBY CERTIFY that the above and foregoing is a full, true, and correct transcript of all the testimony introduced and proceedings had in the taking of the within named deposition, as shown by stenotype notes written by me, in the presence of the witness, at the time the said deposition was being taken.



Tracey L. Berarducci
Court Reporter

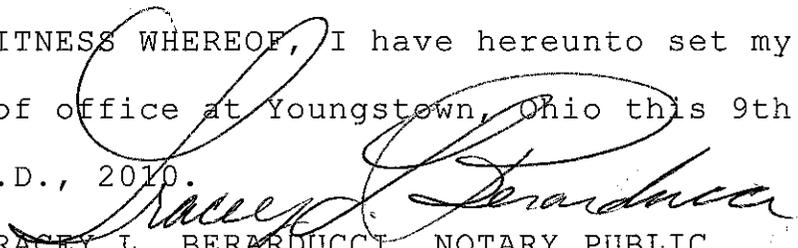
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1 STATE OF OHIO)
2 MAHONING COUNTY)

3 I, Tracey L. Berarducci, a Notary Public
4 within and for the State of Ohio, duly commissioned
5 and qualified, do hereby certify that the above
6 named DAVID G. BOZANICH was by me first duly sworn
7 to testify the truth, the whole truth, and nothing
8 but the truth, and that the foregoing deposition was
9 written by me in stenotype in the presence of the
10 witness, and by me transcribed; that the transcript
11 of his testimony will be made available to said
12 witness for signature; that the said witness shall
13 read said transcript and affix his signature, at the
14 end thereof, and that the said deposition was taken
15 pursuant to agreement and at the time and place
16 therein specified.

17 I do further certify that I am not of
18 counsel, attorney or relative of either party or
19 otherwise interested in the event of this action or
20 proceeding.

21 IN WITNESS WHEREOF, I have hereunto set my
22 hand and seal of office at Youngstown, Ohio this 9th
23 day of July, A.D., 2010.

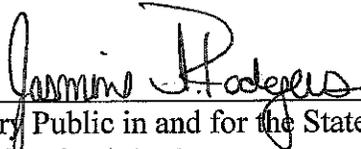
24 
TRACEY L. BERARDUCCI, NOTARY PUBLIC
My Commission Expires 9/10/2012

I, David Bozanich, do verify that I have read this transcript consisting of 56 pages and that the questions and answers herein are true and correct with corrections as noted on the errata sheet.



David Bozanich

Sworn to before me, a Notary Public, in and for the State of Ohio, this 26th day of July, 2010.



Notary Public in and for the State of Ohio
Jasmine A. Rodgers
Notary Public, State of Ohio
My Commission Expires Dec. 6, 2011

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Budget Funding by CDA
Select Budget Funding Levels

EXHIBIT B

2010 Expenditure Budget

EXHIBIT C

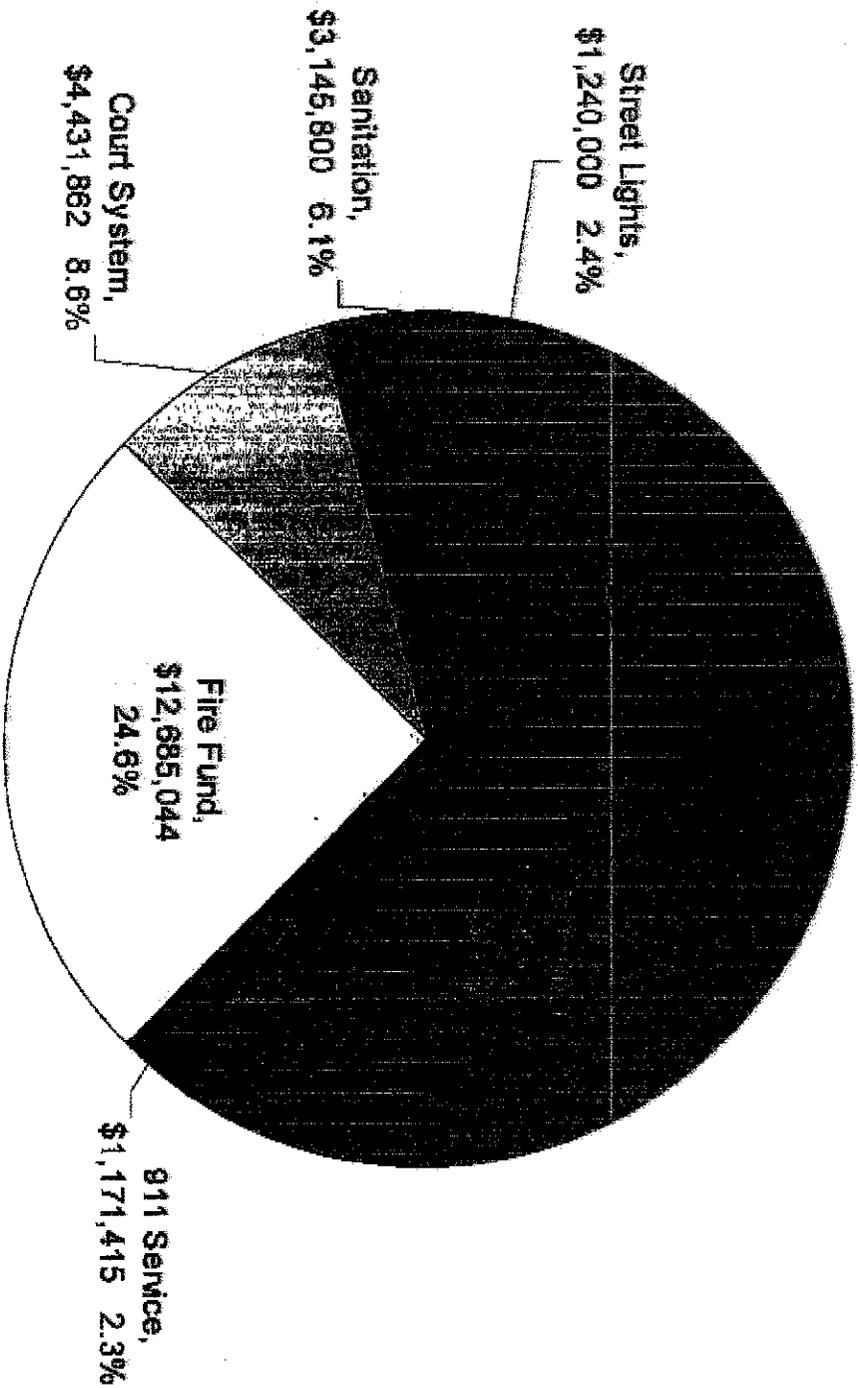
2010 Revenue Budget



2010 Budgeted Revenue and Expenditures

	CASH BALANCE PLUS ENCUMB JANUARY 1	BUDGETED REVENUE	BUDGETED EXPENDITURES	ENDING BALANCE
OPERATING FUNDS:				
101 GENERAL FUND	\$22,041.18	\$36,820,461.00	\$37,337,352.00	(\$494,849.82)
102 PARK & RECREATION	17,394.83	2,194,850.00	2,210,205.00	2,039.83
106 STREET CONST, MAINT, REPAIR	11.38	5,474,500.00	5,471,889.00	2,642.38
109 POLICE LEVY	(1,089,278.11)	18,094,039.00	18,194,282.00	(1,189,521.11)
110 FIRE LEVY	13,040.48	11,816,346.00	12,685,044.00	(855,657.52)
402 1/4 OF 5 MILL CAP IMPR LEVY	1,571.72	4,227,868.00	4,229,000.00	439.72
538 \$5.00 AUTO LICENSE FEE	9,998.33	1,370,000.00	1,375,000.00	4,998.33
TOTALS:	(\$1,026,220.19)	\$79,998,064.00	\$81,502,752.00	(\$2,529,908.19)
ENTERPRISE FUNDS:				
103 WATER	\$455,025.89	\$29,771,620.00	\$29,135,946.00	\$90,999.89
105 SEWER SERVICE	538.83	17,071,334.00	17,033,489.00	38,382.83
TOTALS:	\$455,562.72	\$46,842,954.00	\$46,169,434.00	\$129,382.72
IMPROVEMENT FUNDS:				
219 EMERGENCY 911 SYSTEM	\$3,548.25	\$1,189,000.00	\$1,171,415.00	\$1,131.25
249 COVELL CENTRE FUND	(250,000.00)	1,016,780.00	862,830.00	(96,050.00)
417 INDUSTRIAL LAND ACQUISITION	(241,885.34)	6,949,021.00	6,706,493.00	642.68
TOTALS:	(\$488,339.09)	\$9,134,801.00	\$8,740,738.00	(\$94,276.09)
OTHER SPECIAL REVENUE FUND				
251 DEMOLITION FUND	\$9,485.69	\$230,000.00	\$239,148.00	\$319.69
546 FEDERAL PLAZA	3,161.59	87,000.00	89,570.00	591.59
TOTALS:	\$12,627.28	\$317,000.00	\$328,716.00	\$911.28

2010 Budgeted Expenditures



Re-Distributions

FROM GENERAL FUND 101

	<u>FUND</u>	<u>BUDGET 2010</u>	<u>ACTUAL 2009</u>	<u>ACTUAL 2008</u>	<u>ACTUAL 2007</u>
DISTRIBUTE TO:					
PARK DEPT	102	450,000.00	-	910,000.00	2,280,000.00
POLICE DEPT	109	8,774,000.00	8,739,349.00	10,590,000.00	9,580,000.00
FIRE DEPT	110	5,439,000.00	6,649,869.00	5,887,000.00	6,015,000.00
EMERG 911	219	1,189,000.00	1,099,161.00	1,109,950.00	915,000.00
COVELL CENTRE	248	622,830.00	849,318.50	-	-
BUSINESS DEV.	417	685,000.00	2,325,000.00	2,700,000.00	2,260,000.00
DEMOLITION	251	130,000.00	50,000.00	492,000.00	415,000.00
FEDERAL PLAZA	546	87,000.00	79,250.00	69,200.00	148,000.00
DEBT SERVICE	508	450,000.00	-	-	-
AMERITECH TRUST FUND	562	-	-	90,000.00	-
GOLDEN ALERT	691	19,000.00	35,466.44	40,000.00	36,800.00
AUTO LICENSE FEE	538	70,000.00	-	486,000.00	-
TOTAL 101 EXPENSES		\$ 17,895,830.00	\$ 19,821,413.94	\$ 22,164,150.00	\$ 21,821,800.00

FROM CAPITAL IMPROVEMENTS FUND 402

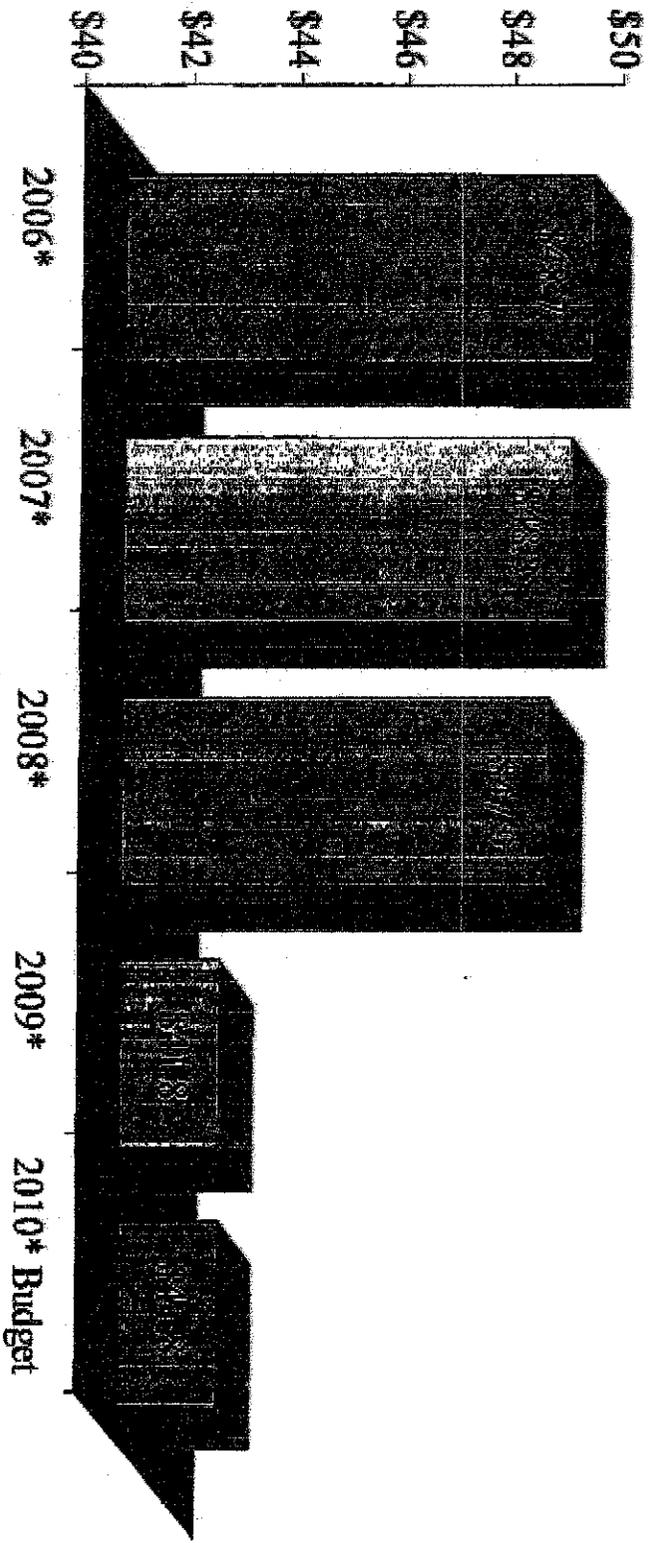
	<u>FUND</u>	<u>BUDGET 2010</u>	<u>ACTUAL 2009</u>	<u>ACTUAL 2008</u>	<u>ACTUAL 2007</u>
DISTRIBUTE TO:					
PARK DEPT	102	1,530,000.00	1,878,205.00	1,530,000.00	-
STREET DEPT	106	2,699,000.00	2,429,505.00	3,315,000.00	2,790,000.00
BUSINESS DEV.	417	-	-	-	350,000.00
DEMOLITION	251	-	50,000.00	-	700,000.00
PAY VENDORS:					
PARK -POOL PROJECT	402132	-	-	189,350.00	1,423,325.00
TOTAL 402 EXPENSES		\$ 4,229,000.00	\$ 4,357,710.00	\$ 5,038,350.00	\$ 5,173,325.00

Operating Funds Balances (as of December 31)

Year	Balance
2005	\$3,179,201
2006	\$2,433,387
2007	\$1,878,926
2008	\$1,460,806
2009	\$980,102
2010 Bud.	(\$2,529,908)

Source: City of Youngstown, Annual Financial Reports

Municipal Net Income Tax Collections (In Millions)



* Prior to payment to RTA of approx. 3% of collections.

Municipal Net Income Tax Collections

Year	Withholding Tax	Individual Tax	Net Profit	Tax Refunds	R.I.T.A.	Net Tax
2005	38,044,918	2,364,400	7,312,982	(1,579,850)	-	46,142,450
2006	36,961,432	3,148,464	9,705,421	(1,121,868)	(1,371,000)	47,322,449
2007	39,131,941	3,093,576	7,392,688	(1,284,371)	(1,552,633)	46,781,201
2008	37,321,200	3,089,100	8,685,100	(1,227,700)	(1,437,100)	46,430,600
2009	36,701,000	2,776,000	4,352,000	(2,034,000)	(1,261,300)	40,533,700
2010 Budget	36,100,000	2,650,000	4,350,000	(1,300,000)	(1,355,000)	40,445,000

Source: City of Youngstown, Ohio

Budget Funding by CDA

Name	Org/Code	Amount
Code Enforcement	960101	\$350,000
Park Department	960102	\$0
Fire Department	960110	\$130,000
NonNSP Demolition	251009	\$400,000
Resurfacing Program	960538	\$750,000
2010 Funding Level		\$1,630,000

Select Budget Funding Levels

	Budget	Actual	Actual	Actual
	2010	2009	2008	2007
Demolition Code 251006	191,500	184,054	421,510	1,360,105
Business Development Fund 417	6,706,493	10,416,797	5,494,434	6,125,131
Street Lights Code 107010	1,240,000	1,144,503	1,231,978	934,790
Prisoner Housing Costs Code 903925	380,000	654,078	1,120,237	317,230
CDA Reimbursement Code 9304	1,630,000	2,513,351	1,405,288	1,726,772
Fuel / Oil Costs Code 143	989,200	834,562	1,390,535	1,186,650
Road Salt Costs Code 106016	700,000	745,852	869,244	564,537

CITY OF YOUNGSTOWN

Income Tax Forecast
(in Thousands)

	Actual CY 2004	Actual CY 2005	Actual CY 2006	Actual CY 2007	Actual CY 2008	Actual CY 2009	Forecast CY 2010
Mhly & Qtrly WH							
Growth	36,684.8 2.94%	38,044.9 3.71%	36,961.4 -2.85%	39,132.0 5.87%	37,321.2 -4.63%	36,701.0 -1.66%	36,111.0 -1.61%
Business Income							
Growth	3,402.9 10.32%	7,313.0 114.90%	9,705.4 32.71%	7,392.7 -23.83%	8,685.1 17.48%	4,352.0 -49.89%	5,360.0 23.16%
Misc. Income Tax							
Growth	2,319.9 20.53%	2,364.4 1.92%	3,148.5 33.16%	3,093.5 -1.75%	3,089.1 -0.14%	2,776.0 -10.14%	2,660.0 -4.18%
Gross Tax Collections							
Growth	42,407.6 4.33%	47,722.3 12.53%	49,815.3 4.39%	49,618.2 -0.40%	49,095.4 -1.05%	43,829.0 -10.73%	44,131.0 0.69%
Refunds							
Growth	1,502.9 10.50%	1,579.8 5.12%	1,121.9 -28.98%	1,284.0 14.45%	1,227.7 -4.38%	2,034.0 65.68%	1,300.0 -36.09%
Net Tax Collections							
Growth	\$ 40,904.7 4.12%	\$ 46,142.5 12.80%	\$ 48,693.4 5.53%	\$ 48,334.2 -0.74%	\$ 47,867.7 -0.97%	\$ 41,795.0 -12.69%	\$ 42,831.0 2.48%
RITA Adj. @ 3%	-	-	1,370.8	1,553.0	1,437.1	1,261.3	1,386.0
Net Distribution	44,275.8						
RITA Refund				736.2	781.7	784.8	680.0
General Fund	22,388.4	25,227.1	25,611.1	24,843.7	24,468.8	21,710.5	22,608.2
Police Fund	8,146.3	9,205.6	9,554.9	9,653.6	9,667.8	8,286.3	8,288.0
Fire Fund	6,109.1	6,899.2	7,165.7	7,238.7	7,245.9	6,211.2	6,216.4
Capital Impr. Fund	4,260.9	4,810.6	4,990.9	5,045.2	5,048.1	4,325.7	4,332.4
Total	40,904.7	46,142.5	48,693.4	48,334.2	47,867.7	41,795.0	42,831.0

Budget

EXHIBIT
6-30-10