

BUDGET OVERVIEW

Municipality
of
Anchorage



OFFICE OF THE MAYOR

March 1, 1986

Dear Residents of Anchorage,

This 1986 Approved Operating Budget has two themes: cost reduction throughout general government and a major increase in our public safety programs. The approved budget of \$211.8 million is a .38% increase over the revised 1985 budget.

The budget recommends increasing support for many facets of our public safety program. Over the past year, citizens have devoted hundreds of hours to task forces dealing with public safety concerns. This budget includes many of their recommendations. We have added police officers, assistance for domestic violence and child abuse victims, an expanded hazardous waste program, high-frequency transit to relieve midtown pollution and congestion, more park safety, a program to increase the availability of quality child care, additional fire and police dispatchers, water quality testing and increased alcoholism prevention and treatment. The total is a \$2.1 million net increase for our most important service: public safety.

The second budget theme -- cost reduction -- is what enables us to increase public safety programs and cope with revenue reductions. We will see significant savings from streamlining several departments. We will continue to cut costs through tighter management of overtime, supplies and other expenditures.

Two major facilities will come on-line in 1986. The new library will require 18 additional staff; the police headquarters needs 7. To open these facilities, staff the public safety efforts mentioned above and balance the budget requires deleting positions throughout general government, for a net reduction of 61 positions. The need for personnel cost savings was addressed early this year with a selective hiring freeze. Careful filling of vacancies will both achieve savings for 1985 and help avoid direct layoffs to implement the 1986 budget. This unprecedented municipal personnel reduction will be a major challenge for the Assembly and Administration in the coming months.

Although the budget increase is only .38%, revenue changes require that tax support rise from \$74.4 to \$81.8 million. This is \$3.62 million below the charter tax limitation. To minimize reliance on tax support, we will continue to propose strategies such as increased user fees, public-private partnerships and productivity improvements. This budget demonstrates that we can meet the challenges of 1986 with fiscal and programmatic responsibility.

Sincerely,

Tony Knowles
Mayor

AMENDED AND APPROVED
 DATE 11-26-85

Submitted by: Chairman of the Assembly
 at the request of the
 Mayor
 Prepared by: Office of Management &
 Budget
 For Reading:

ANCHORAGE, ALASKA
 AO No. 85-203 (Amended)

AN ORDINANCE ADOPTING AND APPROPRIATING FUNDS FOR THE 1986 GENERAL GOVERNMENT
 OPERATING BUDGET FOR THE MUNICIPALITY OF ANCHORAGE.

WHEREAS, the Mayor has presented the 1986 General Government Operating
 Budget for the Municipality of Anchorage to the Assembly in accordance with
 Article XIII of the Municipal Charter; and

WHEREAS, the Assembly reviewed the budget as presented; and

WHEREAS, on November 19, 1985 and on November 26, 1985 duly advertised
 public hearings were held in accordance with Article XIII, Section 13.04 of the
 Municipal Charter; and

WHEREAS, the 1986 funds are now ready for appropriation by ordinance;

NOW THEREFORE, the Assembly hereby ordains:

1. That the 1986 General Government Operating Budget is hereby adopted
 for the Municipality of Anchorage.

2. The General Government Operating Budget appropriations by funds are
 as follows:

FUND NO.	GENERAL FUNDS	AMOUNT
0101	Areawide General	\$ 69,720,750
0102	City Service Area	2,091,270
0104	Chugiak Fire Service Area	224,260
0105	Glen Alps Service Area	125,300
0106	Girdwood Valley Service Area	380,630
0108	Service Area 35 Non-Assessable Debt Service Area	1,338,740
0111	Birchtree/Elmore Limited Road Service Area	76,460
0112	Campbell Airstrip Limited Road Service Area	33,900
0113	Valli-Vue Estates Limited Road Service Area	49,090
0114	Skyranch Estates Limited Road Service Area	14,120
0115	Upper Grover Limited Road Service Area	6,540
0116	Ravenwood Limited Road Service Area	7,150

0117	Mt. Park Estates Limited Road Service Area	\$ 19,010
0118	Mt. Park/Robin Hill Limited Road Service Area	32,320
0119	Eagle River/Chugiak/Birchwood Rural Road Service Area	962,050
0131	Anchorage Fire Protection Service Area	25,212,990
0141	Anchorage Roads & Drainage Service Area	25,087,620
0142	Talus West Limited Road Service Area	24,410
0143	Upper O'Malley Limited Road Service Area	242,310
0145	Rabbit Creek View/Heights Limited Road Service Area	33,710
0149	South Goldenview Limited Road Service Area	63,660
0151	Anchorage Police Service Area	42,252,870
0161	Anchorage Parks & Recreation Service Area	13,072,350
0162	Eagle River/Chugiak Parks and Recreation Service Area	778,300
0181	Anchorage Building Safety Service Area	3,415,150

Total General Funds \$185,264,960

<u>FUND NO.</u>	<u>TAX-SUPPORTED ENTERPRISE FUNDS</u>	<u>AMOUNT</u>
0586	Sports Arena	\$ 261,530
	Total Tax-Supported Enterprise Funds	<u>\$ 261,530</u>

<u>FUND NO.</u>	<u>SPECIAL ASSESSMENT FUNDS</u>	<u>AMOUNT</u>
0896	Service Area 35 Roads and Drainage Bonded Indebtedness Retirement Service Area	\$ 352,890
0897	City Service Area Roads and Drainage Bonded Indebtedness Retirement Service Area	912,500
0898	Anchorage Roads and Drainage Bonded Indebtedness Retirement Service Area	2,911,680
	Total Assessment Funds	<u>\$ 4,177,070</u>

<u>FUND NO.</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>AMOUNT</u>
0221	Land Trust	\$ 1,772,250
	Total Special Revenue Funds	<u>\$ 1,772,250</u>

<u>FUND NO.</u>	<u>INTERNAL SERVICE FUNDS</u>	<u>AMOUNT</u>
0601	Equipment Maintenance	\$ 1,070,770
0602	Self Insurance	600,000
	Total Internal Service Funds	<u>\$ 1,670,770</u>

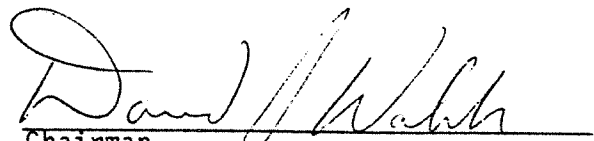
TOTAL OPERATING FUNDS \$193,146,580

3. Appropriations for the following operating Departments and/or agencies are hereby established.

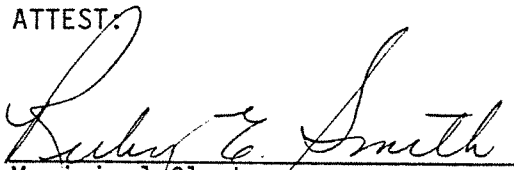
<u>DEPARTMENT OR AGENCY NUMBER</u>	<u>DEPARTMENT/AGENCY</u>	<u>AMOUNT</u>
1000	Assembly	\$ 1,420,410
1050	Equal Rights	491,450
1060	Internal Audit	435,040
1100	Office of the Mayor	3,068,210
1150	Municipal Attorney	2,510,810
1200	Municipal Manager	2,391,810
1300	Finance	7,686,500
1400	Information Systems	7,532,190
1500	Community Planning	3,513,510
1600	Property and Facility Management	20,800,380
1700	Capital Projects	832,840
1800	Human Resources	2,683,630
2010	Office of Public Safety	451,000
2000	Health and Human Services	10,675,120
2700	Transportation Inspection	170,130
3000	Fire	28,938,650
4000	Police	36,201,450
5200	Museum	1,215,330
5300	Library	8,559,740
5400	Parks and Recreation	11,948,220
6000	Public Transit	9,880,560
7000	Public Works	47,246,830
9000	Non-Departmental	3,150,720
	TOTAL	<u>\$211,804,530</u>

5. This ordinance shall take effect January 1, 1986.

PASSED AND APPROVED by the Assembly this 26th day of November 1985.


Chairman

ATTEST.


Municipal Clerk

AMENDED AND APPROVED
DATE 10-29-85

Submitted by: Chairman of the Assembly
at the request of the
Mayor

Prepared by: Office of Management
and Budget

Reading Date: October 15, 1985

ANCHORAGE, ALASKA

AR No. 85-229

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE PROVIDING FOR A TAX LIMITATION COMMENTARY TO THE 1986 PROPOSED GENERAL GOVERNMENT OPERATING BUDGET.

Whereas, AO 84-208(S-A), as amended, provides guidance concerning the implementation of the tax limitation of Charter 14.03; and

Whereas, the ordinance requires a commentary in the approved budget document specifying transition programs and projects which are not subject to the tax limitation criteria through the first full year of operation.

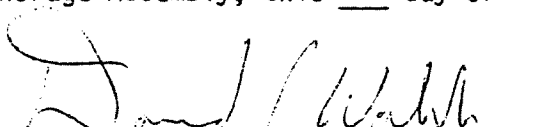
NOW, THEREFORE, the Assembly of Anchorage resolves:

Section 1. That the operations and maintenance costs of the new Police Headquarters are not subject to tax limitation criteria of Charter 14.03 prior to and through the first full year of operation.


See below for Section 2.

Section 23. That this resolution shall take effect immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly, this 29th day of October, 1985.


Chairman

Attest:


Municipal Clerk

Section 2. The O & M costs referred to in Section 1 do not include any reserve funds and apply only to annualized costs.

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 help you understand the information, so you can make informed decisions regarding the operating 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 limitation and appropriation guidelines (There is a Glossary of Terms in Appendix V).
- 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 coming fiscal year (budget year) for the Municipality of Anchorage. It summarizes planned operating expenditures and revenues for each department/agency (excluding the 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 December.

Service Areas and Funds

The municipality operates under a **service area concept**, which means that residents of particular areas 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, planning and zoning, property appraisal and the assessment and collection of taxes. 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 25 different service areas in the municipality.

Service area expenditures and revenues are budgeted in unique **funds**. A fund is an accounting entity which 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 and Fire - The service area for police covers most of the Anchorage bowl except for the Hillside. There are separate fire service areas for Anchorage and Chugiak.
- Roads and Drainage - There are 21 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), Eagle River Rural Road Service Area, Glen Alps Service Area and Girdwood Valley Service Area. Others are called Limited Road Service Areas (LRSA).
- Parks and Recreation - There are separate service areas for Parks and Recreation in Anchorage and Eagle River/Chugiak.

There are also a number of separate funds for particular facilities (e.g. Sports Arena), particular program operations (equipment maintenance, Heritage Land Bank) or particular expenses (non-assessable debt, 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, since expenses that can be budgeted are dependent on the amount of revenue available.

Taxes 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 education and your house is assessed at \$100,000, you pay \$4 per \$1,000 of assessed value, or \$400 in taxes.

Tax Limitation

In October 1983, the voters of Anchorage passed an amendment to the charter known as the **tax limitation**. The measure limits the taxes the municipality can levy (with certain exceptions) to the amount levied in the previous year, increased by annual inflation and five-year average population growth. The limit does not apply to taxes required to fund additional voter-approved services.

While the charter amendment limits tax increases, it does not limit expenditures if there are sufficient revenues from other sources to pay for them. However, the municipal code does include a spending limitation which restricts expenditure increases to inflation, population and voter/legally mandated services.

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 no longer required or desired.
- Efficiencies that can be achieved through better resource management.

Both the balanced budget concept and the tax limitation necessitate early predictions of both expenditures and revenues. First, the budget staff calculates a **continuation level** for each department. This is a projection of what it would cost in the budget year to continue existing programs at the same level of activity. Factors that must be considered include union wage agreements, employee benefit costs and payments on municipal bonds.

The total of all department continuation levels plus any new facility or program requirements is 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 a projected dollar amount (the **funding line**) and 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 which 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 which 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. Those above the funding line become the department's requested budget.

Department budgets are reviewed by a budget management group which includes the budget officer, chief fiscal officer, management and budget director, municipal manager, public safety commissioner, executive manager of public utilities and municipal attorney. This group then makes budget recommendations to the Mayor. In some cases, unfunded service levels which the Mayor feels are essential are exchanged for less critical service levels in other departments to keep the overall budget balanced. 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 Facility Maintenance Division maintains all general government buildings. Maintenance costs are budgeted in Facility Maintenance 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 Police Service Area taxpayers pay for the whole police program, including the cost of maintaining the police building.

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	<u>(2,000,000)</u>
Service Area Function Cost	<u>\$ 9,000,000</u>

All of the function costs for each service area (fund) are totalled. 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. These program revenues are estimated by the departments when they prepare their service levels.

Other revenues are earned or received by the municipality as a whole. These are **allocated revenues**. Examples are state and federal revenue sharing funds and interest earnings. These revenues are allocated to the various service areas (funds) as the budget is developed. A chart showing the distribution of all revenues is in Appendix L.

Calculation of Tax Requirement

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

Continuing with the example above:

Service Area Function Cost	\$ 9,000,000
Program Revenues	(2,000,000)
Allocated Revenues	(4,500,000)
Fund balance applied	<u>(500,000)</u>
Service Area Tax Requirement	<u>\$ 2,000,000</u>

Calculation of Mill Levies

To calculate mill levies, the tax requirement and the estimated assessed valuation of the taxable property in each service area must be known. The mill levy is computed as follows:

Service Area	Service Area
Tax Requirement	Assessed Valuation x 1,000 = Mill Levy
\$2,000,000	\$10,000,000,000 x 1,000 = .20 mills

Appendix P of the budget document summarizes the mill levies by fund.

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 five major sections:

- **Introduction:** the Mayor's message and this guide.
- **Community Profile:** highlights of various economic, environmental and programmatic characteristics of Anchorage.
- **Budget Overview:** budgetary environment assumptions and guidelines; summaries of expenditures, revenues, property taxes and mill levies and out-year projections.
- **Department Detail:** information on how each department is organized; the highlights of the department's proposed budget; a resource plan which summarizes the expenditures, revenues and personnel requested; a reconciliation which shows the changes between the current year budget and the proposed budget; and a program plan for each major activity.
- **Appendices:** detailed comparisons of expenditures, revenues, assessed valuation and mill levies; list of all program changes; personnel summary; and glossary of terms.
- **Fiscal Trends Report:** five-year projection of general government expenditures and revenues.

How to Read the Budget Overview Section

The Overview begins with a narrative which explains the budget guidelines and major changes in revenues and program emphasis. Charts and graphs are intended as self-explanatory summaries and trends of expenditures, revenues, property taxes and mill levies. They are based on information in the Department Detail section and the Appendices.

How to Read the Department Detail Section

The Department Detail section is the core of the budget document. This is the section studied most carefully by Assembly members and other reviewers of the budget. This portion of the guide will lead the reader step-by-step through the charts used for each department, and explain how these charts are related and summarized.


Department Summary

The one-page Department Summary states the major program highlights in the department's budget. A resource summary at the bottom of the page compares direct costs, program revenues and number of personnel positions for the current year and budget year. The direct cost is the recommended department appropriation for the budget year.

DEPARTMENT SUMMARY

Department

PARKS AND RECREATION



Mission

To contribute to the quality of life in Anchorage by providing leisure services to meet the needs of people of all ages and types, including recreation/education programs and development and maintenance of parks and recreation facilities.

Major Program Highlights

- Oversee the department and operation of the Ben Boeke and Dempsey-Anderson Ice Arenas; administer grants to non-profit organizations, contracts and agreements.
- Manage funding and planning for land acquisition and development of parks, trails and recreational facilities throughout the municipality.
- Operate 20 community schools and 23 summer playgrounds in the Anchorage Bowl through the efforts of volunteers and staff to provide recreation, education and community service activities for 80,000 participants of all ages.
- Provide recreation and leisure activities, opportunities or information for all segments of the Anchorage community through staff and volunteers at 3 recreation centers, 4 indoor pools, 3 lakes and 87 other facilities.
- Provide and maintain flowers, trees and shrubs at 90 sites; secure, landscape and maintain 9,320 acres of parkland, 239 outdoor recreation facilities, 69 miles of bike trails and 74 km of ski trails to contribute to the beauty of Anchorage.
- Provide a year-round Community Work Service Sentencing Program.
- To acquire and develop parks; maintain outdoor facilities; operate Chugiak Pool and a summer playground program and monitor operation of Fire Lake Recreation Center to provide recreational opportunities in Chugiak/Eagle River.
- Provide support to the Board of Supervisors, administer a community school and summer playground program and provide access to parks and recreation facilities in Girdwood.

Resources

	1985	1986
Direct Costs	\$11,335,190	\$11,948,220
Program Revenues	\$ 1,293,840	\$ 1,507,980
Personnel	124FT 29PT 146T	114FT 50PT 131T

Resource Plan

The Resource Plan gives the **direct costs** and **personnel resources** for each division. It then adds the intragovernmental charges received from other departments and subtracts the 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 cost** of the department.

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.

RESOURCE PLAN 1986 APPROVED BUDGET										
DEPARTMENT PARKS AND RECREATION										
1985/1986 RESOURCE COMPARISON										
Division Title	FINANCIAL RESOURCES		PERSONNEL RESOURCES							
	1985 REVISED	1986 APPROVED	1985 REVISED				1986 APPROVED			
			FT	PT	TEMP	TOTAL	FT	PT	TEMP	TOTAL
Administration	246,250	258,890	4	0	0	4	4	0	0	4
Administrative Support	125,280	128,950	3	0	0	3	3	0	0	3
Non-Profit Recreation	400,000	280,000	0	0	0	0	0	0	0	0
Contracted Facility Ops	-0-	74,730	0	0	0	0	0	0	0	0
Design & Development	368,350	425,150	7	0	0	7	8	0	0	8
Community Schools/Program	896,790	945,720	16	0	50	66	3	14	49	66
Recreation	2,854,230	2,840,370	49	24	36	109	50	30	29	109
Parks Maint. & Operation	3,276,580	3,453,610	30	0	58	97	40	0	42	82
Parks Debt Service	2,513,130	2,799,910	0	0	0	0	0	0	0	0
Eagle River/Chugiak Parks & Recreation	620,330	707,370	6	5	0	11	6	6	9	21
Girdwood Parks & Recreation	34,250	33,520	0	0	2	2	0	0	2	2
Direct Organizational Cost	11,355,190	11,948,220	124	29	146	299	114	50	131	295
Add Intragovernmental Charges From Others	3,716,840	2,866,940								
Total Department Cost	15,072,030	14,815,160								
Less Intragovernmental Charges To Others	999,730	911,030								
Function Cost	14,072,300	13,904,130								
Less Program Revenues	1,293,840	1,507,980								
Net Program Cost	12,778,460	12,396,150								

1986 APPROVED RESOURCES BY CATEGORY OF EXPENSE						
Division/Title	PERSONAL SERVICES	SUPPLIES	OTHER SERVICES	DEBT SERVICE	CAPITAL OUTLAY	DIRECT COST TOTAL
Administration	250,720	1,460	6,330	-0-	380	258,890
Administrative Support	127,090	700	1,090	-0-	70	128,950
Non-Profit Recreation	-0-	-0-	280,000	-0-	-0-	280,000
Contracted Facility Ops	-0-	-0-	74,730	-0-	-0-	74,730
Design & Development	404,740	4,590	15,820	-0-	-0-	425,150
Community Schools/Program	888,940	11,460	42,920	-0-	2,400	945,720
Recreation	2,629,250	80,610	87,050	-0-	43,460	2,840,370
Parks Maint. & Operation	2,511,500	354,700	487,830	-0-	99,580	3,453,610
Parks Debt Service	-0-	-0-	-0-	2,799,910	-0-	2,799,910
Eagle River/Chugiak Parks & Recreation	378,660	13,850	257,700	-0-	57,160	707,370
Girdwood Parks & Recreation	3,730	2,900	26,140	-0-	750	33,520
Department Total	7,194,630	470,270	1,279,610	2,799,910	203,800	11,948,220

Department Reconciliation

The Department Reconciliation shows how the department's approved budget differs from the current year's budget. The amount required to continue existing programs is the additional dollar amount the department would need to continue the same level of services, with adjustments such as negotiated wage increases and actual debt service owed. Program changes are noted with their associated funding and staffing levels.

RECONCILIATION FROM 1985 REVISED TO 1986 APPROVED BUDGET		
DEPARTMENT PARKS AND RECREATION		
	DIRECT COSTS	POSITIONS
1985 REVISED BUDGET:	\$11,335,190	124FT 29PT 146T
AMOUNT REQUIRED TO CONTINUE EXISTING PROGRAMS IN 1986	609,420	
REDUCTIONS IN EXISTING PROGRAMS:		
<ul style="list-style-type: none"> ° Reduce the cost of various recreation programs through more effective management of facilities and efficient scheduling of employees. Funds reduced from these existing programs are used to fund Kincaid facility and other departmental programs. (126,640) ° Reduce the amount budgeted for contributions to non-profit organizations for recreational programs and activities. (120,000) ° Reduce amount provided for support of existing 19 Community Schools. This decrease will be off-set by increased financial and in-kind support from the individual Community Schools Associations. (36,700) 		6PT (9T)
EXPANSIONS IN EXISTING PROGRAMS:		
<ul style="list-style-type: none"> ° Add an assistant planner to the Design and Development Division to meet increasing demand for such functions as involvement with civic and volunteer groups; support to Parks and Recreation Commission; interagency coordination in park planning; and inventory and brochure updates. 32,000 ° Increase staff to screen, place and supervise sentenced misdemeanor offenders in the Community Work Service Program. 25,600 ° Add part-time lifeguard to Chugiak Pool to assure safety of users at all times and to increase staff capability of providing lessons and classes thus increasing revenue potential. 11,300 		

RECONCILIATION FROM 1985 REVISED TO 1986 APPROVED BUDGET			
DEPARTMENT PARKS AND RECREATION (Continued)			
	DIRECT COSTS	POSITIONS	
1985 REVISED BUDGET:			
AMOUNT REQUIRED TO CONTINUE EXISTING PROGRAMS IN 1986			
NEW PROGRAMS:			
° Budget for new community school at Bear Valley as requested by the community and approved by the Parks and Recreation Commission.	\$ 36,700	1PT	
° Budget for contributions to reimburse contracted facility management firms for anticipated operational losses in 1986. Facilities include Ben Boeke and Dempsey Anderson Ice Arenas and Section 16 Equestrian Center.	80,000		
° Budget for staffing and operation of new year-round recreational facilities at Kincaid Park.	64,360	1FT	2T
° Budget for parks and facilities maintenance for Eagle River/Chugiak service area.	52,420		2T
° Budget for in-house Summer Playground program for Eagle River/Chugiak service area.	33,580		7T
OTHER (MISCELLANEOUS INCREASES/DECREASES):			
° Eliminate one-time funding for development of Block 51 Town Square Park.	(36,030)		(6T)
° Accommodate maintenance and horticulture requirements of newly developed parks, facilities and landscape sites (including Kincaid Park) through more effective management of resources and efficient scheduling of personnel.	118,600		(10T)
° Reduce funding for capital outlay and miscellaneous supplies.	(131,790)		
1986 APPROVED BUDGET:	<u>\$11,948,220</u>	<u>114FT</u>	<u>50PT 131T</u>

Program Plans

Separate Program Plans describe the activities and resource requirements for each major program in the department. The form highlights the current year performance, budget year objectives, total direct costs, personnel positions, revenues and performance measures.

1986 PROGRAM PLAN

DEPARTMENT: Parks and Recreation **DIVISION:** Parks Maintenance and Operations

PROGRAM: Community Work Service

PROGRAM CATEGORY:

PURPOSE: Provide a program which offers judges an effective alternative to additional sentences for drunk driving and misdemeanor offenders.

1985 PERFORMANCE:

- ° A year-round program was provided to place and screen misdemeanor offenders.
- ° The screening function of the Community Work Service Program was transferred from the Municipal Attorney's office to the Parks Maintenance and Operations Division in order to combine the overall program and improve efficiency.
- ° The program has expanded to accommodate an additional 116 participants in 1985.
- ° Trash collected in the municipality by participants will increase by approximately 50,000 pounds (11%) over the previous year's total.
- ° Participant hours are anticipated to increase by approximately 3,000 over last year's hours.

1986 OBJECTIVES:

- ° Expand the work service program to accommodate an additional 116 participants.
- ° Increase number of participant hours worked by 3,000.
- ° Collect an additional 50,000 pounds of trash during the year.
- ° Clean areas assigned by the Mayor on a 7 day per week schedule.
- ° Provide support to the elderly and handicapped through assistance on and off buses and provide maintenance on grounds.
- ° Provide assistance to approved organizations and agencies.

1986 PROGRAM PLAN			
RESOURCES:	1984 <u>Revised</u>	1985 <u>Revised</u>	1986 <u>Approved</u>
PERSONNEL:	2FT	3FT	4FT 2T
COST:			
PERSONAL SERVICES	\$70,150	\$110,990	\$187,090
SUPPLIES	7,970	1,000	5,950
OTHER SERVICES	-0-	400	12,700
DEBT SERVICE	-0-	-0-	-0-
CAPITAL OUTLAY	8,630	1,500	-0-
	\$86,750	\$113,890	\$205,740
REVENUES:	\$ -0-	\$ -0-	\$ -0-
PERFORMANCE MEASURES:	1984 <u>Revised</u>	1985 <u>Estimated</u>	1986 <u>Projected</u>
° Participants completing sentence	1,184	1,300	1,500
° Participant hours worked	27,807	30,000	33,000
° Pounds of trash collected	404,500	450,000	500,000

How to Use the Appendices

The Appendices contain summaries of expenditures, revenues, assessed valuation and mill levies. The section also includes a summary reconciliation of the total operating budget and a glossary of terms. The following describes what can be found in the Appendices and how they relate to the rest of the operating budget document.

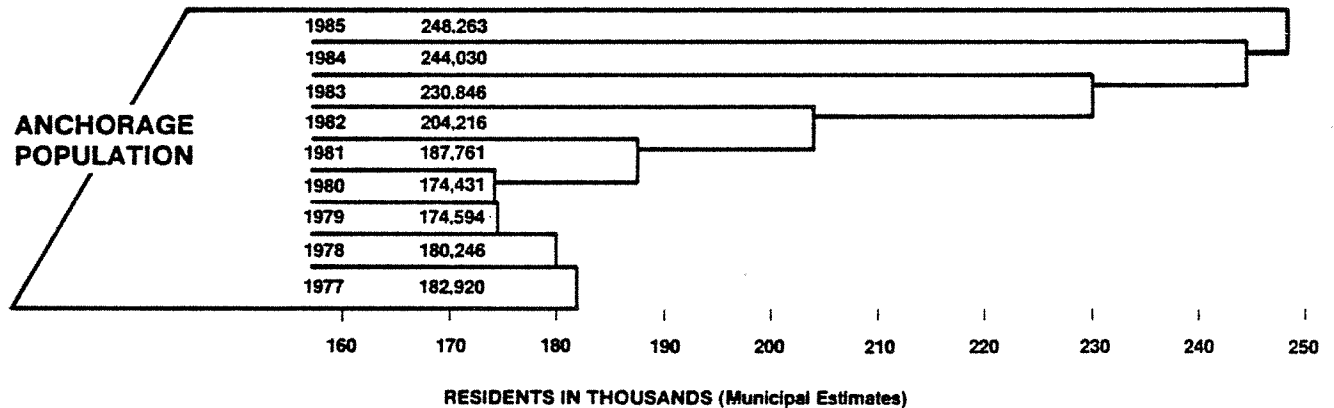
- A. **Direct Cost Comparison:** Compares the total revised direct cost for each department over the past three years. More information on direct costs can be found in the Department Detail section and in the summary in Appendix B.
- B. **Direct Cost by Expenditure Type:** The budget is summarized by 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.
- C. **Personnel Summary:** Indicates personnel positions by type (full-time, part-time, temporary) and department. Three years' information is included for comparison.
- D. **Personnel Benefit Rates:** Summarizes the cost of benefits paid to general government, fire and police employees. These rates are used in developing 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.
- E, F, G and H. **Overtime, Vacancy Factor, Travel and Capital Outlay Summaries:** These appendices summarize overtime, vacancy factor, travel and capital outlay by department. Significant changes are explained in the department detail section.
- I. **Debt Service Summary by Program:** Provides detailed information regarding the outstanding debt and the principal and interest payments for the budget year. This schedule ties in to the debt service expense category in the departmental resource plans and the expenditure summary in Appendix B. The schedules do not include debt service on any bond issues which were pending approval by the voters at the time the schedules were prepared.
- J. **Function Cost Comparison by Fund:** Compares operating budget function costs (direct costs with intragovernmental charge additions and subtractions) by fund.
- K. **Fund Balance Summary:** Lists the forecasted balance in each fund as of December 31. Also shows the amount of any fund balance to be appropriated to offset function costs in the current budget.

- L. **Revenue Distribution Summary:** Outlines how each allocated revenue is distributed by fund and how each program revenue is distributed by budget unit. There is also a description of each revenue account, explaining how the revenue is generated and/or estimated.
- M. **Federal Revenue Sharing Summary:** Summarizes the planned use of federal revenue sharing money. A public hearing on the planned use is required by law.
- N. **Glossary of Terms:** Defines most of the terms you will encounter in this guide or in the operating budget. In some cases, a calculation formula is included, to clarify how a number is derived.
- O. **Areawide Assessed Valuation Trends:** Shows the trend in areawide assessed valuations. Total property valuation (both real and personal property) is displayed in the first three columns. The next four columns separate the real property valuation into existing property and new construction.
- P. **Mill Levy Comparison by Fund:** Displays the proposed mill levies by fund (service area). Included for comparison are the approved mill levies for the previous two years.
- Q. **Mill Levy Comparison by Taxing District:** Shows each taxing district's anticipated change in mill levy, indicating what service is causing the change.
- R. **Mill Levy Trends:** Shows the ten-year mill levy trend by taxing district. Included is the mill levy for school district operations.
- S. **Tax Limitation Calculation:** Presents the tax limitation calculation, as required in Section 14.03 of the Municipal Charter. Property taxes required for the approved budget cannot exceed the property taxes allowed, as calculated in this schedule.
- T. **Spending Limitation Calculation:** Presents the spending limitation calculation as required by the Anchorage Municipal Code 6.10.037.
- U. **Reconciliation:** Presents all of the program changes in the operating budget. This is a recap of the department reconciliation forms and is displayed in the same format.

MUNICIPALITY OF ANCHORAGE

COMMUNITY PROFILE

GENERAL FACTS	Incorporation	September 16, 1975
	Form of Government	Unified, Home Rule — Mayor/Assembly
	Area	1,955 Square Miles
	Population	248,263 (1985 estimate)
	Average Low Temperature	27.6° Fahrenheit (-2.4 Celsius)
	Average High Temperature	42.6° Fahrenheit (5.9 Celsius)
	Average Annual Precipitation	14.75 inches (37.47 centimeters)



As the following pages show, nearly all components of the Anchorage community continue to experience a moderate growth. The growth rate has slowed somewhat over the last year; however, population and economic activity in the Anchorage area are expected to continue expanding over the next several years.

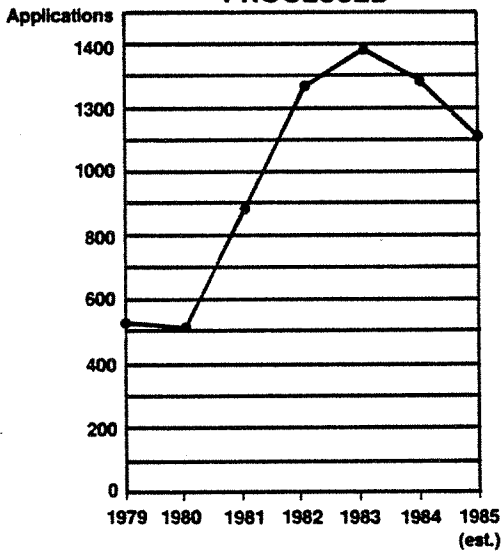
It has been a major challenge for the municipality to keep up with demand for services and capital improvements to meet the needs of a growing population and expanding commerce. In the foreseeable future, the continuing requirement for capital investment and increased service delivery will be one of the most significant challenges of the municipality and the community.

LAND AND HOUSING

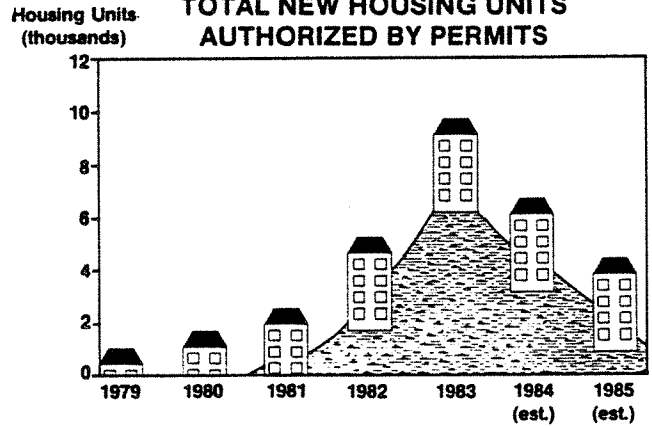
Economic indicators suggest that the extremely steep growth in population and the construction market which was a key feature of the early 1980's has moderated. However, a reduced level of growth is projected to continue into the near future.

An important aspect of the housing market is the shift toward multi-family and zero-lot line dwellings from traditional single-family, detached houses. This shift reflects the increase in the high price of land in the Anchorage bowl and continued high mortgage interest rates. Affordable housing is currently available for most Anchorage residents.

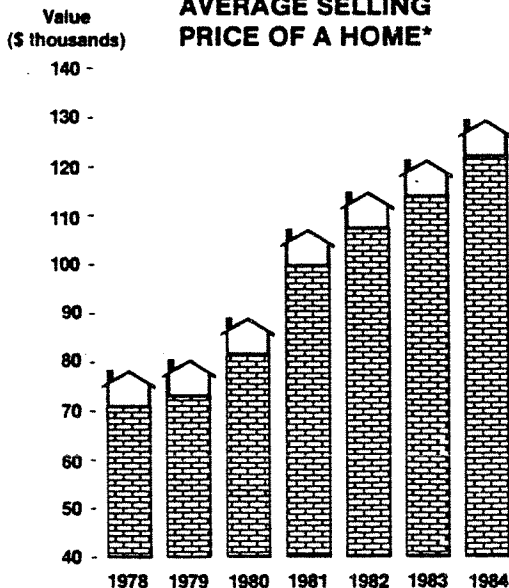
ZONING, CONDITIONAL USE AND SUBDIVISION APPLICATIONS PROCESSED



TOTAL NEW HOUSING UNITS AUTHORIZED BY PERMITS

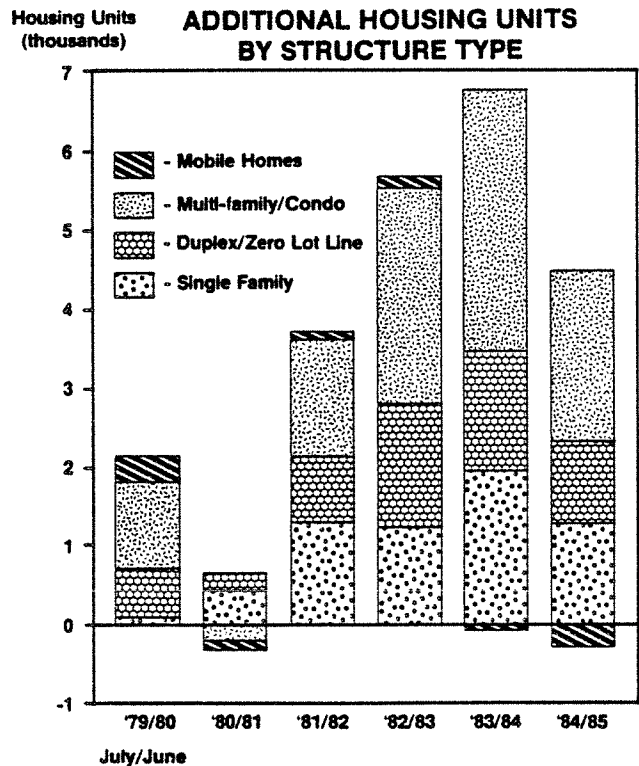


AVERAGE SELLING PRICE OF A HOME*

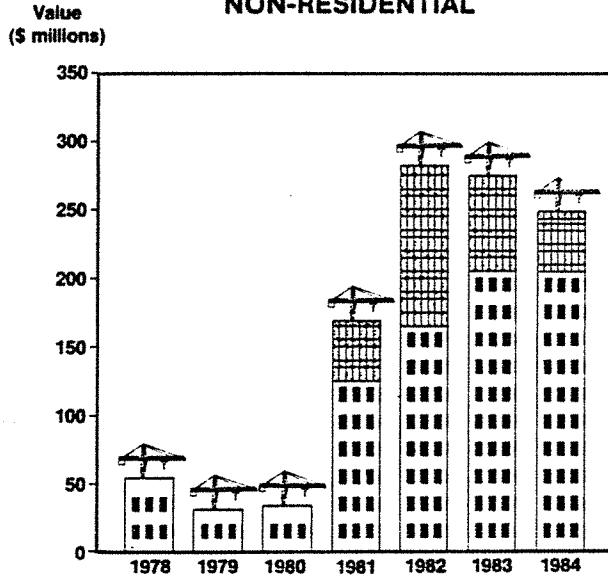


*Includes single family, duplex, zero-lot line but not condominiums.

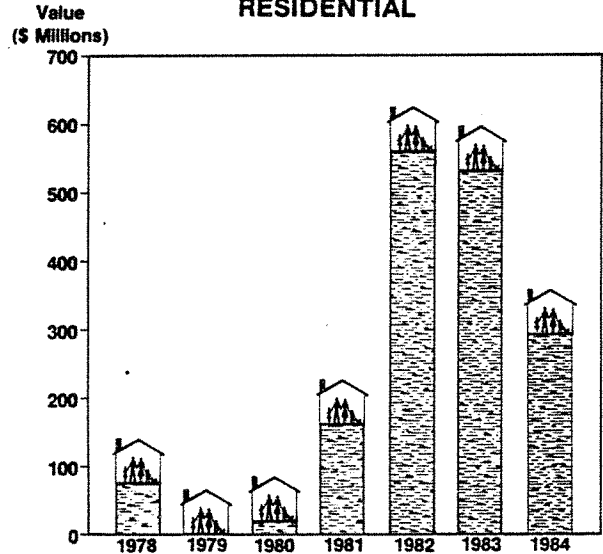
ADDITIONAL HOUSING UNITS BY STRUCTURE TYPE



CONSTRUCTION SPENDING IN ANCHORAGE NON-RESIDENTIAL



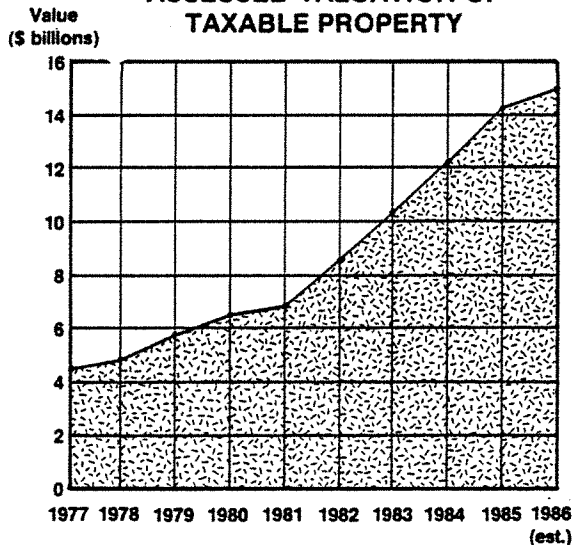
CONSTRUCTION SPENDING IN ANCHORAGE RESIDENTIAL



ASSESSED VALUATION OF TAXABLE PROPERTY

	Value (\$ thousands)	% Change
1984	\$12,095,719	
1985	14,823,982	22.6%
1986	15,003,063 (est.)	1.2%

ASSESSED VALUATION OF TAXABLE PROPERTY



REAL PROPERTY PARCELS APPRAISED

1979	1980	1981	1982	1983	1984	1985
63,000	66,000	68,000	71,200	76,000	83,400	86,000
					(est.)	(est.)

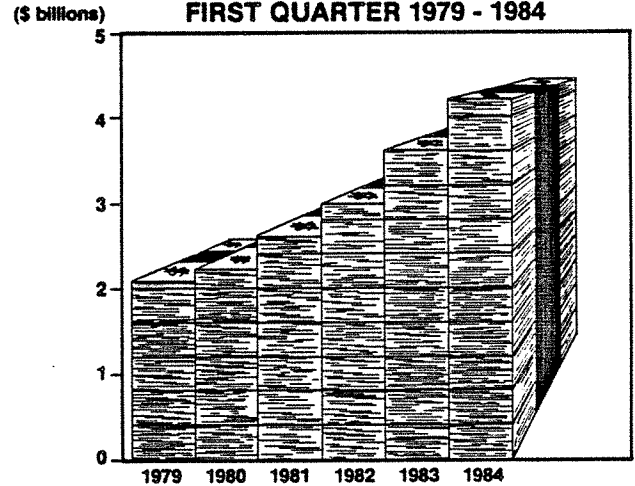
ECONOMY

One of the principal reasons for the dramatic population increase in Anchorage over the past few years is the municipality's robust economy. During the recession of 1981 through 1983 in the "lower 48," Anchorage actually experienced rapid economic expansion. The economy of Anchorage continues its growth, although at a slower rate than in recent years.

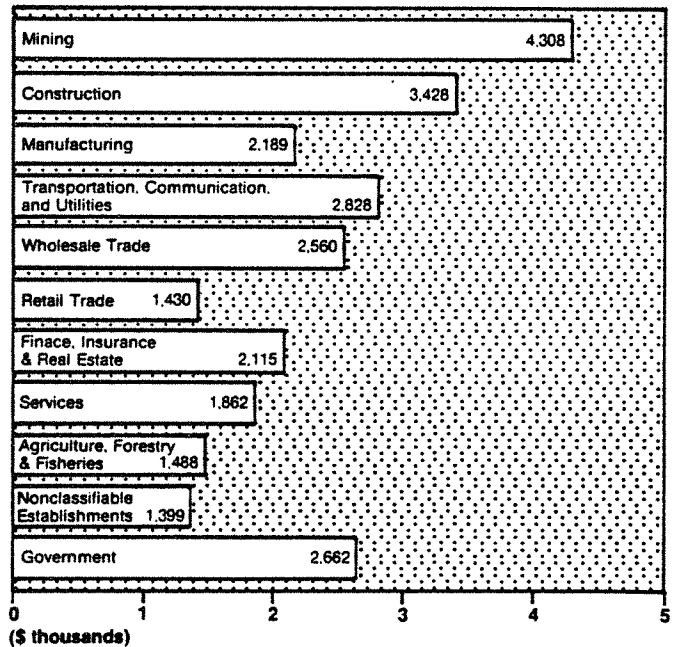
PER CAPITA PERSONAL INCOME ANCHORAGE/ALASKA/U.S.

	Anchorage	Alaska	U.S.	Percent of State	Percent of Nation
1983	\$19,020	\$16,820	\$11,675		147
1982	\$18,429	\$16,598	\$11,100	111	166
1981	\$16,563	\$14,819	\$10,495	112	158
1980	\$14,434	\$12,918	\$ 9,483	112	152
1979	\$12,200	\$11,252	\$ 8,706	108	140
1978	\$11,839	\$10,851	\$ 7,810	109	152
1977	\$11,430	\$10,497	\$ 7,026	109	163
1976	\$10,466	\$10,254	\$ 6,397	102	164
1975	\$10,006	\$ 9,654	\$ 5,861	104	171
1974	\$ 7,383	\$ 7,137	\$ 5,428	103	136
1973	\$ 6,050	\$ 6,066	\$ 4,980	100	121
1972	\$ 5,632	\$ 5,234	\$ 4,493	108	125
1971	\$ 5,470	\$ 4,939	\$ 4,132	111	132

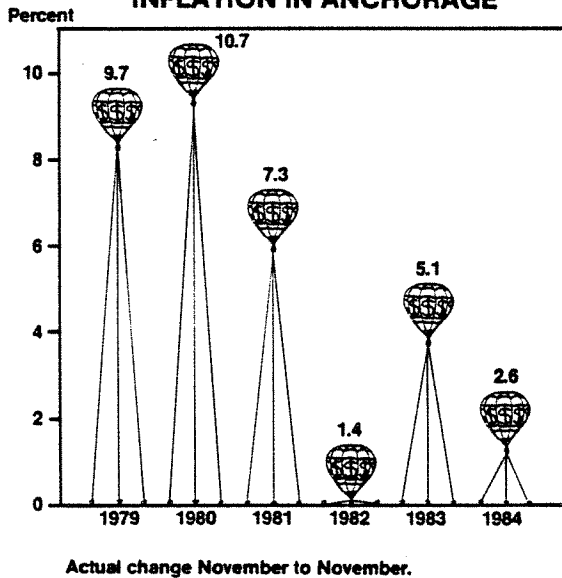
TOTAL ASSETS ANCHORAGE BANKS FIRST QUARTER 1979 - 1984



AVERAGE MONTHLY WAGE ANCHORAGE LABOR DIVISION THIRD QUARTER 1984



INFLATION IN ANCHORAGE



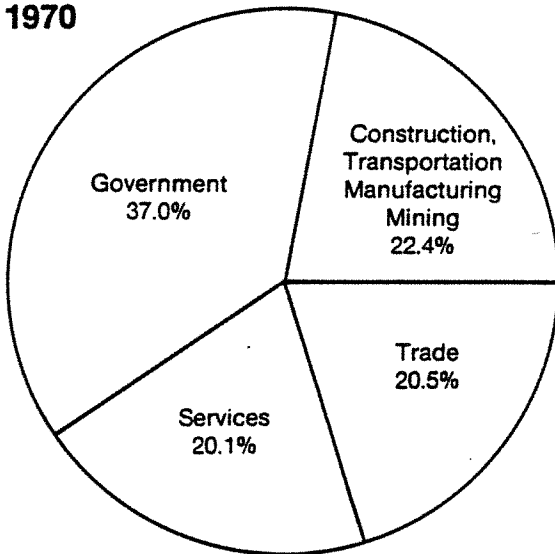
EMPLOYMENT

The Anchorage area did not feel as severely the impact of the economic downturn experienced in the rest of the country between 1981 and 1983. Large amounts of state spending have buffered Anchorage employment from the effects of unfavorable national economic conditions. The Anchorage unemployment rate, which reached a high in 1979 of 8.2%, had declined to 7.7% by 1983.

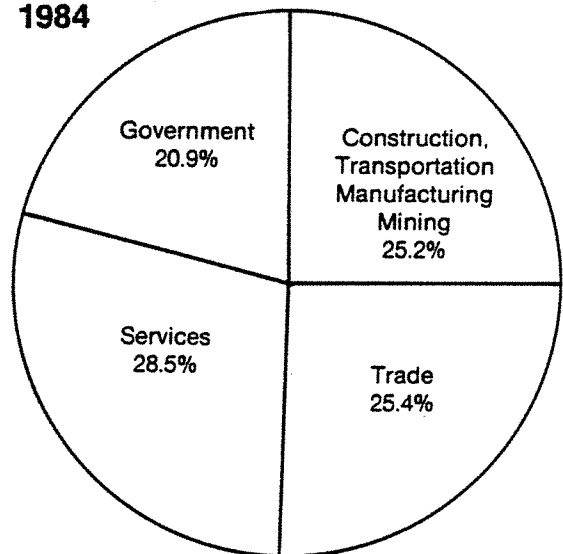
Another significant element in the Anchorage employment picture is the rapid growth in the services and trade sectors and the relative reduction in direct government employment. A significant shift is taking place away from a "government payroll" economy toward a service and trade economy. However, it is important to know that much of the economic activity in Anchorage is still supported by government dollars.

ANCHORAGE DISTRIBUTION OF EMPLOYMENT BY SECTOR

1970



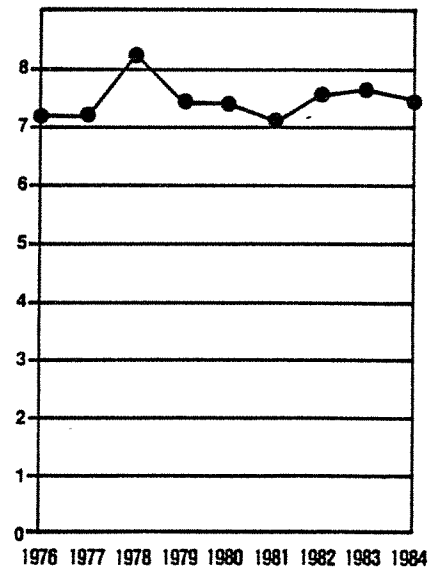
1984



ANCHORAGE EMPLOYMENT

1984	107,700
1983	102,600
1982	95,000
1981	86,000
1980	78,700
1979	77,500
1978	76,900
1977	77,000
1976	73,000

ANCHORAGE AVERAGE ANNUAL UNEMPLOYMENT RATE



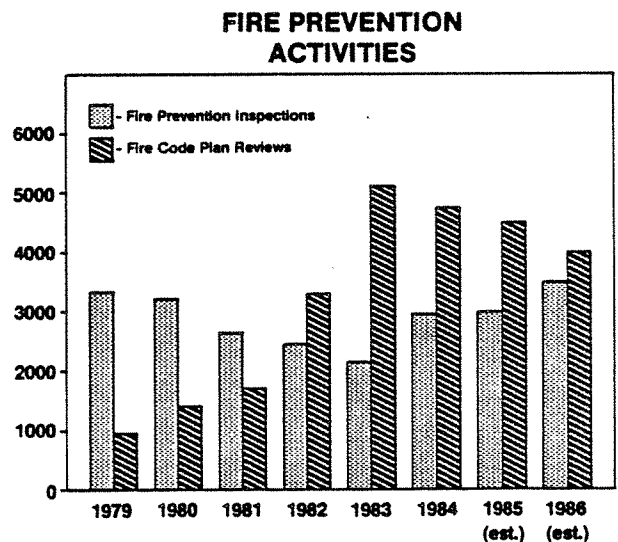
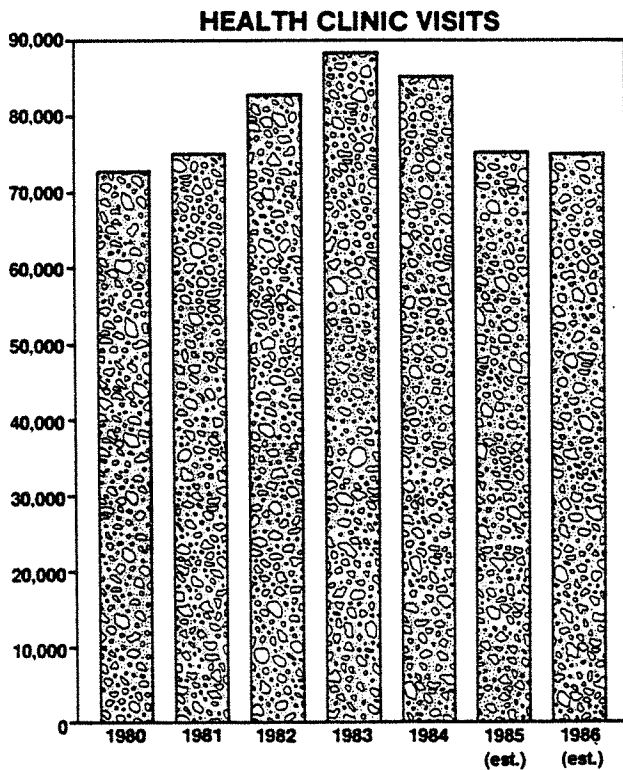
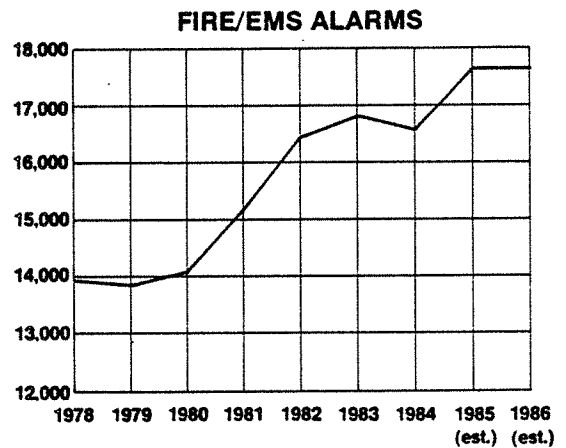
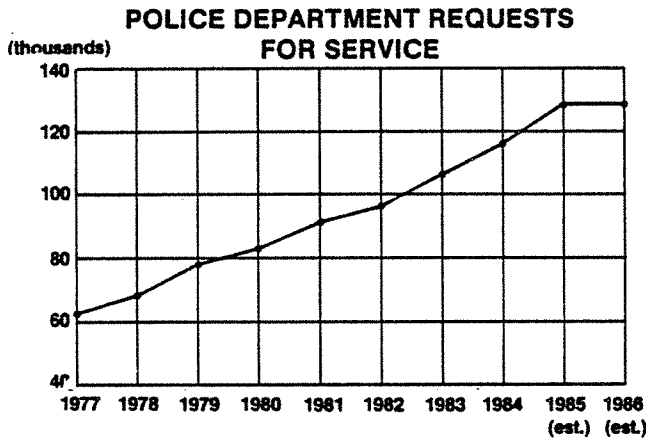
COMMUNITY SERVICE DELIVERY

The graphs below and on the following three pages depict the ever-increasing demand for community services. Increases in police and fire services are principally due to the growing population, while increases in health and sanitation inspections are the result of both increased population and demand.

Transportation services and facilities growth is dramatically indicated by the steady increase in "People Mover" ridership, from approximately a million bus patrons per year in 1977 to over four million riders in 1983. The number of road miles maintained since 1979 has almost doubled.

Park acreage has more than doubled since 1982. The Community Schools program has experienced significant growth, and recreation programs and facilities are now being enjoyed by more residents than ever.

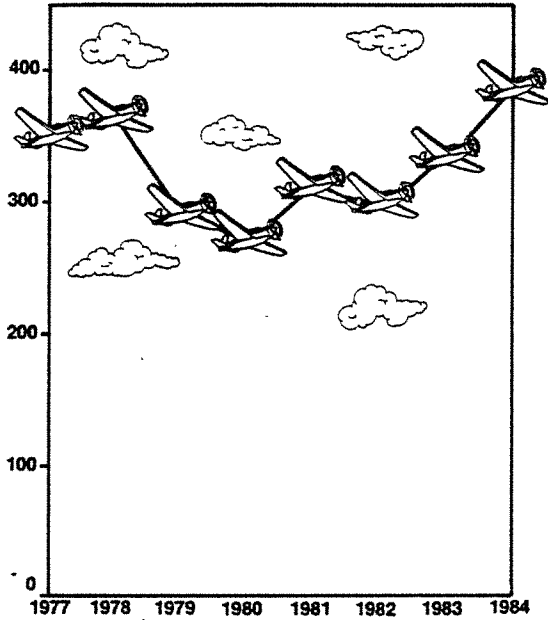
PUBLIC SAFETY



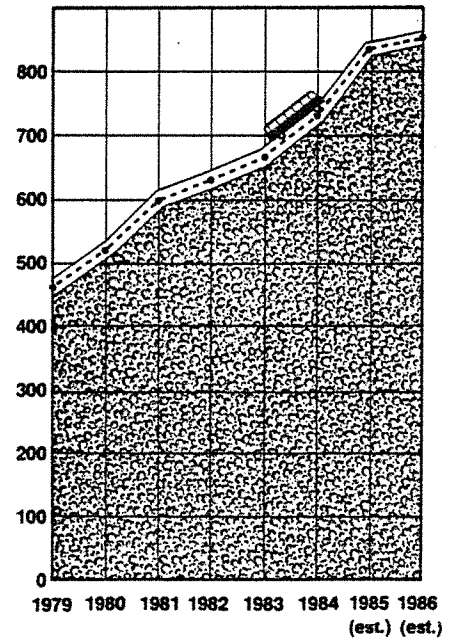
TRANSPORTATION

MERRILL FIELD TOTAL LANDINGS AND TAKEOFFS

(thousands)

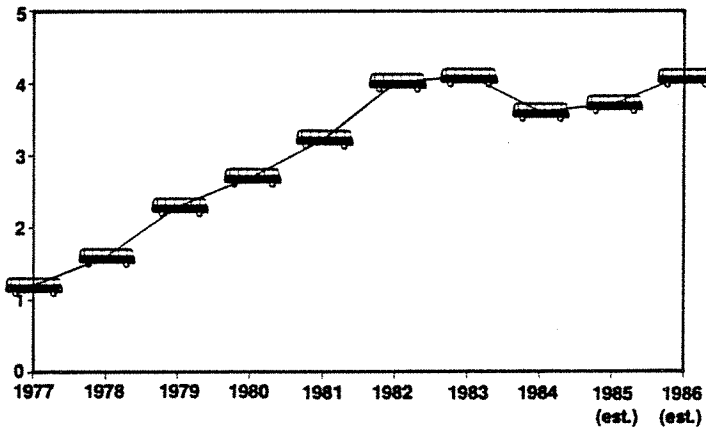


MILES OF ROAD MAINTAINED BY MUNICIPALITY



PEOPLE MOVER RIDERSHIP

(millions)

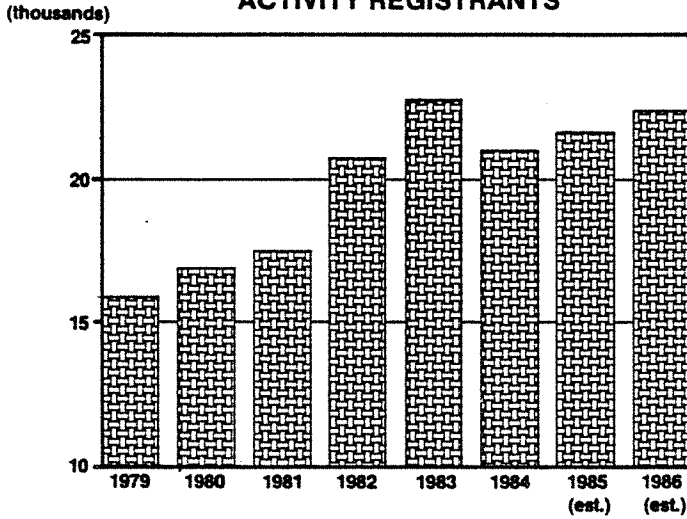


VEHICLE REGISTRATION IN ANCHORAGE

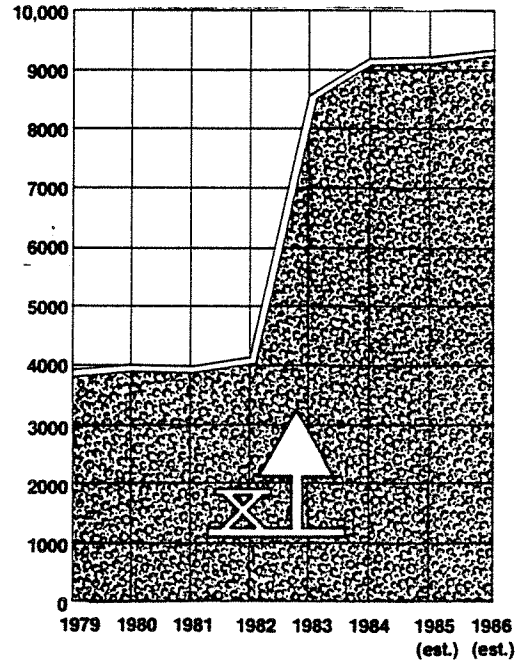
	Passenger Vehicles	Motor Cycles	Commercial Trailers	Trailers	Commercial Trucks	Pickups	Buses	Total
1984	123,808	5,194	6,154	15,546	12,805	41,661	499	205,667
1979	86,794	3,625	3,898	12,580	10,871	31,716	531	150,015
% Increase/ Decrease	42.6	43.3	57.9	23.6	17.8	31.4	(6.0)	37.1

LEISURE

COMMUNITY SCHOOLS PROGRAM ACTIVITY REGISTRANTS



PARK ACRES MAINTAINED BY MUNICIPALITY

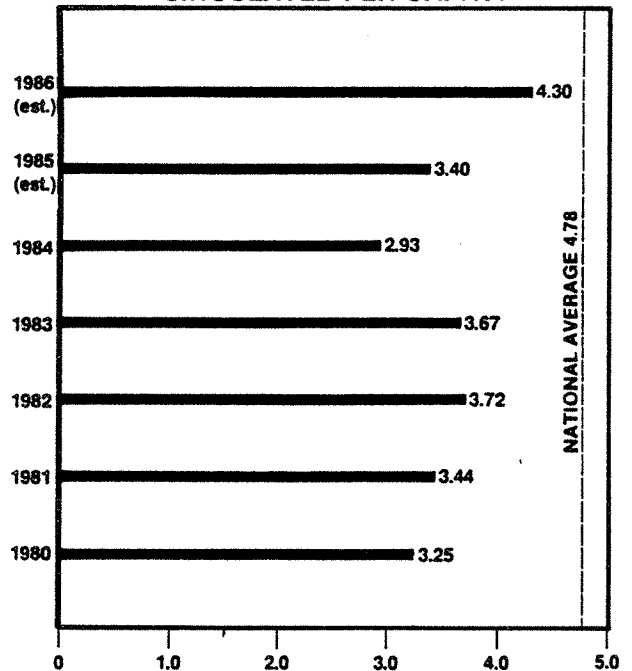


MUNICIPAL PARKS/TRAILS OPEN SPACE/RECREATION AREAS 1986

Bike Trails (Municipally Maintained)	72 Miles
Greenbelts	1030 Acres
Ski Trails	111 KM
Tennis Courts	76
Ball Fields/Recreation Fields	70
Ice Skating Areas	20
Fitness Trails	5
Community Recreation Centers	3
Swim Beaches	3
Campgrounds/Ski Hills with Tow/Fitness Trails	2 each
Golf Course	1

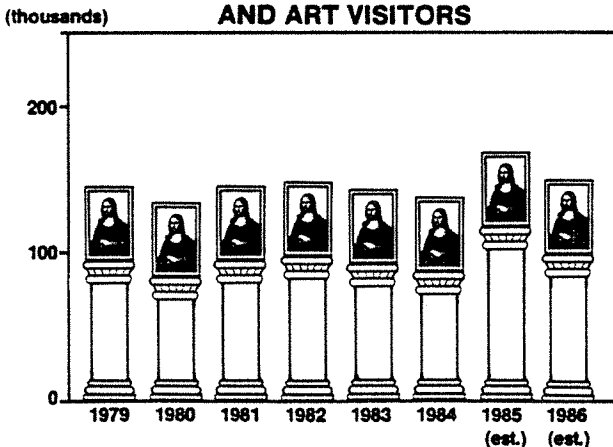
	1980	1982	1984	1986
Municipal Parks	103	123	160	170

LIBRARY BOOKS/MATERIALS CIRCULATED PER CAPITA*



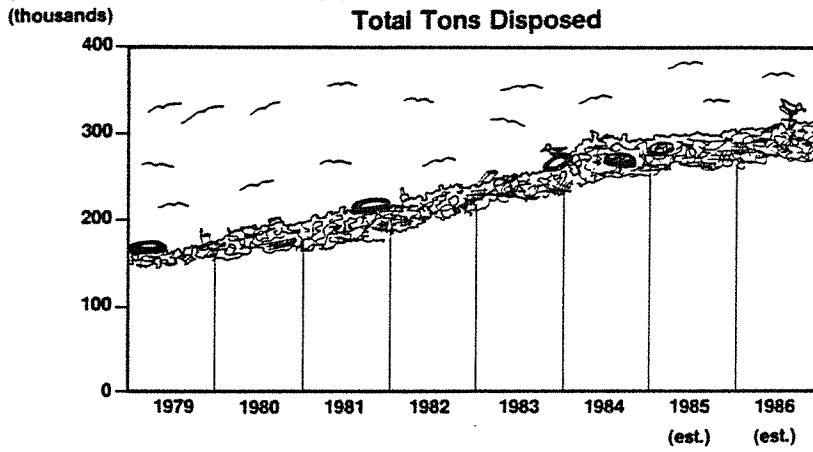
*Average circulation per capita for libraries in cities of 100,000 population or more is 4.78.

ANCHORAGE MUSEUM OF HISTORY AND ART VISITORS

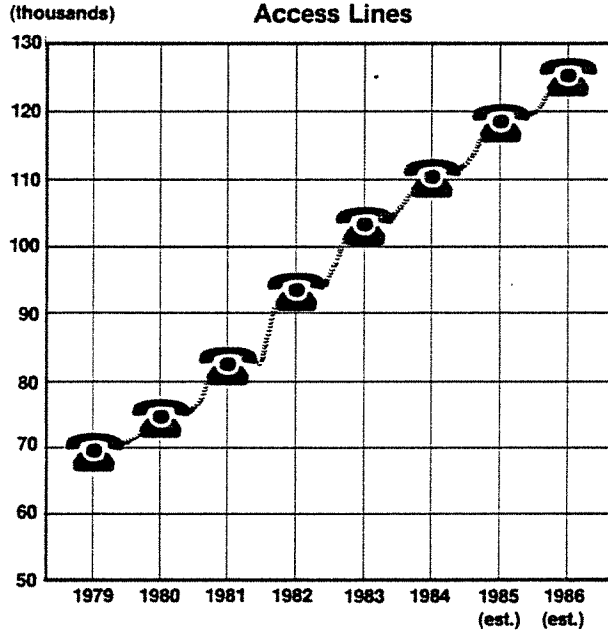


PUBLIC UTILITIES

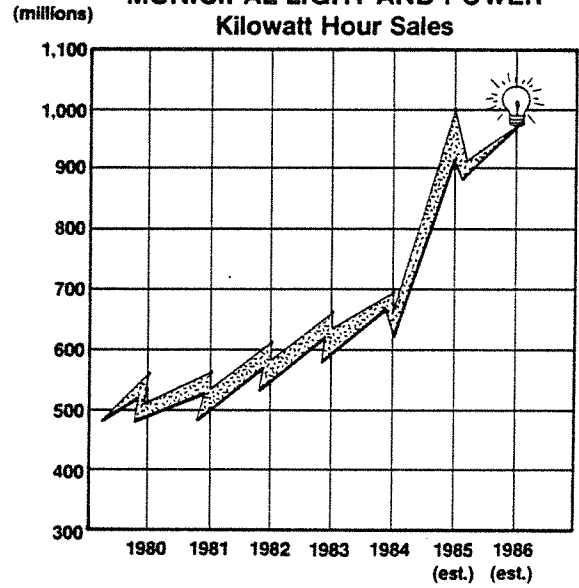
SOLID WASTE SERVICES Total Tons Disposed



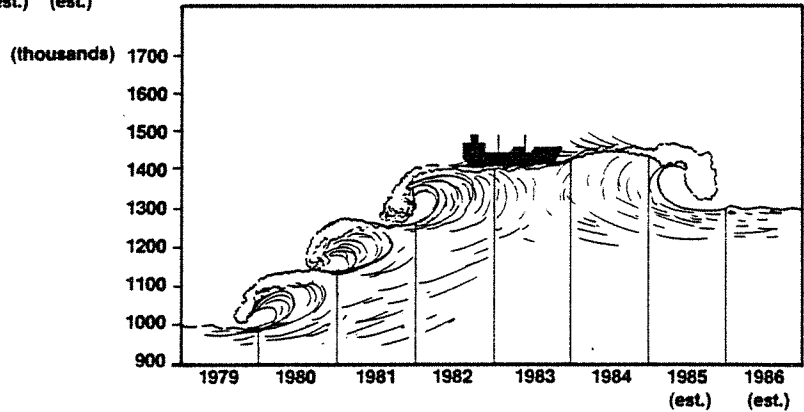
ANCHORAGE TELEPHONE UTILITY Access Lines



MUNICIPAL LIGHT AND POWER Kilowatt Hour Sales



PORT OF ANCHORAGE Tons General Cargo



1986 Approved General Government Operating Budget
GOALS AND OBJECTIVES

TRANSPORTATION

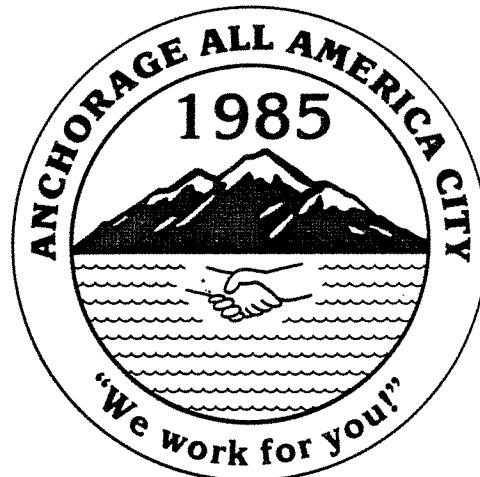
Provide transportation systems that will safely and efficiently move people and goods throughout the Municipality while protecting and enhancing the neighborhoods in which we live. Major objectives are building and upgrading roadways, improving the trail system and mass transit, and developing long-range transportation solutions to lead us into the next century.

PUBLIC SAFETY

Provide a comprehensive public safety program which strengthens the traditional public safety areas of police, fire, emergency medical services, and emergency preparedness and also addresses public health, environmental health, and basic human service needs. Provide constructive solutions to problems of air and water quality, domestic violence, abuse and child care.

NEIGHBORHOOD DEVELOPMENT

Strengthen our community through capital investments for safer, more attractive and livable neighborhoods. Promote strong ordinances and procedures for guiding development in Anchorage and provide adequate and dependable utilities. Encourage a true partnership between neighborhoods and the Municipality in determining and funding neighborhood projects.



OVERVIEW

1986 APPROVED GENERAL GOVERNMENT OPERATING BUDGET

INTRODUCTION

Throughout the planning and development of the 1986 Operating Budget, there has been clear recognition of the municipality's responsibility to improve the efficiency of government service, respond to community needs through expansion of certain essential services and provide for the opening of newly constructed facilities within an environment of constricting revenue sources.

From 1979 to 1985, direct costs in the general government operating budgets increased an average of 9.7% a year (not adjusted for inflation). The 1986 Approved Operating Budget represents a .38% increase in direct costs over 1985. Within this amount, the budget accommodates the opening of two new major facilities, (the Police Headquarters and Regional Library) and places greater emphasis on public safety concerns of alcohol abuse, domestic violence, water and air quality and hazardous wastes.

To accommodate the added service emphasis, efficiency improvements have been made to maintain public services at reduced costs and reductions have been made in certain lower priority services. Local property taxes required for the proposed budget are \$81.8 million, \$2.36 million less than the amount allowed under the tax limitations.

The following narrative overview provides the budget reviewer with an understanding of the 1986 budgetary environment and guidelines, significant program and expenditure changes, revenue assumptions and revenue changes recommended, status of the 1986 tax limit calculation, property tax changes and the budget schedule.

BUDGETARY ENVIRONMENT

Key assumptions in the development of the 1986 Operating Budget were:

- ° Overall federal funding would decrease in 1986 because of the anticipated elimination of Federal Revenue Sharing as of October 1, 1986.
- ° State financial support to municipalities would remain the same in 1986, but Anchorage would receive a slightly larger share.
- ° Efficiency improvements could be achieved in many areas to maintain current levels of service at reduced cost.
- ° Population growth in Anchorage would slow to 1.7%.
- ° The Anchorage Consumer Price Index would increase 2.5% for the period January-December, 1985.

BUDGETARY GUIDELINES

General government departments were given funding guidelines in May 1985, for the development of their 1986 budget submissions. The preliminary dollar amount allocated to each department was based on the following adjustments to the 1985 revised appropriations:

- ° Personal Services costs were increased 3%, or as otherwise required by collective bargaining agreements in effect in May.
- ° Supply, capital outlay and other service costs remained at 1985 levels with no adjustment for inflation.
- ° Debt Service costs for 1986 were based on actual amounts for authorized, issued debt.
- ° Approximately \$3.5 million of one-time 1985 costs were deleted (e.g., special equipment purchases or one-time programs).
- ° A further 3% reduction in funding was made, excluding debt service.

Several management directives accompanied the funding guidelines, including:

- ° Any service expansions or additions would require specific approval of the Mayor.
- ° Additional positions and reclassifications could not be included in the 1986 budget unless associated with approved new program activities.
- ° 1985 travel costs were not to be increased except to attend training programs.

Final adjustments to department budgets incorporated the Mayor's dual emphasis on cost reductions and public safety enhancements.

1986 EXPENDITURES

Within the 1986 approved budget, there are several significant service/program and expenditure changes from 1985. The reallocation of resources to fund the highest priority services in 1986 is summarized below:

DIRECT COST CHANGES

	Assembly/ Administration and Other	Public Safety	Management Services/ Neighborhood/ Transportation/ Cultural Activities	Total
1985 Revised Budget	\$12,139,920	\$74,316,480	\$124,553,470	\$211,009,870
Reductions	(3,738,300)	(3,024,920)	(11,181,760)	(17,944,980)
Amount reallocated to continue exist- ing services and fund service expan- sions	294,860	1,989,620	2,429,380	4,713,860
New services/programs	<u>2,380,160</u>	<u>3,155,170</u>	<u>8,490,450</u>	<u>14,025,780</u>
1986 Approved Budget	\$11,076,640	\$76,436,350	\$124,291,540	\$211,804,530
% increase/(decrease)	(34.8%)	2.9%	3.8%	.38%

Within the 1986 approved budget, some of the significant program and expenditure changes are:

- ° Emphasis on public safety programs is strengthened with additional police patrol officers and dispatchers, another park ranger, technical staff for air and water quality initiatives, a hazardous waste program and various domestic and child abuse prevention and treatment activities.
- ° Major reorganizations have been accomplished in several departments: Public Works, Information Systems, Property and Facility Management and Library.
- ° A net of sixty-five fewer positions are proposed for 1986.
- ° The new Headquarters Library will be opened during the year, with a dramatic increase over the current downtown headquarters space. Eighteen additional staff will be required.
- ° The Police Department will move into its new headquarters on Tudor Road while maintaining a substation in the central downtown area.
- ° Actual debt service requirements increased by approximately \$1.2 million over 1985 and tax requirement for debt service increased by \$2.4 million.

- Funding requirements for self insurance increased approximately \$600,000 over 1985 and pending federal legislation is expected to add \$237,450 in Medicare coverage costs for municipal employees.

1986 REVENUES

The following assumptions were made during the development of revenue projections for the approved 1986 operating budget:

- Federal Revenue Sharing will be terminated at the end of the federal fiscal year (9/30/86). This will reduce federal support of municipal programs by approximately \$2.4 million in 1986 and \$7.2 million in 1987.
- State Municipal Assistance will continue at the same level as in 1985 and Anchorage's share will remain relatively unchanged at \$37.7 million.
- State Revenue Sharing will continue at the same level as in 1985, but Anchorage's share will increase by approximately \$1.5 million. This is due primarily to the impact of Anchorage's tax and revenue effort on distribution formulas.
- Recommended fee increases for facility health inspections, water quality and sanitation inspections and health clinic services will be approved. These fee increases are designed to decrease tax support and move toward full cost recovery from user fees.
- Recommended building safety fee increases will be approved. The increases are required to continue Building Safety as a self-supporting function and are necessitated by the combination of higher costs and a forecast change in the mix between commercial and residential construction which impacts efficiency and cost distributions.
- Recommended transit fee increases will be approved by the Assembly.
- The Municipal Utility Service Assessment (MUSA) ordinance will be expanded to include two utilities no longer receiving tax support: Solid Waste Services and Wastewater. This assessment in lieu of property taxes is already paid by the municipal telephone, water and electric utilities.
- The current utility net profit distribution which expires in 1985 will be replaced with an Assembly approved program for distribution of surplus utility revenues to general government. This distribution will be used to reduce the 1986 tax requirement, restore fund balance and permit a strengthening of key public safety programs as follows:

- Public Safety Program Support	\$2,357,210
- Tax Relief	2,142,790
- Fund Balance	<u>1,000,000</u>
	\$5,500,000

TAX LIMIT AND PROPERTY TAXES

The preliminary tax limitation calculation for 1986 (Appendix S) establishes property tax allowed of \$85,482,935. The property tax requirement of the 1986 approved budget is \$81,863,730, or \$3,619,205 under the limitation.

While the recommended 1986 property taxes are below the allowed taxes, they represent a \$7 million increase over total 1985 property taxes. The increase is due primarily to increased costs of tax-supported services, declining revenues and a reduction in the amount of fund balances available to offset tax requirements.

The net increase in total property taxes required to fund the approved budget can be summarized as follows:

Increase in service costs	\$ 794,660
Decrease in program revenues	+ 492,070
Decrease in allocated revenues	+ 1,007,740
Decrease in fund balance applied	<u>+ 5,126,580</u>
Change in Property Tax Requirement	\$ 7,421,050

1986 Approved General Government Operating Budget

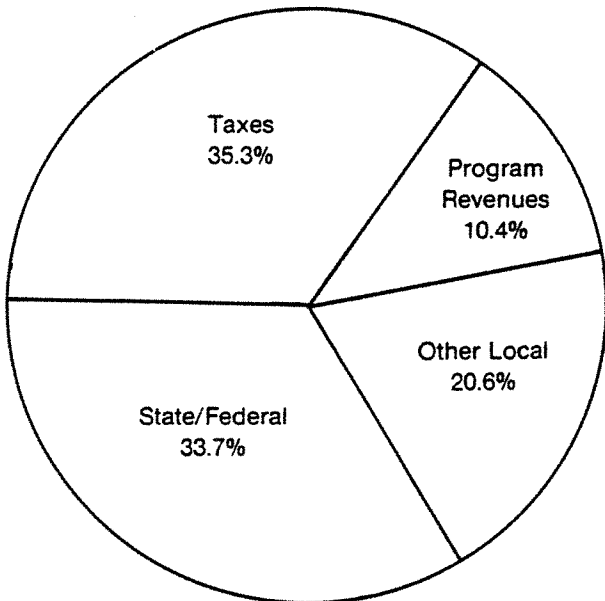
BUDGET AT A GLANCE

	<u>1985 Revised</u>	<u>1986 Approved</u>
Direct Costs:	<u>\$211,009,870</u>	<u>\$211,804,530</u>
Source of Funding:		
Taxes	\$ 74,442,680	\$ 81,863,730
State/Federal	71,165,900	70,158,160
Program Revenues	21,956,800	20,387,350
Other Local (Including Intragovernmental Charges)	<u>43,444,490</u>	<u>39,395,290</u>
Total Funding:	<u>\$211,009,870</u>	<u>\$211,804,530</u>

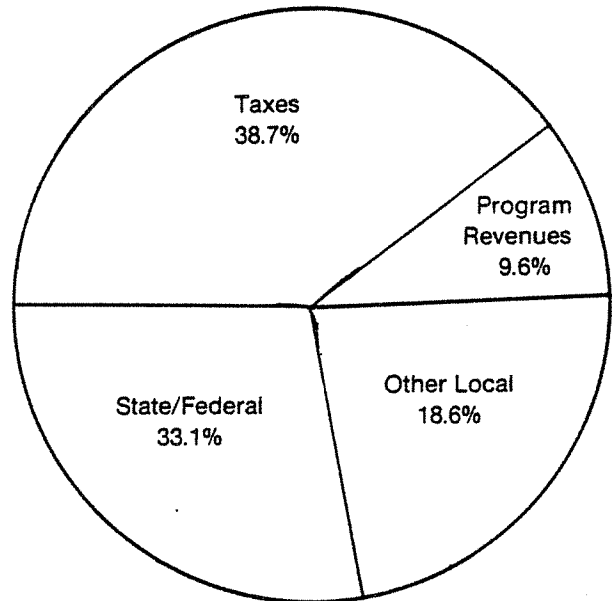
*Does not include October ballot issues.

SOURCES OF FUNDING

1985 Revised Budget



1986 Approved Budget



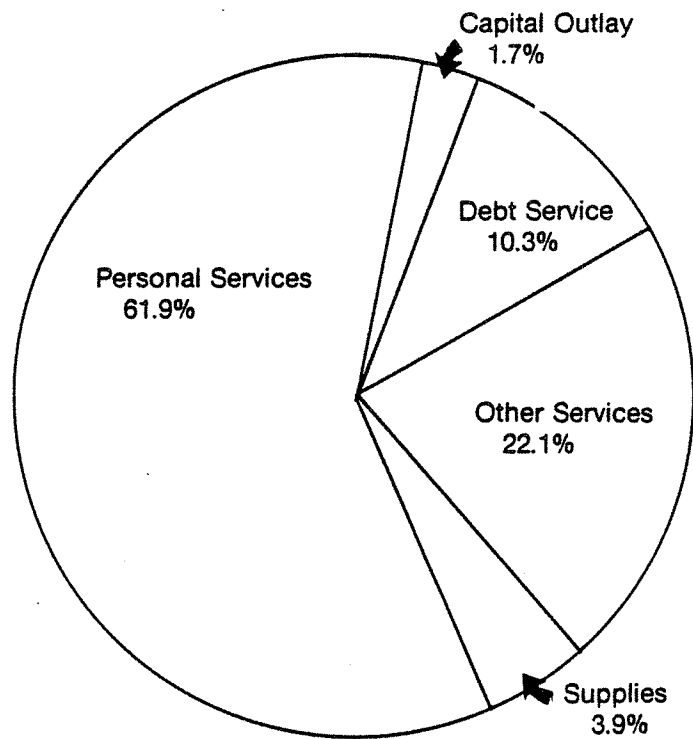
1986 Approved General Government Operating Budget

DIRECT COSTS BY TYPE OF EXPENDITURE

Category	1984 Revised	1985 Revised	1986 Approved
Personal Services	\$118,906,880	\$131,141,460	\$131,180,040
Supplies	8,031,380	8,461,740	8,269,100
Other Services	40,400,010	45,681,710	46,780,920
Debt Service	18,567,170	20,097,330	21,888,820
Capital Outlay	5,979,970	5,627,630	3,685,650
Total	\$191,885,410*	\$211,009,870	\$211,804,530

*The 1984 Revised Budget figure includes \$1,224,190 in direct operating costs for parking facilities which was subsequently transferred to the Parking Authority. For comparison purposes, the 1984 Revised Budget after the transfer would be \$190,661,220.

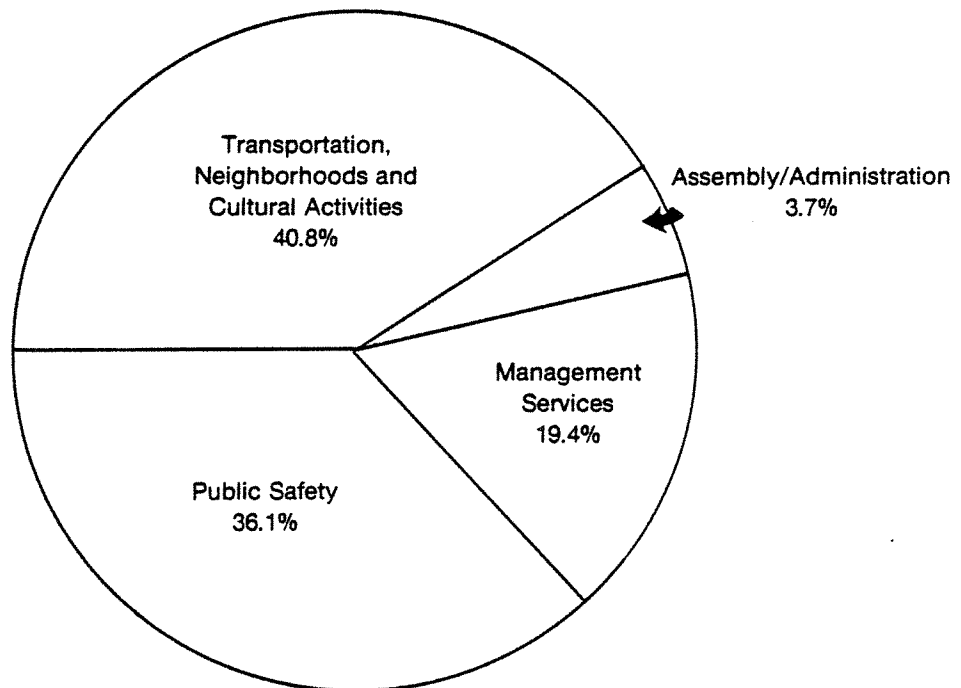
1986 DIRECT COSTS BY TYPE OF EXPENDITURE



1986 Approved General Government Operating Budget
DIRECT COST APPROPRIATION BY FUNCTIONAL AREA

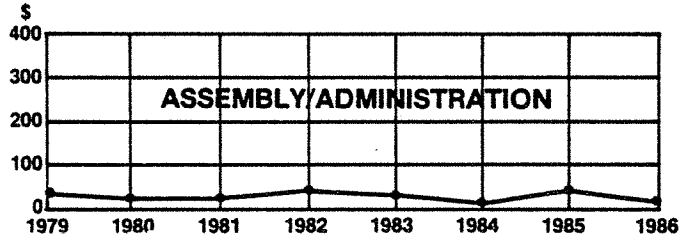
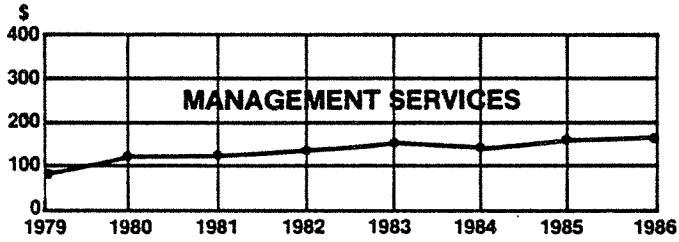
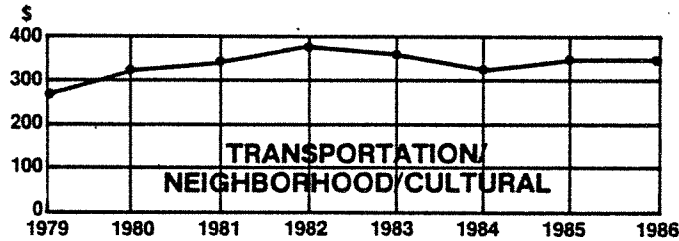
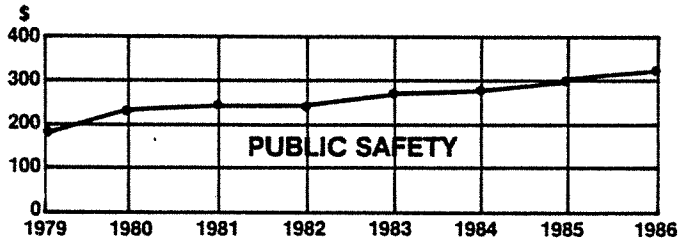
Transportation/ Neighborhoods/ Cultural Activities	Public Safety	Management Services	Assembly/ Administration
Public Works \$47,246,830	Office of Public Safety \$ 451,000	Municipal Manager \$ 2,391,810	Assembly \$1,420,410
Parks & Recreation 11,948,220	Health and Human Services 10,675,120	Finance 7,686,500	Equal Rights Commission 491,450
Transit 9,880,560	Fire 28,938,650	Information Systems 7,532,190	Internal Audit 435,040
Community Planning 3,513,510	Police 36,201,450	Property & Facility Management 20,800,380	Office of the Mayor 3,068,210
Capital Projects 832,840	Transportation Inspection 170,130	Employee Relations 2,683,630	Municipal Attorney 2,510,810
Library 8,559,740			
Museum 1,215,330			
Non-Departmental 3,150,720			
Total \$86,347,750	\$76,436,350	\$41,094,510	\$7,925,920

DIRECT COST SUMMARY BY FUNCTIONAL AREA



1986 Approved General Government Operating Budget
PER CAPITA EXPENDITURE/REVENUE TRENDS

**PER CAPITA EXPENDITURES*
 BY FUNCTIONAL AREA**



(*Includes costs of services to utilities, capital budgets, and grants.)

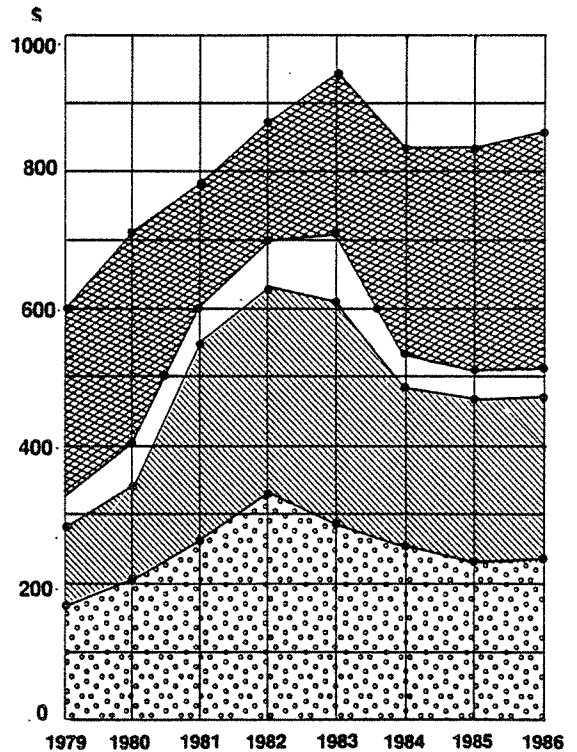
PER CAPITA EXPENDITURES

The program areas of Public Safety (Health and Human Services, Fire and Police) and Transportation/Neighborhood/Cultural Activities (Public Works, Transit, Parks and Recreation, Community Planning, Capital Projects, Library, Museum) account for approximately 77% of general government expenditures. The remaining 23% covers Management Support (Finance, Facility Management, Information Systems, Employee Relations, and Municipal Manager) and Assembly/Administration (Assembly, Equal Rights Commission, Internal Audit, Municipal Attorney and Office of the Mayor).

PER CAPITA REVENUES

In 1986 property taxes, service fees and other local revenues provide 67% of general government funds. State revenues will finance 29% of the general government budget. Federal revenues (primarily Federal Revenue Sharing) are declining and will make up about 4% of total revenues.

PER CAPITA REVENUES BY SOURCE



LOCAL TAXES
 OTHER LOCAL
 FEDERAL
 STATE

(*Includes revenues for services to utilities, capital budgets, and grants.)

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SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1984 Revised	1985 Revised	1986 Approved
FEDERAL REVENUES			
9311 Federal Revenue Sharing	\$ 14,582,220	\$ 9,566,270	\$ 7,020,740
9312 Federal in Lieu of Property Tax	445,000	452,010	460,000
9324 Mass Transportation	623,090	623,090	500,000
9331 Other Federal Grant Revenue	-0-	-0-	40,000
9357 National Forest Allocation	2,970	1,480	1,480
Total Federal Revenues	\$ 15,653,280	\$ 10,642,850	\$ 8,022,220
STATE REVENUES			
9342 Municipal Assistance	\$ 32,663,520	\$ 37,718,600	\$ 37,718,600
9344 Fisheries Tax	50,000	66,700	66,700
9346 Health Facilities	1,032,000	977,500	1,017,750
9347 Liquor Licenses	512,000	320,570	320,570
9348 Amusement Device Licenses	30,000	30,000	30,000
9349 Road Maintenance	1,485,290	1,739,370	1,739,370
9355 Electric Co-Op Allocation	567,160	667,000	667,000
9356 State Auto Fees	3,965,060	4,163,310	4,303,520
9362 General State Revenue Sharing	14,103,230	14,817,300	16,239,930
9376 Civil Defense Grant	-0-	-0-	-0-
9461 State Highway Maintenance	21,730	-0-	-0-
9481 State of Alaska - 911	22,700	22,700	32,500
Total State Revenues	\$ 54,452,690	\$ 60,523,050	\$ 62,135,940
LOCAL REVENUES			
9003 Penalty/Interest on Delinquent Taxes	734,320	860,600	860,600
9004 Tax Cost Recoveries	96,850	71,000	71,000
9021 Franchises	419,230	510,710	510,710
9022 Payment In Lieu of Taxes	60,000	67,960	68,110
9023 Hotel and Motel Taxes	3,285,570	3,548,420	3,832,290
9024 Penalty/Interest on Hotel/Motel Taxes	7,000	3,900	3,900
9111 Building and Trade Licenses	90,000	90,000	26,000
9112 Taxicab Permits	171,130	189,490	157,640
9113 Contractor Certificates and Examinations	3,000	5,000	2,500
9114 Chauffeur Licenses	-0-	14,000	14,000
9115 Taxicab Permit Revisions	5,250	8,750	10,620
9116 Local Business Licenses	73,470	40,000	70,000
9117 Chauffeur License Renewal	35,000	21,000	18,250
9118 Bicycle Licenses	-0-	500	100
9131 Plan Checking Fees	1,100,000	1,100,000	698,940
9132 Building Permits	1,700,000	1,900,000	1,554,030

1986 Approved General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1984 Revised	1985 Revised	1986 Approved
9133 Electrical Permits	\$ 550,000	\$ 600,000	\$ 450,000
9134 Gas and Plumbing Permits	600,000	625,000	465,000
9135 Moving Fence/Sign Fees	20,000	15,000	1,190
9136 Construction and Right-of-Way Permits	108,000	191,500	134,300
9137 Elevator Inspection Fees	40,000	45,000	90,000
9138 Mobile Home Inspection Fees	45,000	45,000	27,000
9139 Land Use Permits	-0-	-0-	97,390
9141 Amusement Surcharge	-0-	50,000	75,800
9191 Animal Licenses	50,000	50,000	14,000
9192 Emission Inspection Fees	-0-	600,000	1,450,000
9199 Miscellaneous Permits	55,110	32,000	37,500
9211 Court Fines and Forfeitures	1,082,000	1,338,000	1,163,800
9212 Failure to Appear Warrants	-0-	-0-	355,500
9213 Library Book Fines	12,000	11,770	10,740
9214 Parking Violations	450,000	-0-	-0-
9215 Other Fines and Forfeitures	17,000	30,000	23,500
9411 Platting Fees	495,000	520,000	300,000
9412 Zoning Fees	140,000	115,000	100,000
9413 Sale of Publications	30,000	50,000	40,000
9415 Miscellaneous Map Sales	24,000	21,000	21,000
9416 Address Fees	50,000	-0-	-0-
9421 Junk Removal Fees	-0-	2,000	-0-
9423 Family Planning Fees	85,000	95,000	97,000
9424 Travel Immunization	5,100	-0-	-0-
9425 Dispensary Fees	20,000	32,500	47,500
9426 Sanitary Inspections Fees	368,500	453,300	499,170
9431 Public Transit Fees	1,228,040	1,390,960	1,414,650
9436 Transit Charter Fees	10,000	10,000	20,960
9441 Recreational Activities	218,170	207,640	246,540
9443 Swim Fees	412,970	536,040	663,710
9445 Cemetery Fees	49,000	40,000	32,000
9446 Ski Fees	14,000	14,000	11,000
9447 Golf Fees	14,000	16,000	25,000
9448 Camper Park Fees	90,000	90,000	90,000
9449 Sydney Laurence Auditorium/ 4th Avenue Fees	40,000	39,630	74,870
9451 Ambulance Service Fees	750,000	1,035,000	1,180,100
9453 Fire Alarm Fees	15,600	15,600	15,600
9454 State Fire Training Contract	36,300	36,300	36,500
9462 Subdivision Inspection Fees	668,000	685,000	379,240
9463 Mapping Fees	42,000	50,000	50,000
9464 Demolition Services	20,000	42,000	15,000
9471 Building Rental	-0-	-0-	87,080
9484 Animal Shelter Fees	120,000	200,000	120,000
9492 Service Fees - School District	556,300	552,760	555,000
9493 Microfiche Sales	28,160	26,670	27,800
9494 Clinic Fees	50,000	50,000	54,000

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SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1984 Revised	1985 Revised	1986 Approved
9495 Parking Authority Service Fees	-0-	-0-	154,480
9499 Reimbursed Costs	1,049,280	1,074,080	1,089,450
9532 Miscellaneous Nonoperating Income	-0-	-0-	10,000
9601 Contributions from other Funds	3,132,240	2,968,240	196,970
9623 Utility Revenue Distribution from ATU	-0-	-0-	5,500,000
9672 Prior year Expense Recovery	-0-	-0-	-0-
9711 Assessments	770,000	1,393,000	1,500,000
9712 Penalty/Interest on Assessments	540,000	543,000	592,000
9731 Lease and Rental Revenues	702,060	753,260	758,450
9732 Lease State Land Conveyance	-0-	61,030	55,000
9741 State Land Sales	582,660	715,980	934,550
9742 Other Property Sales	130,000	130,000	122,600
9751 Parking Meter Collections	330,000	-0-	-0-
9752 Parking Garages & Lots	950,540	15,000	-0-
9761 Cash Pool Short-Term Interest	7,978,450	8,667,370	6,946,520
9762 Other Short-Term Interest	189,740	180,400	210,300
9765 Long-Term Interest	-0-	-0-	800,000
9782 Lost Book Reimbursement	1,650	1,910	700
9783 Library Fees	-0-	-0-	1,400
9784 Beverage Revenue	-0-	6,000	24,600
9793 Liquor Licenses	1,000	2,000	5,000
9794 Appeal Receipts	15,500	13,500	11,500
9795 Sale of Contractor Specifications	17,500	18,500	20,000
9796 Transit Advertising Fees	30,000	30,000	30,000
9797 Copier Fees	52,500	50,020	57,770
9798 Miscellaneous Revenue	26,000	46,000	600
9822 Fire Training Center Fees	-0-	-0-	21,470
Total Local Revenues	\$ 32,889,190	\$ 35,060,290	\$ 37,541,490
OTHER REVENUES			
Intragovernmental Revenues	20,247,630	21,723,790	18,657,950
Fund Balance Applied	6,279,400	8,709,780	3,583,200
Taxes	62,872,120	74,442,680	81,863,730
Restricted Profits	(508,900)	(92,570)	-0-
Total Other Revenues	\$ 88,890,250	\$104,783,680	\$104,104,880
TOTAL REVENUES	\$191,885,410	\$211,009,870	\$211,804,530

1986 Approved General Government Operating Budget

EXPLANATION OF TAXING DISTRICT MILL LEVIES

The Municipality of Anchorage operates under a "service area concept" whereby taxpayers in different areas or taxing districts of the municipality pay property taxes only for those services which they vote to receive within the district. Some services provided by the municipality must be offered on an "areawide" basis under state law. These include education, planning and zoning, property assessment, and tax collection. Other services require voter approval — these include road maintenance, police and fire protection and parks and recreation. This "service area concept" gives the taxpayers more control over the types and levels of service for which they are taxed.

The mill levy of a service area is computed in four steps:

1.	Total Direct Costs of Service Area	+	Net Intragovernmental Charges	=	Function Cost of Service Area
2.	Function Cost of Service Area	—	Program Revenues of Service Area	=	Net Program Cost of Service Area
3.	Net Program Cost of Service Area	—	Other Revenues Allocated to Service Area	=	Tax Requirement of Service Area
4.	Tax Requirement of Service Area	\div	Assessed Value of Service Area X 1,000	=	Mill Rate (Levy) for Service Area

Each service within the taxing districts has its own mill rate. The sum of these service mill rates within a taxing district comprises the mill rate by which taxes are levied. The table below shows how one taxing district mill levy has been computed for 1986. For more detailed definitions of the terms used here, consult the Glossary of Terms, Appendix N.

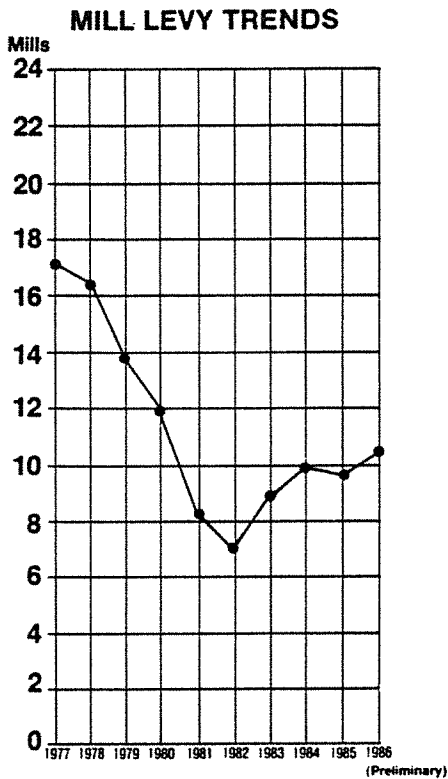
CALCULATION OF MULDOON TAXING DISTRICT MILL LEVY

Service Area (Services Approved by Muldoon Taxing District Voters)	Function Cost of Service Area	Program Revenues of Service Area	Other Revenues Allocated to Service Area	Tax Requirement Of Service Area	Estimated Assessed Valuation of Service Area (\$ 000's)	Approved Mill Levy Of Service Area
Areawide	\$69,720,750	\$8,353,880	\$47,702,190	\$13,664,680	\$14,029,831	0.97
Fire	25,212,990	213,470	9,502,520	15,497,000	13,340,498	1.16
Road	25,087,620	0	9,373,310	15,714,310	11,729,771	1.34
Police	42,252,870	1,823,650	14,019,610	26,409,610	11,990,655	2.20
Parks and Recreation	13,072,350	1,310,180	5,259,280	6,502,890	12,615,157	0.52
Road Debt Service	1,338,760	0	264,070	1,074,690	5,295,692	0.20
Total Mill Levy - General Government						6.39
Total Mill Levy - School District						4.00*
Mill Levy for Muldoon Residents						10.39

*School District mill levy assumed at approved rate for 1985 (4.00 mills).

1986 Approved General Government Operating Budget

PROPERTY TAX PROFILE



Mill Levy (Downtown Area)
Data: Appendix R.

CALCULATION OF AVERAGE MILL LEVY

	1985 Revised	1986 Approved	Increase/ Decrease
Direct Costs	\$ 211,009,870	\$ 211,804,530	\$ 794,660
Less Charges to: Utilities, Capital Budget, and Grants	(21,723,790)	(18,657,950)	(3,065,840)
Less User Fees	(19,015,660)	(20,123,140)	1,107,480
Less Fund Balance Applied	(8,709,780)	(3,583,200)	(5,126,580)
Less Other Revenues:			
Other Local	(16,044,630)	(17,418,350)	1,373,720
State	(60,523,050)	(62,135,940)	1,612,890
Federal	(10,642,850)	(8,022,220)	(2,620,630)
Plus Restricted Profits	92,570	0	(92,570)
Net Tax Requirement	\$ 74,442,680	\$ 81,863,730	\$ 7,421,050
Areawide Assessed Valuation	\$14,823,982,000	\$14,029,831,000	(\$794,151,000)
Average Mill Levy	5.02 mills	5.83 mills	.81 mills

Tax limitation calculation: Appendix S.

1986 PRELIMINARY MILL LEVIES

Taxing District	Areawide	School District*	Fire	Roads	Police	Parks and/or Recreation	Road Debt Service	Total
Anchorage	.97	4.00	1.16	1.34	2.20	.52	.29	10.48
Hillside/Rabbit Creek	.97	4.00	1.16	—	—	.52	—	6.65
Spenard/Muldoon/Sand Lake/Oceanview	.97	4.00	1.16	1.34	2.20	.52	.20	10.39
Girdwood	.97	4.00	.81	.93	—	.28	—	6.99
Glen Alps	.97	4.00	—	.85	—	—	—	5.82
Eagle River	.97	4.00	1.16	.51	2.20	.21	—	9.05
Chugiak	.97	4.00	—	.51	2.20	.21	—	7.89
Eagle River/Chugiak Valley	.97	4.00	—	.51	2.20	.21	—	7.89
Other Outside Bowl	.97	4.00	—	—	—	—	—	4.97

*School District mill levy assumed at approved rate for 1985 (4.00 mills).

Mill levies by fund: Appendix P.
Mill levy comparison by taxing district: Appendix Q.