

**CITY OF COLUMBUS  
GENERAL FUND  
THREE-YEAR FINANCIAL PLAN  
2012-2013-2014**

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**INTRODUCTION**

This three-year financial plan, issued by the City of Columbus, Department of Finance and Management, is for calendar years 2012, 2013 and 2014.

The purpose of a three-year financial plan is to enable the city to expand the focus of its fiscal decision-making from the one-year horizon provided by the annual budget process to a multi-year horizon. This will allow for more extensive deliberations of the impact of policy options the city may consider. While technically less detailed and complicated than the annual budget, a financial plan provides the basis for identifying and quantifying the implications of budget decisions and the economic realities faced by the city.

Utilization of a multi-year financial planning process is an important component in continuing to maintain the city's economic health. The plan aids the Finance and Management Department in preparing for the Mayor's next budget proposal (2013 Budget), and also provides a sense of the economic outlook for one additional year beyond the budget year.

**CONTEXT**

In the fall of 2001, Mayor Michael B. Coleman appointed his first Economic Advisory Committee to identify, research, and make recommendations to the Mayor and City Council regarding financial options and available resources for long range financial planning. On October 15, 2001, the Committee issued the first of two reports. One of numerous "best practices" contained in the first report included a recommendation to develop a three-year financial plan.

The Finance Director subsequently appointed a Financial Plan Working Group to develop an effective financial planning process and framework. The Working Group issued its final report and recommendations in August, 2002. The city's first three-year plan was completed for calendar years 2003-2004-2005. This is the city's tenth three-year plan.

**TARGET BUDGETING**

The Finance and Management Department uses a budget methodology in which each city department funded with general fund dollars is provided with a target amount for the budget year. That amount represents the department's proportionate share of projected revenues for the budget year, based upon its share of the prior year's distribution of general fund appropriations, with certain adjustments.

This plan will form the basis for the target budgets and instructions given to each city department to use in developing their budget proposals for the next year (2013).

**THE PLAN OUTLINE**

The three-year financial plan includes the City Council adopted budget for 2012 as well as projections for 2013 and 2014. Only the city's general fund is included in the plan. Actual 2011 data is also provided as a point of reference.

The plan includes five tables:

Table 1	General Fund – Plan Summary
Table 2	General Fund – Current Revenues
Table 3	General Fund – Current Expenditures
Table 4	General Fund – Proposals to Eliminate the Gap
Table 5	General Fund – Assumptions

It is most instructive to discuss each table of the plan in the following order: Tables 5, 2, 3, 4 and finally 1.

<b>TABLE 5 – ASSUMPTIONS</b>
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Table 5 details the assumptions behind the current revenue and expenditure estimates contained in the plan.

Where applicable, assumptions contained within the 10-year general fund pro forma produced for the 2012 annual budget are carried forward into this financial plan. However, in some instances, pro forma assumptions have been modified since several months have passed since the 2012 budget document and pro forma were developed.

Assistance is received from all departments in estimating the general fund expenditure implications of the recently adopted 2012 budget on the 2013 and 2014 projections herein.

For expenditures, assumptions are outlined on Table 5 for the timing and number of police and fire recruit classes as well as the projected numbers of police and fire separations.

Transfers to the economic stabilization fund (ESF) are also included in the 2013 and 2014 projections, reflecting the city's goal of building the ESF to \$50 million by 2014. These deposits total \$3.8 million in 2013 and \$5.0 million in 2014.

To replenish the anticipated expenditure fund for the next occurrence of a 27<sup>th</sup> pay period, transfers from the general fund of \$2.12 million and \$2.19 million are projected in 2013 and 2014, respectively.

<b>TABLE 2 – REVENUES</b>
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Table 2 includes actual revenues for 2011, and estimates developed by the Finance and Management Department for 2012, 2013 and 2014.

The 2012 Finance and Management Department revenue estimate exceeds the City Auditor's current official estimate by a total of \$1.9 million. Finance and Management's 2012 estimates serve as the basis for the 2013 and 2014 total revenue projections. These projections total \$716.7 million in 2013 and \$744.0 million in 2014.

Revenue assumptions are provided on Table 5. The city's top revenue generating sources are described in more detail below.

**Income Tax** – The city's primary source of revenue is the income tax – it comprises approximately 73 percent of total revenues to the general fund. In August, 2009, voters approved a half percent increase in the city's income tax rate, taking it from 2.0 percent to 2.5 percent. The increase went into effect on October 1, 2009. The City Auditor's current 2012 income tax estimate is \$523.7 million. Finance and Management estimates the same. The plan then uses a 3.5 percent growth rate for the income tax in both 2013 and 2014.

**Property Tax** – The city's second largest revenue source represents approximately 6.5 percent of all general revenue receipts. The property tax consists of two main components: real and other property and tangible personal property.

- **Real and Other Property** – The real and other property component is the largest component of the Property Tax revenue source. Large increases in this component typically occur every six years due to comprehensive reappraisals. Less formal triennial updates occur the third year in between the 6-year reappraisals. No residential revaluations were performed in 2008 (a year which was scheduled to be a triennial update year); therefore, valuations remained the same for 2009, 2010 and 2011. The City Auditor currently estimates a decline of 9.3 percent in real and other property tax receipts in 2012. This plan projects a 5.4 percent decline assumption for 2012, no growth in 2013, and two percent growth in 2014.
- **Tangible Personal Property** – Tangible personal property (which includes inventory, manufacturing machinery and equipment, and furniture and fixtures) brought in \$1.3 million in 2011. The State of Ohio implemented an accelerated reimbursement phase out as part of the 2012/2013 budget that eliminates any reimbursement to local governments for loss of this tax by calendar year 2014. This plan reflects that phase-out.

**Local Government Funds** – This is the city’s third largest revenue source, comprising approximately 4 percent of general fund revenues. The State’s 2012/2013 executive budget cut the city’s local government fund allocation by 25% in the first year (SFY 2012) and 50% in the second year (SFY 2013). The revenue estimates for 2012, 2013 and 2014 reflect those reductions.

**Estate Tax** – The State of Ohio has eliminated the estate tax for 2013 and beyond.

**Total Revenues** – Details on the city’s other revenue sources are outlined in Table 5. Total revenues are projected to increase by 1.9 percent in 2013 and 3.8 percent in 2014.

<b>TABLE 3 – EXPENDITURES</b>
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Table 3 outlines expenditures broken down by personnel and non-personnel categories. The personnel category is further detailed between uniformed and non-uniformed personnel.

Significant expenditure assumptions include:

- Police
  - 115<sup>th</sup> Police class partially funded by federal stimulus moneys in 2012 and 2013.
  - 1 police class in 2013; 50 recruits in June.
    - Assumes 50 uniformed retirements during the year.
  - 1 police class in 2014; 50 recruits in June.
    - Assumes 50 uniformed retirements during the year.
- Assumes year-end uniformed strength in police division of 1923 for 2012, 2013 and 2014.
- Fire
  - 1 fire class in 2013; 35 recruits in June.
    - Assumes 35 uniformed retirements during the year.
  - 1 fire class in 2014; 35 recruits in June.
    - Assumes 35 uniformed retirements during the year.
- Assumes year-end uniformed strength in fire division of 1562 for 2012, 2013 and 2014.
- Personnel increases are projected at rates consistent with current bargaining agreements or salary ordinances.
- Citywide pension costs include the employee and the employer’s share. Until recently, the city paid 100% of the employee’s share of the Ohio Public Employees Retirement System (OPERS) costs. Beginning in 2010, however, one percent per year was shifted to the employee for employees of CMAGE and MCP, followed by AFSCME in 2011. Current contracts stipulate, and the financial plan anticipates, further increases in the employees’ contribution for the duration of the plan. Additionally, all new MCP, CMAGE and AFSCME employees are now responsible for 100 percent of their own contribution to OPERS. For employees of the Police and Fire Pension Fund, the FOP pick-up is projected to decrease one percent in

2012, 2013 and 2014 (effective December 2011, 2012 and 2013 respectively). For the IAFF, the pick-up declined by two percent in January 2012, will decline by two percent in January 2013, one and half percent in January 2014 and will decline to 0% in October 2014. The employee share of pension costs projected for this report reflects the rate in affect for each employee group at a given point in time. This is to be distinguished from the current employer share, which will continue to be paid by the city.

- In 2012, \$1.4 million in social services contracts was funded out of the emergency human services fund. The balance was picked up by the general fund. Projections for 2013 and 2014 assume the emergency human services fund will continue to fund social service contracts.
- Funds are projected in all years for a city-wide curbside recycling program, which began in 2012.
- Over the past few years, the economic downturn caused the city to delay and/or eliminate the purchase of replacement vehicles to upgrade parts of its fleet. In 2011, \$1.6 million was expended on vehicles. In 2012, no vehicles will be purchased within the general fund. In 2013 and 2014, \$6.0 million is projected for fleet purchases, with an eye towards upgrading both safety and non-safety vehicles to protect the city's fleet from further degradation.
- Transfers out of the general fund into the economic stabilization fund will total \$6.8 million in 2012, \$3.8 million in 2013 and \$5 million in 2014. Transfers from the general fund to the anticipated expenditure (or 27<sup>th</sup> pay period) fund will total \$2.06 million in 2012, \$2.12 million in 2013 and \$2.19 million in 2014.
- Safety – Funds for the Department of Public Safety comprise the largest share of the general fund budget. The following table provides a breakdown of all safety related expenditures and compares them to the total general fund for all departments:

**Department of Public Safety**  
(in millions of \$)

	Actual 2011	Budget 2012	Estimate 2013	Estimate 2014
Uniformed Personnel <sup>1</sup>	\$ 413.40	\$ 420.25	\$ 441.01	\$ 453.02
Non-Uniformed Personnel <sup>1</sup>	<u>32.67</u>	<u>37.11</u>	<u>39.69</u>	<u>40.92</u>
Total Safety Personnel <sup>1</sup>	446.07	457.37	480.70	493.93
Other Capital (Fleet only) <sup>2</sup>	1.12	-	4.26	4.26
Citywide Transfers <sup>3</sup>	1.64	2.72	3.64	3.68
All other Non-Personnel	<u>43.32</u>	<u>51.48</u>	<u>51.92</u>	<u>52.81</u>
Total Non-Personnel	46.09	54.20	59.81	60.75
<b>Grand Total Safety Department</b>	<b><u>\$ 492.16</u></b>	<b><u>\$ 511.57</u></b>	<b><u>\$ 540.52</u></b>	<b><u>\$ 554.68</u></b>
<b>Grand Total All Departments</b>	<b><u>\$ 697.33</u></b>	<b><u>\$ 738.48</u></b>	<b><u>\$ 763.33</u></b>	<b><u>\$ 785.09</u></b>
<b>Safety % of Total</b>	70.58%	69.27%	70.81%	70.65%

Personnel amounts include salaries and wages, insurance and benefits.

It is assumed that 71% of fleet purchases will be for Safety vehicles in 2012, 2013 and 2014.

It is assumed that 71% of the deposit to the anticipated expenditure fund will be used for safety personnel costs.

Additionally, it is assumed that 71% of the funds budgeted in the Finance citywide account in 2012, 2013 and 2014 will be used for safety related purposes (except for deposits to the economic stabilization fund and funds for economic development incentive payments).

**TABLE 4 – PROPOSALS TO ELIMINATE THE GAP**

Table 4 outlines the proposals to eliminate the gaps between current revenues and projected expenditures. In 2013 and 2014, it is notable that the gap includes “new needs” identified by departments as part of their financial plan submission. Options to reduce the gap include encumbrance cancellations, use of the prior year’s unencumbered general fund balance, projected revenue above that set by the City Auditor, spending below existing appropriation and planned use (versus emergency use) of the economic stabilization fund or other transfers.

Specific substantive and policy-impacting proposals to eliminate the gap are part of the ongoing budget and general fiscal discussions of the city. The financial plan itself does not present detail of the varied proposals and options for achieving balance. Such proposals will be a separate, ongoing activity of the current budget year and the budget planning processes for 2013 and eventually 2014.

**TABLE 1 – PLAN SUMMARY**

Table 1 captures data from Tables 2-4 (Current Revenues, Current Expenditures, and Proposals to Eliminate the Gap) in order to provide a summarized overview of the projected financial situation faced by the city through year 2014.

The gap between current revenues and current expenditures can be seen in this table. The \$35.24 million gap for 2012 is reduced by the large carryover from 2011. The 2013 and 2014 gaps will be eliminated through increased revenues, reduced expenditures or some combination thereof.

**THE FINANCIAL PLAN IN SUMMARY**

In summary, once beginning balances and/or one-time transfers are taken into consideration, the city’s three-year financial plan shows that in order to balance the upcoming 2013 budget year, \$29.65 million in some combination of additional revenues and/or expenditure reductions will be necessary. Likewise, to balance in 2014, \$37.16 million in adjustments are needed. Both years include funding for “new-needs” totaling \$1.05 million in 2013 and \$1.59 million in 2014.

**CITY OF COLUMBUS  
2012-2013-2014 FINANCIAL PLAN**

CITY OF COLUMBUS

April 2012

**TABLE 1  
GENERAL FUND - PLAN SUMMARY  
THREE-YEAR FINANCIAL PLAN  
2012-2013-2014  
(in millions of \$)**

	Year #	1	2	3
	Actual 2011	Budget 2012	Estimate 2013	Estimate 2014
<b>TOTAL CURRENT REVENUE</b>	\$ 703.66	\$ 703.23	\$ 716.66	\$ 743.97
<b>CURRENT EXPENDITURES</b>				
Personnel	557.08	588.73	617.33	633.97
Materials, Services, Transfers and All Other	128.19	140.96	139.05	142.34
Deposits (includes repayments to ESF and deposits to anticipated exp. fund)	12.05	8.79	5.90	7.19
<b>TOTAL CURRENT EXPENDITURES</b>	697.33	738.48	762.28	783.50
<b>GAP (DIFFERENCE REVENUE/EXPENDITURES)</b>	<b>6.33</b>	<b>(35.24)</b>	<b>(45.62)</b>	<b>(39.53)</b>
New Needs	-	-	1.05	1.59
Miscellaneous	-	-	-	-
<b>GAP TO BE CLOSED</b>	<b>6.33</b>	<b>(35.24)</b>	<b>(46.67)</b>	<b>(41.12)</b>
<b>PROPOSALS TO ELIMINATE THE GAP</b>				
Encumbrance Cancellations	2.10	1.76	1.75	1.75
Unencumbered Balance	23.65	33.79	2.14	-
Transfer from 2013 Basic City Services Fund	-	-	11.00	-
Other Transfers	1.72	1.83	2.12	2.21
Additional Revenue/Expenditure Changes Needed to Balance	-	-	29.65	37.16
<b>TOTAL PROPOSALS TO ELIMINATE THE GAP</b>	27.47	37.38	46.66	41.12
<b>REMAINING GAP TO BE CLOSED (-) / BALANCE (+)</b>	<b>\$ 33.79</b>	<b>\$ 2.14</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF COLUMBUS  
2012-2013-2014 FINANCIAL PLAN**

CITY OF COLUMBUS

April 2012

**TABLE 2  
GENERAL FUND - CURRENT REVENUES  
THREE-YEAR FINANCIAL PLAN  
2012-2013-2014  
(in millions of \$)**

Year #	1	1	2	3	
Actual 2011	Estimate 2012	Estimate 2012	Estimate 2013	Estimate 2014	
Revenue Estimate Source:	Actual	Auditor Est	Finance & Mgmt.	Finance & Mgmt.	Finance & Mgmt.
<b>CURRENT REVENUE</b>					
Income Tax	\$ 508.23	\$ 523.65	\$ 523.65	\$ 541.98	\$ 560.95
Property Tax	47.57	44.23	46.16	46.21	46.93
Casino Tax	-	-	-	9.09	14.16
KWH Tax	1.58	1.65	1.65	1.65	1.65
Hotel/Motel Tax	3.63	3.70	3.70	3.26	3.26
<b>Total Taxes and Assessments</b>	<b>561.02</b>	<b>573.23</b>	<b>575.16</b>	<b>602.18</b>	<b>626.94</b>
Local Government Fund	40.40	28.43	28.43	20.20	20.60
Estate Tax	9.16	7.50	7.50	-	-
Liquor Permit Fund, Cigarette Tax, Other	1.18	1.13	1.13	1.15	1.17
<b>Total Shared Revenues</b>	<b>50.75</b>	<b>37.06</b>	<b>37.06</b>	<b>21.35</b>	<b>21.77</b>
License and Permit Fees	10.50	10.29	10.29	10.29	10.29
Fines and Penalties	18.91	18.46	18.46	18.46	18.83
Investment Earnings	2.96	4.00	4.00	4.00	4.00
Charges for Services	57.76	56.87	56.87	58.58	60.33
All Other Revenue	1.77	1.40	1.40	1.80	1.80
<b>Total Other Revenue</b>	<b>91.89</b>	<b>91.02</b>	<b>91.02</b>	<b>93.12</b>	<b>95.25</b>
<b>TOTAL CURRENT REVENUE</b>	<b>\$ 703.66</b>	<b>\$ 701.30</b>	<b>\$ 703.23</b>	<b>\$ 716.66</b>	<b>\$ 743.97</b>

CITY OF COLUMBUS

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**TABLE 3  
GENERAL FUND - CURRENT EXPENDITURES  
THREE-YEAR FINANCIAL PLAN  
2012-2013-2014  
(in millions of \$)**

	Year #	1	2	3
	Actual 2011	Budget 2012	Estimate 2013	Estimate 2014
<b>CURRENT EXPENDITURES</b>				
<b><u>Personnel:</u></b>				
Uniformed Personnel	\$ 269.50	\$ 277.73	\$ 287.81	\$ 296.06
Insurance	54.44	55.05	61.91	66.76
Benefits	89.47	87.48	91.29	90.20
Non-Sworn Personnel <sup>1</sup>	93.54	109.22	114.59	117.38
Insurance	22.80	29.97	32.10	34.61
Benefits	27.34	29.29	30.16	29.76
Total Personnel	\$ 557.08	\$ 588.73	\$ 617.86	\$ 634.77
<b><u>Non-Personnel:</u></b>				
Technology	16.23	13.37	14.20	14.67
Fleet Maintenance	29.76	22.25	23.78	24.38
Other Capital	1.92	0.01	6.01	6.01
Materials & Supplies	12.90	12.08	12.89	13.11
Non-Contract Services	14.61	17.46	18.30	18.83
Contract Services	41.08	49.90	51.34	52.49
Other	9.14	0.67	0.68	0.69
Transfers <sup>2</sup>	2.57	25.22	12.36	12.96
Total Non-Personnel <sup>3</sup>	\$ 128.19	\$ 140.96	\$ 139.57	\$ 143.14
<b><u>Deposits:</u></b>				
Economic Stabilization Fund	10.00	6.73	3.78	5.00
Anticipated Expenditure Fund	2.05	2.06	2.12	2.19
Total Deposits	12.05	8.79	5.90	7.19
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<b>TOTAL CURRENT EXPENDITURES</b>	<b>\$ 697.33</b>	<b>\$ 738.48</b>	<b>\$ 763.33</b>	<b>\$ 785.09</b>

- (1) Non-sworn safety personnel costs total \$37.11 million in 2012, \$39.69 million in 2013 and \$40.92 million in 2014.
- (2) Transfers primarily reflect items budgeted in the citywide account that are later expensed elsewhere (i.e. legal settlements). Economic stabilization fund and anticipated expenditure fund deposits are shown separately. General fund subsidies to Health and Recreation and Parks, normally appearing as general fund transfers, have been allocated to the other categories on a proportional basis for those two departments.
- (3) Non-personnel safety related costs total \$54.2 million in 2012, \$59.81 million in 2013, and \$60.75 million in 2014.

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**TABLE 4  
GENERAL FUND - PROPOSALS TO ELIMINATE THE GAP  
THREE-YEAR FINANCIAL PLAN  
2012-2013-2014  
(in millions of \$)**

	Year #	1	2	3
	Actual 2011	Budget 2012	Estimate 2013	Estimate 2014
<b>PROPOSALS TO ELIMINATE THE GAP</b>				
Encumbrance Cancellations	\$ 2.10	\$ 1.76	\$ 1.75	\$ 1.75
Unencumbered Balance	23.65	33.79	2.14	-
Additional revenue or Expenditure Changes Needed to Balance	-	-	-	-
Transfers from Economic Stabilization Fund	-	-	-	-
Transfer from 2013 Basic City Services Fund	-	-	11.00	-
Other Transfers	1.72	1.83	2.12	2.21
Expenditure Reductions to Balance Original Budget	-	-	29.65	37.16
<b>TOTAL PROPOSALS TO ELIMINATE THE GAP</b>	<b>\$ 27.47</b>	<b>\$ 37.38</b>	<b>\$ 46.66</b>	<b>\$ 41.12</b>

**CITY OF COLUMBUS  
2012-2013-2014 FINANCIAL PLAN**

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**TABLE 5  
GENERAL FUND - ASSUMPTIONS  
THREE-YEAR FINANCIAL PLAN  
2012-2013-2014**

<b>REVENUES</b>			<b>2013</b>	<b>2014</b>
1	Income Tax	Expert Judgment	3.50%	3.50%
2	Property Tax	Pro Forma Growth Rate	0.00%	2.00%
3	KWH Tax	Pro Forma Growth Rate	0.00%	0.00%
4	Hotel/Motel Tax	Expert Judgment	-11.92%	0.00%
5	Local Govt. Fund	Assumes State of Ohio Reductions	-28.94%	2.00%
6	Estate Tax	Eliminated in 2013	n/a	n/a
7	Liquor, Cigarette, Other	2002 - 2011 Average Actual Growth Rate, 10 Years	1.77%	1.77%
8	License and Permit Fees	Pro Forma Growth Rate	0.00%	0.00%
9	Cable Fees	Pro Forma Growth Rate	0.00%	0.00%
10	Fines and Penalties	Pro Forma Growth Rate	0.00%	2.00%
11	Investment Earnings	Expert Judgment	n/a	n/a
12	EMS	Pro Forma Growth Rate	3.00%	3.00%
13	Pro Rata	Pro Forma Growth Rate	3.00%	3.00%
14	Other Charges for Service	Pro Forma Growth Rate	3.00%	3.00%
15	All Other Revenue	1991 - 2011 Average Amount in Dollars	\$1,797,612	\$1,797,612

**EXPENDITURES**

- 1 Inflationary increases totaling 2% per year for 2013 and 2014 for most basic goods and services are assumed.
- 2 Vacancy credits are assumed in many divisions' projections, the amounts of which vary depending upon the size of the division and the rate of employee turnover.
- 3 Safety recruit classes, separations, other
 

**Police:**

1 recruit class is projected in 2013 - class of 50 recruits in June.  
 1 recruit class is projected in 2014 - class of 50 recruits in June.  
 50 separations are projected in 2013.  
 50 separations are projected in 2014.  
 The 115th class COPS grant reimbursement is partially deducted from the 2013 general fund projections herein. The grant expires at the beginning of 2013.  
 Sworn overtime costs are projected to total \$8.97 mil. in 2013 and \$9.11 mil. in 2014.  
 Wage increases for sworn police personnel are projected at 2% effective Dec '11, 2% Dec '12 and 2.5% Dec '13; pension pick-up is projected at 4.5% in 2013 and 3.5% in 2014.

**Fire:**

1 recruit class is projected in 2013 - class of 35 recruits in June.  
 1 recruit class is projected in 2014 - class of 35 recruits in June.  
 35 separations are projected in 2013.  
 35 separations are projected in 2014.  
 Sworn overtime costs are projected to total \$5.52 mil. in 2013 and \$5.53 mil. in 2014.  
 Wage increases for uniformed personnel are projected at 2.75% in Jan '13 and '14; pension pick-up is at 2.5% in Jan '13, 1% Jan '14 and 0% Oct '14.

**Police and Fire termination pay** for sworn personnel is paid out of the General Fund in 2013 and 2014.  
 Projected revenue for E-911 funds are \$0 in 2013 and 2014.  
 Projected revenue from **Photo Red Light funds** are deducted from the general fund (\$1.34 mil. in 2013 and 2014).

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**TABLE 5 (continued)  
GENERAL FUND - ASSUMPTIONS  
THREE-YEAR FINANCIAL PLAN  
2012-2013-2014**

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**EXPENDITURES (continued)**

- 4 **Social Service Contracts** are funded by both the general and emergency human services (EHS) funds in 2012, with \$3.2 mil. in general fund and \$1.4 mil. in EHS funds. An inflation factor of 2% is applied for 2013 and 2014.
  - 5 Additional funds are projected to fund **economic development incentive agreements** in 2013 and 2014.
  - 6 **Technology** costs for 2013 and 2014 are based on that department's financial plan submission, prorated among customer departments based on the 2012 appropriation.
  - 7 **Fleet** costs for 2013 and 2014 are based on that department's financial plan submission, prorated among customer departments based on the 2012 appropriation.
  - 8 **Legal Settlement** costs of \$1.0 mil. in 2012, \$1.0 mil. in 2013 and 1.0 mil. in 2014 are assumed.
  - 9 **Anticipated expenditure** fund deposits total \$2.06 mil. in 2012, \$2.12 mil. in 2013 and \$2.19 mil. in 2014.
  - 10 **Health insurance** costs are inflated by 8% in both 2013 and 2014.
  - 11 **Economic stabilization fund** deposits total \$3.8 mil. in 2013 and \$5.0 mil. in 2014 in keeping with the goal of reaching a \$50 mil. balance by 2014.
  - 12 Funds for **vehicle purchases** for 2013 and 2014 are \$6 mil. in each year.
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**PROPOSALS TO ELIMINATE THE GAP**

- 1 Make full use of encumbrance cancellations and prior year carryover.
- 2 Reduce expenditures, eliminate or postpone some "new needs" pending identification of additional resources.
- 3 Identify additional revenues.