GUIDE

GUIDE TO THE OPERATING BUDGET

I. INTRODUCTION

Why This Guide?

The purpose of this guide is to explain Anchorage's operating budget process and how to read the forms contained in the budget document. Budgets are often complex and confusing to the person who does not deal with them regularly. The terminology is foreign to most people and the various schedules are not always easily understood. It is hoped that this guide will provide readers with a better understanding of the budget process and information contained in the budget.

How to Use This Guide

This guide is organized into four main sections:

- Section I, Introduction, explains the purpose of this guide.
- Section II, General Budget Principles, outlines the Municipality's major governing budget policies. These include the service area concept, balanced budget, tax cap, and appropriation guidelines. (There is a Glossary of Terms at the end of this guide.)
- Section III, How a Budget is Prepared and Compiled, explains the budgeting process used by general government departments.
- Section IV, How to Use the Budget Document, leads the reader step-by-step through the forms in the budget document. The interrelationships of the various forms are explained.

II. GENERAL BUDGET PRINCIPLES

The Budget as a Financial and Program Plan

The operating budget outlines the financial and program plan for the fiscal year (budget year) for the Municipality of Anchorage. It summarizes planned operating expenditures and revenues for each department/agency (excluding public utilities) and explains what will be accomplished with the funds.

Preparation of the next year's budget begins each spring. The most current information on prices, population trends, and public wants and needs is used. However, changes in the economy and community priorities sometimes require changing the planned Municipal programs during the budget cycle, as well as after the budget is approved in November.

Service Areas and Funds

The Municipality operates under a service area concept, which means that residents of a particular area have voted on whether to receive and to pay taxes for a particular service from the Municipality. By law, some services must be offered on an areawide basis. These include education, health and environmental protection, social services, animal control, library, museum, mass transit, emergency medical services, planning and zoning, property appraisal and tax collection. Other services require a specific vote of the people in each area — these include road maintenance, fire and police protection and parks and recreation. There are currently 33 different service areas in the Municipality.

Service area expenditures and revenues are budgeted in unique funds. A fund is an accounting entity that isolates the expenses and revenues of a particular program or service — somewhat like a separate checking account. Only expenses and revenues that pertain to the unique service area are reflected in that particular fund. In addition to the Areawide fund, some of the major service areas/funds are:

- Police - The service area for police covers most of the Municipality except for Girdwood and Turnagain Arm.
- Fire - There are separate fire service areas for Anchorage, Chugiak, and Girdwood.
- Roads and Drainage - There are 25 separate funds for budgeting the various roads and drainage service areas. Four have full maintenance and construction authority: Anchorage Roads and Drainage Service Area (ARDSA); Chugiak, Birchwood, Eagle River Rural Road Service Area (CBERRSA); Glen Alps Service Area; and Girdwood Valley Service Area. Others are called Limited Road Service Areas (LRSA), which only have authority to maintain their roads.
- Parks and Recreation - There are separate service areas for parks and recreation programs and facilities in Anchorage, Eagle River/Chugiak, and Girdwood.

There are also a number of separate funds for particular program operations (equipment maintenance, Heritage Land Bank) or particular expenses (self-insurance).

Balanced Budget Concept

The general government operating budget for the Municipality is a balanced budget. This means that sufficient revenues must be available to pay for the planned expenditures. Revenue sources include fees for services, State and Federal shared revenues, property taxes, and other local revenues such as interest earnings, assessments, licenses and permit fees. One of the most critical tasks in preparing the budget is the estimation of future revenues because expenses that can be budgeted are dependent on the amount of revenue available.

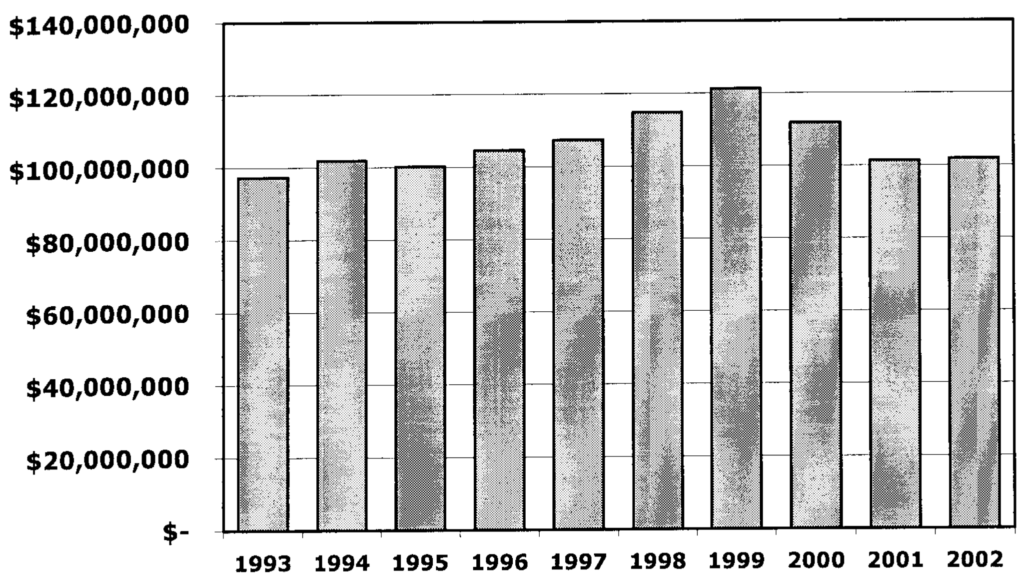
Taxes, Tax Cap, and Mill Levies

Property taxes are an ad valorem tax, which means taxpayers pay a flat rate per dollar value of taxable property they own. The flat rate, called a mill levy or mill rate, is $1.00 of tax per $1,000 of assessed value. If you are taxed 4 mills for police and your house is assessed at $100,000, you pay $4 per $1,000 of assessed value, or $400 in taxes, for police services.

In October 1983 the voters of Anchorage passed an amendment to the Charter known as the Tax Cap. While some think of it as a cap on property taxes only, it actually sets a limit on how much all taxes can increase from one year to the next. Other taxes collected by the Municipality that are subject to the Tax Cap are those on automobile registration, tobacco, aircraft registration, and motor vehicle rentals.

Proponents of the citizens' Tax Cap recognized that it still is important that taxes be allowed to grow (although controlled) in order to keep up with increased demands of a growing community. Growth in taxes under the citizens' Tax Cap is permitted by annual adjustments for inflation, population, and new investment in the community (the amount of taxes that will come from property improvements or new construction that was not taxed the previous year). The Cap also can be increased, again by voters, when they approve general obligation bonds and corresponding operations and maintenance costs.

The preliminary calculation of the overall Tax Cap for 2003 is $185,160,290 (the final Tax Cap actually is calculated each spring just prior to setting that year's mill levies). This is an increase of $10.2 million above the 2002 cap. Of this amount, tobacco taxes are projected to increase $500,000 and revenue from the motor vehicle rental tax is projected to go up $950,000. Because the cap on tax increases sets an overall ceiling for the total amount in all tax revenue that can be collected, each dollar in non-property taxes offsets a dollar in property taxes. This means the $1.4 million increase in these other taxes translates into $1.4 million less in property taxes that can be collected. Another way to think of the Cap is that it establishes how big the "tax bucket" can be each year. The bucket is first filled with the revenue that comes from the other taxes (automobile, tobacco, motor vehicle rental, and aircraft). The bucket then can be filled to the top with property taxes.



Buying Power of Property Taxes in 1993 Dollars
(Doesn't Include Debt Service)

To calculate the Tax Cap, you start out by using the taxes collected the prior year. Adjustments are next made for population and inflation, which establishes the base to start calculating the next year's cap. Additional taxes permitted under the cap are then added (for new construction and debt service). The Cap also allows additional taxes to be collected to pay court-ordered judgments. Combined, this establishes the overall Tax Cap (the size of the bucket). To calculate the amount of property taxes, non-property taxes are backed out from the cap (they go into the bucket first). The room left in the bucket is the amount of property taxes that can be collected.

Spending Limit

The Municipal Code also includes a Spending Limit that restricts expenditure increases to inflation, population, and voter/legally mandated services. Both the tax cap and spending limit were effective with the 1984 budget.

Appropriations

Municipal agencies cannot expend funds without an appropriation. An appropriation is a level of funding authorized by the Assembly. The Assembly appropriates the operating budget by each department's direct cost and by each fund's function cost (these terms are explained later). Appropriations for general government operations that have not been spent at the end of one fiscal year do not carry over into the next fiscal year.

III. HOW AN OPERATING BUDGET IS PREPARED AND COMPILED

The budget process begins each spring with a preliminary planning phase. Departments review their programs and responsibilities, assess what is being done during the current year and begin making plans for the next year (the budget year). Some factors considered during this preliminary planning phase are:

- New facilities that will open and require staff, supplies and other operating expenses;
- New responsibilities or programs required by Federal, State or local laws;
- New or changed programs to meet community needs or interests;
- Programs that can be eliminated because they are ineffective, no longer required, desired;
- Efficiencies that can be achieved through better management and/or use of technology.

Both the balanced budget concept and the tax cap necessitate early predictions of both expenditures and revenues. Factors considered include union agreements and employee benefit costs. These totals, plus any new facility or program requirements are compared to the allowable budget — the level of funding that can be supported by anticipated revenues. After adjustments are made to balance expenditures to revenues, each department is given guidance for developing its detailed budget proposal. Guidance includes general directions regarding cost-saving measures and the addition or elimination of programs.

Development and Review of Budget Proposals

Departments prepare their budgets using zero-base budgeting (ZBB) concepts. ZBB is a planning and budgeting tool that helps departments identify what needs to be done, what resources (personnel, supplies, contracts, etc.) are required to do the job, and what the impact would be of not doing the job.

Each budget unit develops one or more service levels — units of work or an activity. A budget is prepared for each service level, using various budget worksheets to project expenses. If the service level involves work that is supported by fees (such as building inspection or swim fees), the revenues must be estimated as well.

The service levels are then ranked by the department in descending order of priority, considering legal requirements, public needs, and the Mayor's goals and objectives. A cumulative cost total is kept of the ranked service levels. A preliminary dollar amount (the funding line) is provided to each department. Service levels above the funding line become the department's requested budget.

Department budgets are reviewed by the Office of Management and Budget, Municipal Manager, and the Mayor. The amount established for each department is called the direct cost budget.

Intragovernmental Charges

When the departmental direct cost budgets and the total funding level are finalized, the budgets are entered into the Municipal computer and the intragovernmental charges (IGCs) are calculated. These are charges for services provided by one Municipal organization to another. For example, the Maintenance and Operations Department maintains all general government buildings. Maintenance costs are budgeted in Maintenance and Operations and charged out to the appropriate users. Intragovernmental charges are either allocated (based on standard figures per employee, per square foot, etc.) or non-allocated (based on charges for particular services performed).

By using an intragovernmental charge system, the full cost of a program — including overhead — ends up in the budget for the program. As an example, Anchorage Metropolitan Police Service Area taxpayers pay for the whole police program, including the cost of maintaining the police buildings. The intragovernmental charge system allows general government departments/agencies to properly charge Municipal utilities, grants, and capital projects for services provided.

Calculation of Function Cost

After the intragovernmental charges are calculated, the budget is summarized by service area. The service area cost, or function cost, is the direct cost plus intragovernmental charges from others less intragovernmental charges to others. For example:

Direct Cost of the Fund	$10,000,000
Intragovernmental Charges from Others	1,000,000
Intragovernmental Charges to Others	(2,000,000)
Service Area Function Cost	$ 9,000,000

All of the function costs for each service area (fund) are totaled. The total becomes the recommended appropriation for that fund.

Preparation of Revenue Budget

The other side of the balanced budget is revenues. Some departments earn program revenues, such as bus fares, building permit and inspection fees, swim fees and library fines. The departments estimate these program revenues when they prepare their service levels.

Other revenues are earned or received by the Municipality as a whole. These are categorized as "Taxes, Interest, and Other" revenues. These revenues are allocated to the various service areas (funds) as the budget is developed.

Once the function cost of each service area is calculated and revenues for each fund are estimated, the tax requirement can be calculated. The tax requirement is the function cost less program revenues less other revenues less fund balance applied.

CONTINUING WITH THE EXAMPLE ABOVE:

Service Area Function Cost	$ 9,000,000
Program Revenues	(2,000,000)
Other Revenues	(4,500,000)
Fund Balance Applied	(500,000)
Service Area Tax Requirement	$2,000,000

Calculation of Mill Levies

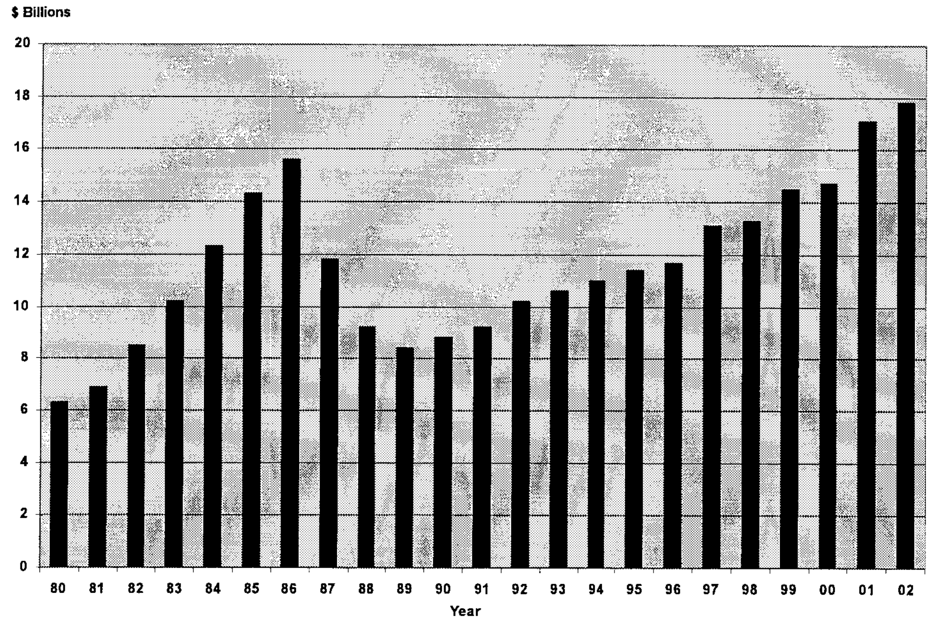
Property taxes are an ad valorem tax, which means taxpayers pay a flat rate per dollar value of taxable property they own. The flat rate, called a mill levy or mill rate, is $1.00 of tax per $1,000 of assessed value. If you are taxed 4 mills for police services and your house is assessed at $100,000, you pay $4 per $1,000 of assessed value, or $400 in taxes for police services.

Property taxes to be paid are based on the assessed valuation of the property within a service area and the amount of taxes to be collected from that service area (however, the overall total amount of taxes that can be collected in any one year is still governed by the Tax Cap).

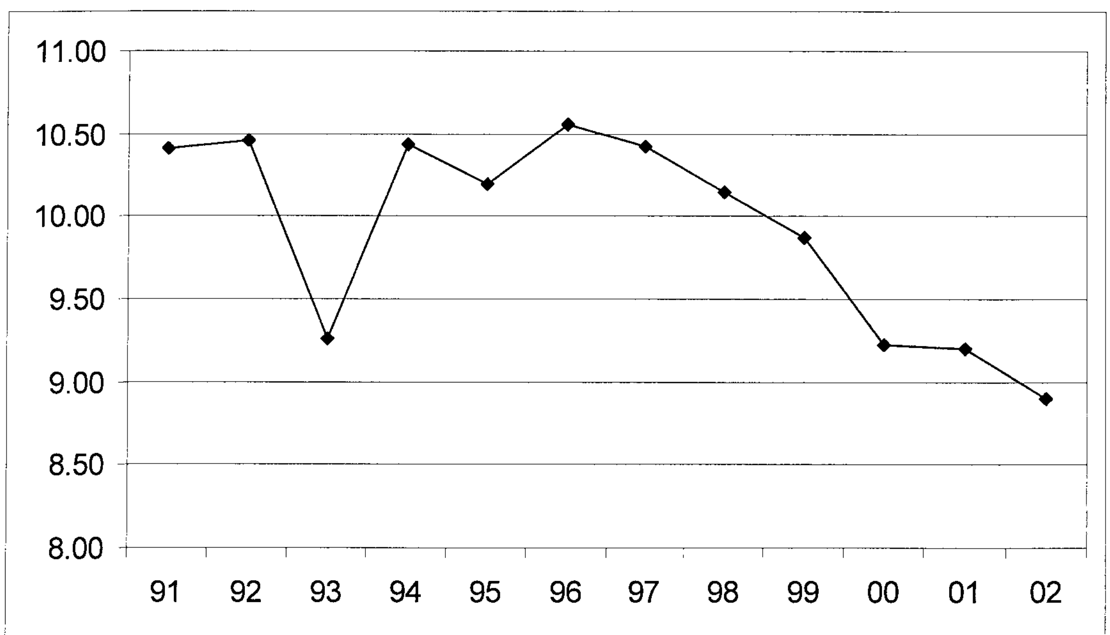
The two variables to calculate the mill levy for each service area are its assessed valuation and the amount of taxes to be collected. To calculate the mill levy (or mill rate), you divide the amount of taxes to be collected in that service area by its assessed valuation. The answer is then multiplied by 1,000 to get the mill levy for that service area. For example:

$$\frac{\text{Taxes to be collected In a Service Area}}{\text{Service Area's Assessed Valuation}} \times 1{,}000 = \text{Mill Levy} \qquad \frac{\$2{,}000{,}000}{\$10{,}000{,}000{,}000} \times 1{,}000 = .20 \text{ mills}$$

Summaries of mill levies can be found in the Appendices.



Total Assessed Property Values 1980-2002
(Not Adjusted for Inflation)



General Government Average Mill Rate
(Includes Debt Service)

IV. HOW TO USE THE BUDGET DOCUMENT

The charts presented in the budget document are the product of the steps described in the preceding section. The budget document is organized into four major sections:

- **Budget Overview**: highlights of the budget.
- **Revenue**: Two-year Summary of all Revenues; revenue notes; detailed breakdown of all revenues.
- **Department Detail**: each department's organization chart; the Strategic Framework; a resource plan which summarizes expenditures, revenues, and personnel and a program plan for each major activity. For those departments that receive operating grants, a two-year grant comparison is included. This comparison identifies the grants, number of positions and amounts in each grant and the percentage that grants, in total, add to the department's total budget for operations.
- **Appendices**: detailed comparisons of expenditures, revenues, assessed valuation and mill levies.

V. HOW TO READ THE DEPARTMENT DETAIL SECTION

The Department Detail section is central to the budget presentation. This section draws the most attention from those who are interested in reviewing the budget at the department level. This portion of the guide will lead the reader step-by-step through the various schedules used for each department and explain the interrelationships that exist between them.

Investing for Results!

Investing for Results! is a program created to communicate to citizens the value delivered from spending public money, as well as provide agency directors and managers with vital information for making key service improvement decisions. The program requires each department and its divisions to state their mission, core services (direct services for divisions), key areas of focus, and measures of success. This strategic framework will assist management in evaluating whether the results of actions taken are advancing an agency in its mission or detracting from it.

The Investing for Results! pages contained in the budget are just a snapshot in time of a program that is continuously being refined as the Municipality continuously looks for better ways to track and improve the effectiveness and efficiency of services provided.

The first page of the strategic framework for most departments and divisions lists a mission/purpose statement, core services, key areas of focus, and measures of success.

Fire Department

Our Mission: To safeguard our community by protecting life, property and the environment

Core Services

- Respond to emergencies
- Engage in accident and injury prevention

Focus Areas

- Respond to all calls for emergency assistance within the standards established by the National Fire Protection Agency
- Reduce losses from fire and disaster
- Conduct building fire and life safety inspections

We will measure our success by:

- Percent of emergency calls (fire and medical services combined) responded to within six minutes, and average response time

	2001	Q1 - 2002	Q2 - 2002	Q3 - 2002	Q4 - 2002
Percent Within 6 Min.	70%	65%	68%		
Average Response Time	5:23	5:47	5:44		

Resource Plan

The Resource Plan gives the operating costs and personnel resources for each division. It adds debt service and the intragovernmental charges received from other departments, then subtracts charges to be made to other departments. This figure equals the department's function cost. Any program revenues budgeted by the department are subtracted to get the net program costs of the department. For departments with operating grants, a summary of grants activity is then presented.

The lower half of the resource Plan shows, by division, the breakout of the budget by expense category — personal services, supplies, other services, debt service and capital outlay.

2003 Resource Plan

Department: Fire

	Financial Summary		*Personnel Summary*							
	2002	2003	2002 Revised				2003 Approved			
Division	**Revised**	**Approved**	**FT**	**PT**	**Temp**	**Total**	**FT**	**PT**	**Temp**	**Total**
Administration, Health & Safety	768,960	1,270,360	9			9	13			13
Fire Retiree Medical	2,125,480	2,566,270				0				0
Support Services	2,272,030	3,335,690	25			25	31			31
Emergency Medical Services	6,767,630	7,237,540	75			75	85			85
Fire and Rescue Operations	24,606,690	25,246,870	250			250	256			256
Fire Prevention	1,421,680	1,427,080	15	1		16	15			15
Fire Department Training	1,020,880	1,193,180	10			10	8			8
Operating Cost	**38,983,350**	**42,276,990**	**384**	**1**	**0**	**385**	**408**	**0**	**0**	**408**
Add Debt Service	1,992,630	2,298,270								
Direct Organization Cost	**40,975,980**	**44,575,260**								
Charges From/(To) Others	3,886,480	4,102,190								
Function Cost	**44,862,460**	**48,677,450**								
Less Program Revenues	(5,889,960)	(5,889,960)								
Net Program Cost	**38,972,500**	**42,787,490**								
Grant Resources	2,117,572	5,015,000	2			2	2			2

2003 Resource Costs by Category

Division	**Personal Services**	**Supplies**	**Other Services ***	**Capital Outlay**	**Total Direct Cost**
Administration, Health & Safety	1,128,080	21,500	99,280	21,500	1,270,360
Fire Retiree Medical			2,566,270		2,566,270
Support Services	2,578,010	426,630	289,050	42,000	3,335,690
Emergency Medical Services	6,357,370	512,500	823,660	149,000	7,842,530
Fire and Rescue Operations	22,772,190	530,350	2,604,230	567,100	26,473,870
Fire Prevention	1,332,970	19,770	54,340	20,000	1,427,080
Training Center	846,770	96,760	202,400	47,250	1,193,180
Operating Cost	**35,015,390**	**1,607,510**	**6,639,230**	**846,850**	**$44,108,980**
Less Vacancy Factor	(1,831,990)				(1,831,990)
Add Debt Service					2,298,270
Total Direct Organization Cost	**33,183,400**	**1,607,510**	**6,639,230**	**846,850**	**44,575,260**

* Travel budgeted by this department within the Other Services category is $65,680

2003 Budget Highlights

- Adds $2.3 million for the opening of the new Fire Station #14 (Tudor/Baxter). Provides for in-house fire fighter and EMS academies. With a target opening date of September 2003, EMS trainees will be hired as of January 1st and fire fighters will be hired by May 1st. Once opened, the new fire station is expected to improve the department's average response time to fires (3:39 minutes in 2001) and to medical emergencies (3:51 minutes in 2001).

- Increases the contribution for pre-funding of the Police/Fire Medical Trust Fund to higher level determined necessary by the 2002 actuarial study. This brings the budgeted 2003 cost for Fire retiree medical to $2.6 million.

Program Plans

Separate Program Plans describe the resource requirements for each major program in the department. The form shows the current and budget year personnel positions and total direct costs. The performance objectives and work measures (now performance measures) are represented in the Strategic Framework.

2003 PROGRAM PLAN

DEPARTMENT: FIRE DIVISION: FIRE & RESCUE OPERATIONS
PROGRAM: Fire/Rescue Operations

PURPOSE:
Protect the public and the environment through emergency rescue and mitigation response to fire, injury, illness, and disaster by performing fire and rescue services for the citizens of Anchorge, Eagle River, Chugiak and Girdwood.

2002 PERFORMANCES:
See Strategic Framework

2003 PERFORMANCE OBJECTIVES:
See Strategic Framework

RESOURCES:

	2001 REVISED			2002 REVISED			2003 BUDGET		
	FT	PT	T	FT	PT	T	FT	PT	T
PERSONNEL:	235	0	0	250	0	0	256	0	0

	2001 REVISED	2002 REVISED	2003 BUDGET
PERSONAL SERVICES	$20,509,870	$22,145,640	$21,545,190
SUPPLIES	423,530	535,850	530,350
OTHER SERVICES	3,725,030	1,487,900	2,604,230
DEBT SERVICE	2,068,590	1,837,450	2,140,530
CAPITAL OUTLAY	429,720	437,300	567,100
TOTAL DIRECT COST:	$27,156,740	$26,444,140	$27,387,400
PROGRAM REVENUES:	$ 26,000	$ 216,000	$ 216,000

WORK MEASURES:

	2001 REVISED	2002 REVISED	2003 BUDGET
See Strategic Framework	0	0	0

28 SERVICE LEVELS ARE FUNDED FOR THE DEPARTMENT. THIS PROGRAM HAS LEVELS:
3, 7, 8, 9, 26, 28

HOW TO USE THE APPENDICES

The Appendices contain summaries of expenditures, revenues, assessed valuation and mill levies. The following describes what can be found in the Appendices and how they relate to the rest of the operating budget document:

A. Direct Cost by Expenditure Type: The budget is summarized by department and expense category. This ties in to the Resource Plan totals for each department. The total direct cost for each department is the department appropriation.

B. Function Cost Comparison by Fund: Compares function costs (direct costs with intragovernmental charge additions and subtractions) by fund with current year.

C. Mill Levy Comparisons by Fund: Compares mill levies by fund (service area) with the approved mill levies for the current year, excluding the Anchorage School District (ASD).

D. Mill Levy Comparison by Taxing District: Compares each taxing district's mill levy with its current year approved mill levy, excluding ASD.

E. Mill Levy Trends: Shows the ten-year mill levy trend by taxing district, excluding ASD.

F. Preliminary Property Tax: Shows, for each $100,000 assessed valuation, what residents pay for each of the services they receive, including ASD.

G. Applied Fund Balance Comparison by Fund: Compares the amount of any fund balance to be appropriated to offset function costs with that for the current year.

H. Personnel Benefit Rates: These rates are used to develop the operating budget and cover the Municipality's share of retirement, social security, medical, dental and life insurance, accrued leave and long-term disability benefits.

I. Debt Service Summary by Program: Provides detailed information regarding the outstanding voter approved general obligation bond debt and the principal and interest payments for the budget year.

J. Tax Limit Calculation: Presents the tax limitation calculation, as required in Section 14.03 of the Municipal Charter. Property taxes required cannot exceed the property taxes allowed, as calculated in this schedule. The final Tax Cap is actually calculated in the spring of each year in preparation for setting that year's mill levies.

GLOSSARY OF TERMS

Ad Valorem Tax	A tax based on value. Property taxes in the Municipality are an ad valorem tax. Taxpayers pay a set rate per dollar of assessed value of taxable property.
Allowed Budget	Amount the total budget can be without exceeding the tax limitation. Calculated by adding the amount of taxes allowed under the tax limitation and other anticipated revenues (programs and allocated revenues and intragovernmental charges to non-tax-supported units such as grants and utilities).
Appropriation	An authorization by the Assembly to make expenditures. The Assembly makes appropriations in the operating budget for each department's direct cost and each fund's function cost. Appropriations lapse at the end of the fiscal year.
Areawide Services	Services provided throughout the entire Municipality. Examples are education, planning and zoning, library, health and transit.
Assessed Valuation	The value of real estate and other taxable property established by the Municipality as a basis for levying taxes. By State law, all taxable property must be assessed annually at 100% of market value.
Average Mill Rate	The average tax rate (mill levy) computed by: Total Property Tax Required ÷ Total Areawide Assessed Valuation x 1,000 = Average Mill Rate
Balanced Budget	A budget in which sufficient revenues are available to fund anticipated expenditures.
Budget Unit	An organization level for which a budget is prepared. This is usually a division or section, depending on the organizational structure of the particular department.
Charter	The governing document that created the Municipality of Anchorage as a home rule government. The charter was adopted in 1975 and may be amended only by a majority of those voting on the approved amendment.
Code	The laws that interpret and implement the Municipal charter. The code is adopted and may be revised by ordinance approved by at least six members of the Assembly.
Debt Service	Principal and interest payments on debt incurred (bonds sold) by the Municipality.

Direct Costs	Salaries and other personnel expenses, supplies, contracts and other purchased services, debt service, machinery and other capital expenses. The Assembly appropriates a department's direct costs for the fiscal year.
Expense	General government expenses include salaries, wages, supplies, contracts, debt service, and purchases of machinery and equipment.
Fiscal Year (FY)	An accounting term for the budget year. The fiscal year of the Municipality is January through December 31.
Function Cost	The appropriation level for funds (or service areas). Function cost is calculated as follows:

$$\text{Direct Cost} + \text{Intragovernmental Charges From Others} - \text{Intragovernmental Charges to Others} = \text{Function Cost}$$

	The function cost of a particular fund is the sum of the function costs of all budget units assigned to the fund. The Assembly appropriates a fund's function costs for the fiscal year.
Fund	An accounting entity designed to isolate the expenses and revenues of a particular program or service. Funds are classified according to type: general, enterprise, debt service, etc. The expenses and revenues are accounted for according to generally accepted accounting principles. Each service area established in the Municipality is assigned a unique fund number and title.
Intragovernmental Charge	The charge for a service which one budget unit (servicer) provides to another (requester). Charges to other budget units are counted as revenues; charges from others are counted as expenses.
Local Revenues	Revenues received or earned by the Municipality which are not attributed to a particular department, program or service. Examples are interest earned on cash investments. These revenues are distributed to funds (service areas), but not to particular programs. The method of allocation varies, depending on the type of revenue.
Mandated Increase	Budget increase required to meet Federal, State, or Municipal legally mandated services or programs.
Mill Levy or Mill Rate	A rate of tax to be assessed on all taxable property. Rates are expressed in terms of $1 of tax per $1,000 of assessed value. Mill Levy is computed as follows:

$$\text{Property Tax Required in a Service Area} \div \text{Total Assessed Value of Taxable Property in the Service Area} \times 1{,}000 = \text{Mill Levy}$$

Net Program Cost	The amount required to support a program that is not completely funded by revenues earned by the program. Net program cost must be funded by allocated revenues or property taxes. It is computed as follows:

Direct Cost + Intragovernmental Charges From Others - Intragovernmental Charges to Others – Program Revenues = Net Program Costs

Program Plan	A description of the work to be performed and resources required for each major type of activity (program).
Program Revenue	Revenues earned by a program, including fees for service, license and permit fees and fines.
Property Tax	Total amount of revenue to be raised by levying taxes on real and personal property. Property tax is computed as follows:

Net Program Costs for all Budget Units in a Particular Fund - Allocated Revenues Assigned to the Fund and Fund Balance = Property Tax Required for the Fund to Meet the Budget

Resources	The personnel and financial requirements of each program. Personnel resources are stated in terms of full time, part-time and temporary positions. Financial resources are stated in terms of five major expense categories (personal services, supplies, other services, debt services and capital outlay).
Service Area	A legal entity that funds particular governmental services. Service areas are created, altered or abolished only with the approval of a majority of those voting on the question within the affected area. The services are financed only from taxes on property within the area (after all other revenue sources are applied). Areawide services are provided to, and paid for by, taxpayers throughout the Municipality. Other services are limited to smaller geographic areas. Examples of service areas are:

- Chugiak Fire Service Area
- Anchorage Metropolitan Police Service Area
- Anchorage Roads and Drainage Service Area
- Girdwood Valley Service Area
- Glen Alps Limited Road Service Area

Service Level	An amount of work to be accomplished with a given level of resources. Service levels are developed by departments during the zero-base budgeting process to present various incremental levels of work and resources to accomplish a program.

Spending Limitation	Anchorage Municipal Code Section 6.10.037 established a spending limitation on general government tax-supported services. It generally limits per capita expenditure increases to the amount of inflation (as measured by the Anchorage consumer price index) and expenditures required to provide voter and legally mandated services.
Tax Cap	A charter amendment passed by the voters of Anchorage in October 1983, which sets an upper limit on the amount of taxes the Municipality can levy in any given year. The tax cap is generally based on the amount levied in the previous year, increased by the rate of inflation and the five-year average population growth. Exceptions to the cap are taxes allowed for payment of debt service and judgments against the Municipality and taxes to fund voter-approved services.
Tax Requirement	The amount of property tax allowed and necessary to fund the budget.
Tax-supported	A term used to indicate programs or funds which depend, to some degree, on property taxes as a source of revenue. Those that are not tax-supported earn sufficient program revenues, allocated revenues and/or intragovernmental charge revenues to balance their budgets.
Zero-base Budgeting	A budgeting process that allows for review of varying (ZBB) levels of service at varying levels of resources required. The underlying assumption for a zero-base budget is that existing and new programs should be equally scrutinized and prioritized annually.