

FISCAL PROFILE

II. FISCAL PROFILE

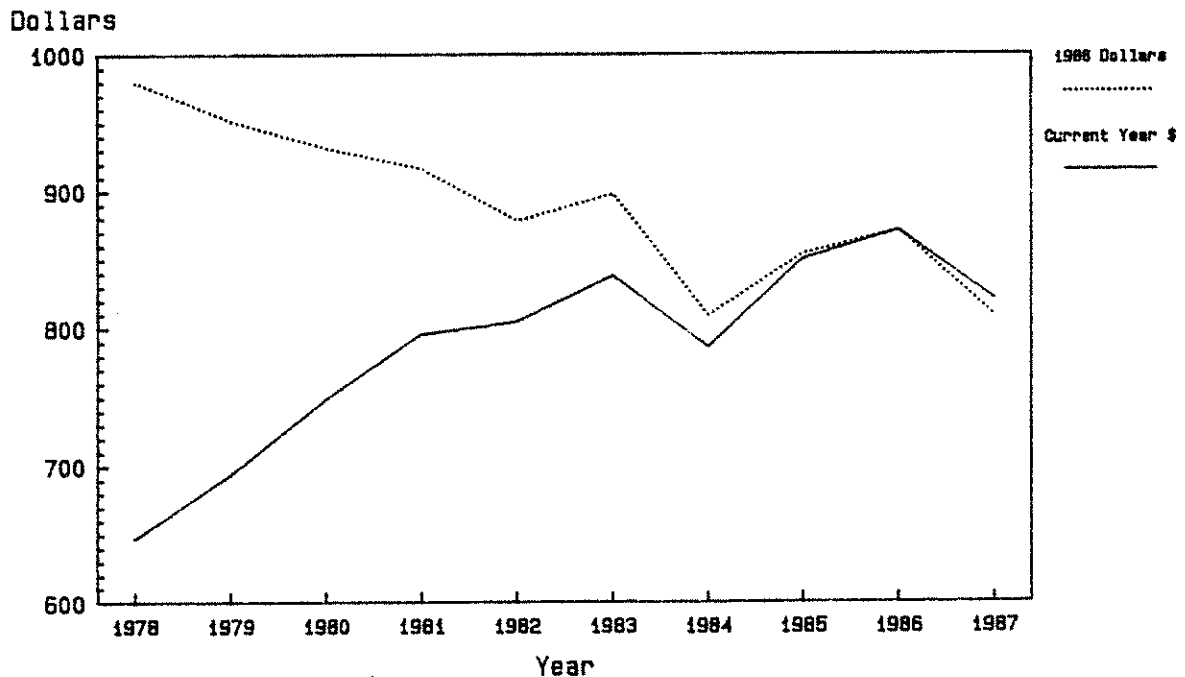
This section provides historical information on some important aspects of the Municipality of Anchorage's fiscal structure. Trends in these data give an indication of how the fiscal situation has changed over the last several years, and may lend perspective to current choices and projections of the future.

Operating Revenues

The level of local government services is dependent upon the availability of revenues with which to fund these activities. The charts which follow summarize the level and sources of operating revenues over the past several years.

Figure 2-1

Per Capita Revenues General Government Operating Purposes Revised Budgets 1978-1986

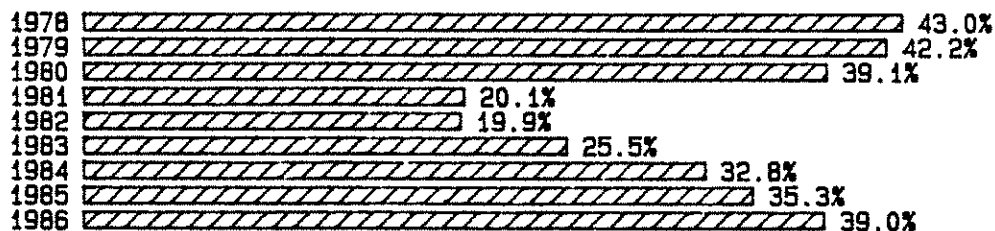


Revenues based on budgeted amounts revised as of June 30 of each year. These numbers may differ from actual collections. See appendix for population and consumer price index used to calculate data.

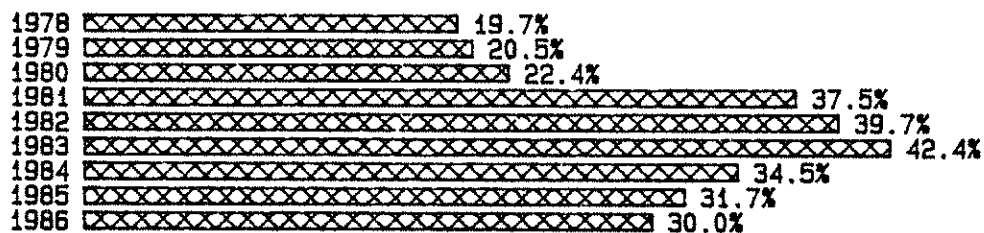
Figure 2-2

**Changes in
General Government Operating Revenue Sources
(Revenues by Source as % of Total Revenues)**

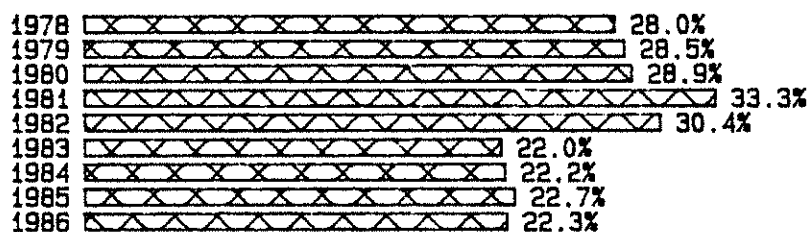
Property Taxes



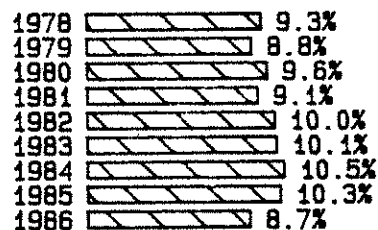
State and Federal Revenues



Other Local Sources



Intragovernmental Charges

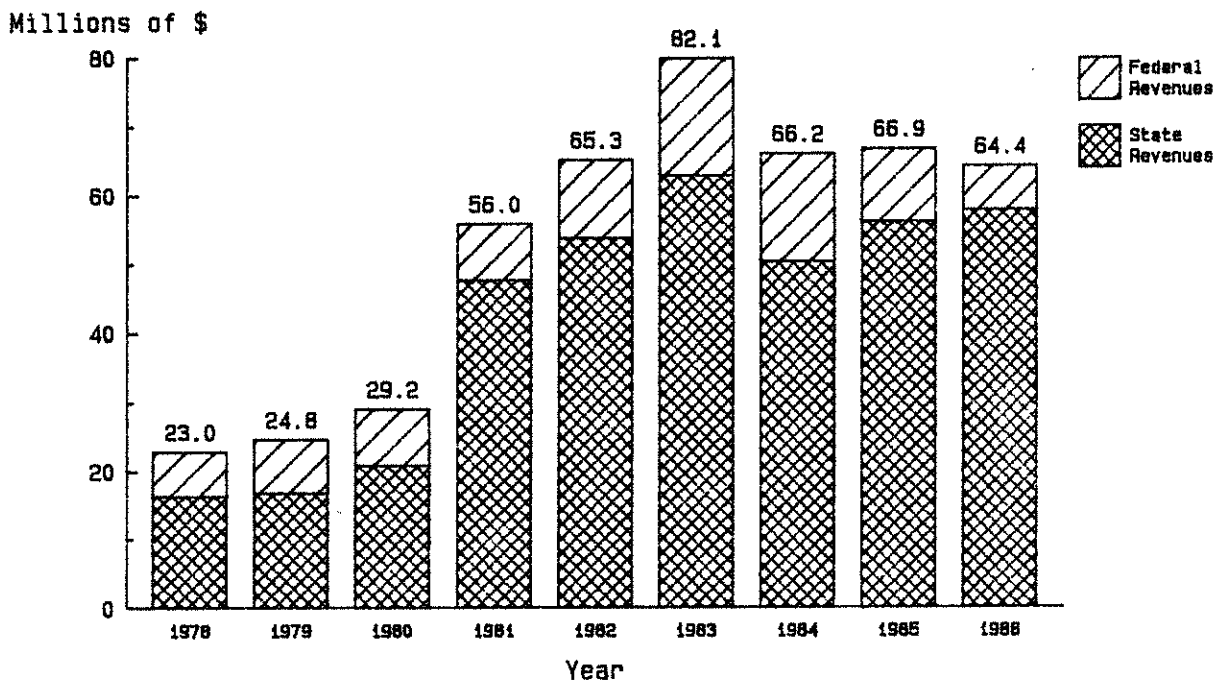


*Other local sources include fees, charges, interest earnings, fund balance contributions, Utility Revenue Distribution, hotel/motel tax, automobile registration fee, and other miscellaneous revenues.

The major shifts among revenue sources has occurred in state/federal sources and property taxes. Figures 2-3 through 2-8 provide more detailed information on these sources.

Figure 2-3

State and Federal Revenues
General Government Operating Budget
(Millions of Dollars)



1978-1986 numbers are based on revised budgets.

*Should have been
As of actual
how much...???*

In addition to state and federal revenues which are reflected in the General Government Operating Budget, the Municipality receives categorical grants, summarized by purpose or recipient department in Figures 2-4 and 2-5.

Figure 2-4
**Summary of State and Federal
 Operating Grants By Purpose**
 (not included in General Govt. Operating Budget)

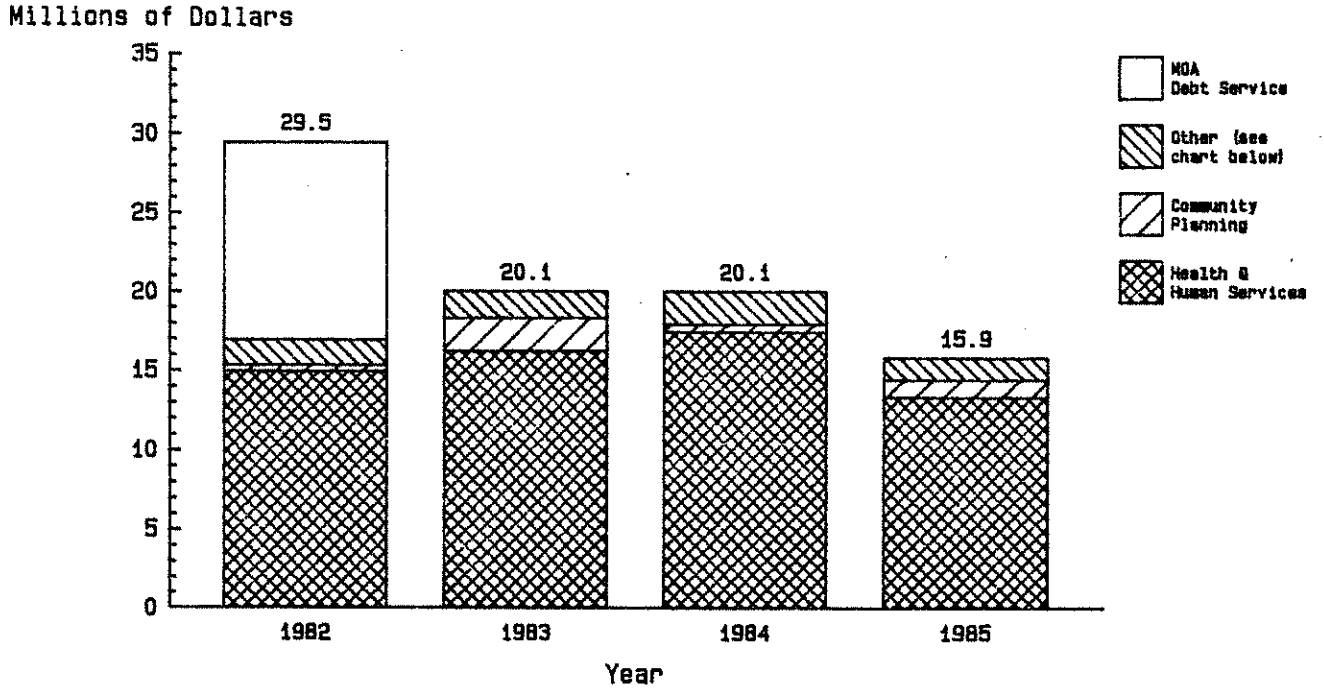
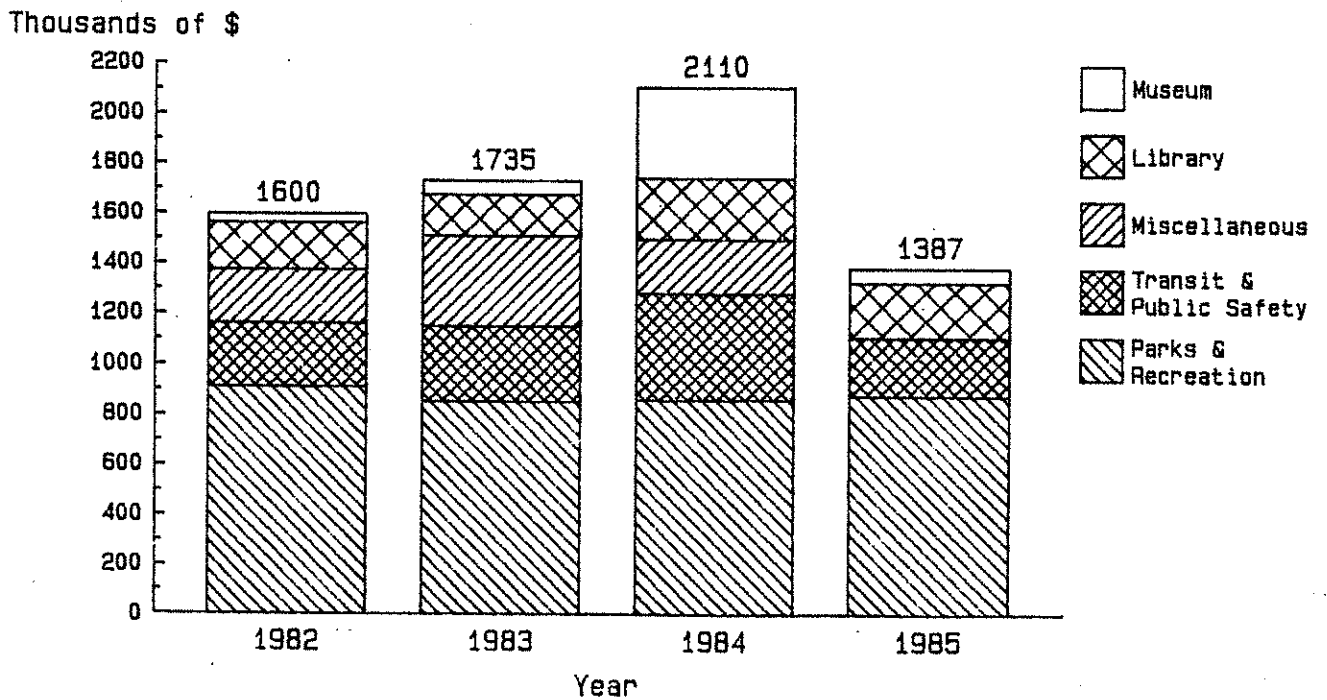


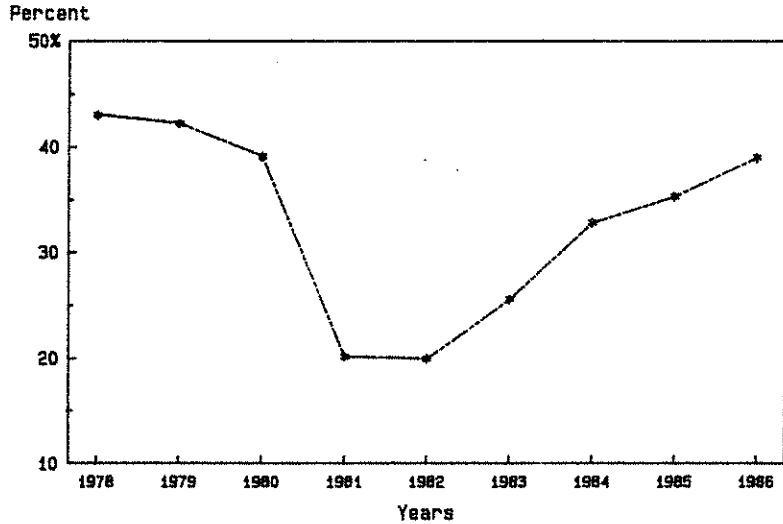
Figure 2-5
**Detail on "Other" Category
 Operating Grants**
 (Thousands of Dollars)



Local property taxes and mill rates have tended to move in the opposite direction from state and federal revenues.

Figure 2-6

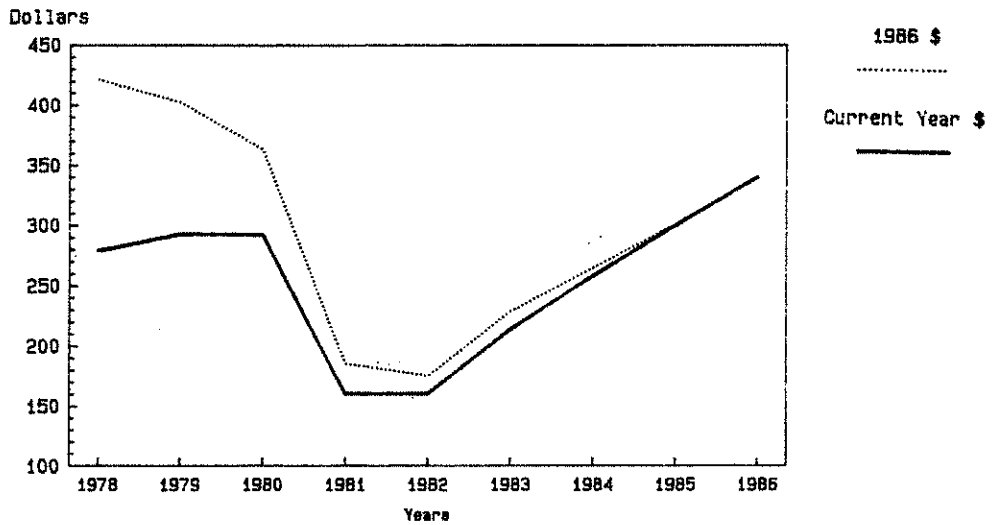
**Property Taxes As Percentage
of General Government Operating Revenues**
(General Government Purposes)



General Government operating revenues include revenues received for services to utilities, capital budgets and grants.

Figure 2-7

Per Capita Property Taxes
General Government Purposes

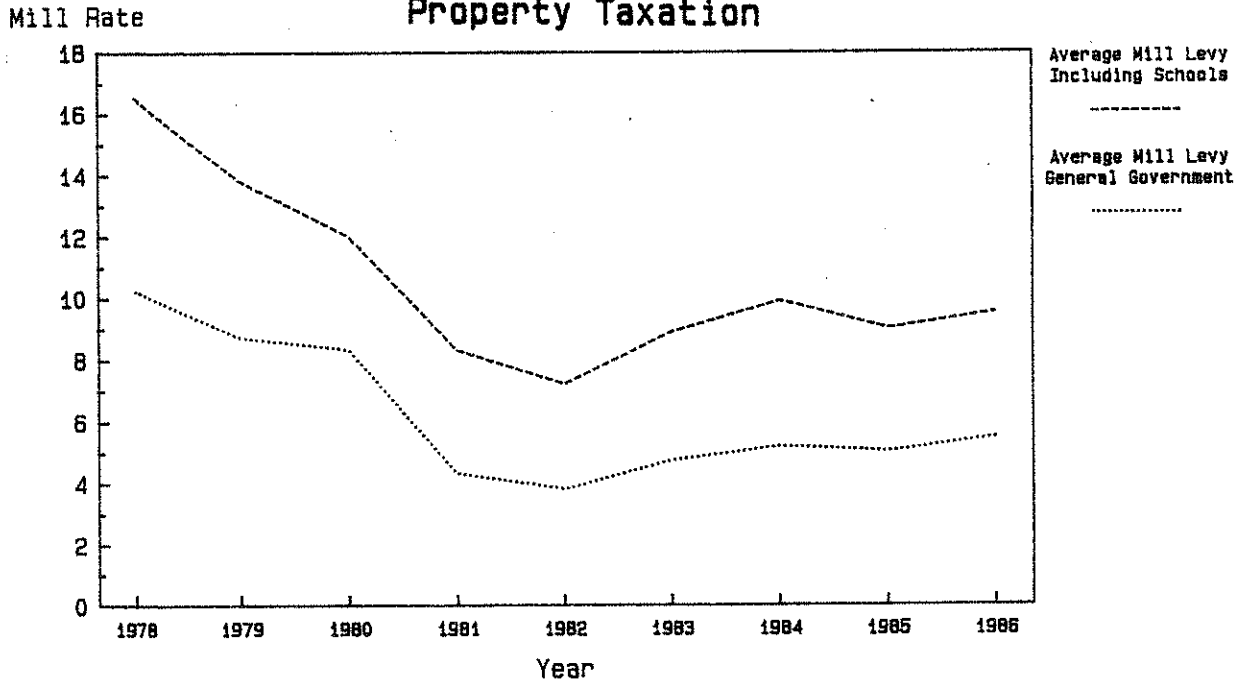


See appendix for population and consumer price index used to calculate this chart.

Local mill rates trended sharply downward in the late 1970's and early 1980's as state revenues increased. Mill rates began to rise in 1983 and by 1986 were approximately 58% of the 1978 level.

Figure 2-8

**Average Mill Rates for
Property Taxation**



In 1984 Anchorage voters approved an amendment to the Municipal Charter limiting local taxes. Table 2-1 shows the level of property taxes allowed under this limitation vis-a-vis the amount contained in the revised budget for 1985 and 1986, and in the 1987 proposed budget.

Table 2-1

**Property Taxes Under Charter Limitation
(millions of dollars)**

	<u>1985</u>	<u>1986</u>	<u>1987</u>
Property Taxes			
Allowed by Tax Limit	76.6	85.3	94.2
Budgeted*	74.4	83.9	85.8
Under Tax Limit	<u>2.2</u>	<u>1.4</u>	<u>8.4</u>

* Revised budgets 1985, 1986; Proposed budget 1987.

Table 2-2 shows the ranking of effective property tax rates in the largest city in each state and the District of Columbia. Effective property tax rates (rates adjusted for differences in assessments as a percent of market value) ranged from 54.6 mills to 5.8 mills, with an unweighted average of 18.3 mills.

Table 2-2

**RESIDENTIAL PROPERTY TAX RATES IN
SELECTED LARGE CITIES; 1985
(Ranked from Highest to Lowest Effective Rates)**

<u>City</u>	<u>Rank</u>	<u>Tax Per \$100,000</u>	<u>City</u>	<u>Rank</u>	<u>Tax Per \$100,000</u>
Newark, NJ	1	\$5460	Chicago, IL	26	\$1630
Wilmington, DE	2	4260	Jackson, MS	27	1610
Bridgeport, CT	3	4210	Boise, ID	28	1500
Detroit, MI	4	4160	Fargo, ND	29	1470
Indianapolis, IN	5	3320	New York City, NY	30	1370
Milwaukee, WI	6	3220	Louisville, KY	31	1300
Providence, RI	7	3210	New Orleans, LA	32	1300
Des Moines, IA	8	2730	Billings, MT	33	1260
Baltimore, MD	9	2700	Charlotte, NC	34	1160
Philadelphia, PA	10	2620	Norfolk, VA	35	1150
Portland, OR	11	2570	Columbia, SC	36	1150
Manchester, NH	12	2380	Washington, DC	37	1140
Minneapolis, MN	13	2270	Phoenix, AZ	38	1090
Cleveland, OH	14	2080	Charleston, WV	39	1070
Sioux Falls, SD	15	2050	Salt Lake City, UT	40	1040
Portland, ME	16	2030	St. Louis, MO	41	1040
Omaha, NE	17	2010	Seattle, WA	42	990
Jacksonville, FL	18	1930	Wichita, KS	43	990
Albuquerque, NM	19	1820	Anchorage, AK	44	940
Memphis, TN	20	1750	Little Rock, AR	45	920
Atlanta, GA	21	1750	Las Vegas, NV	46	850
Burlington, VT	22	1710	Denver, CO	47	740
Oklahoma City, OK	23	1710	Birmingham, AL	48	700
Houston, TX	24	1680	Los Angeles, CA	49	650
Boston, MA	25	1640	Honolulu, HI	50	610
			Casper, WY	51	580
			Unweighted Average		\$1830
			Median		\$1630

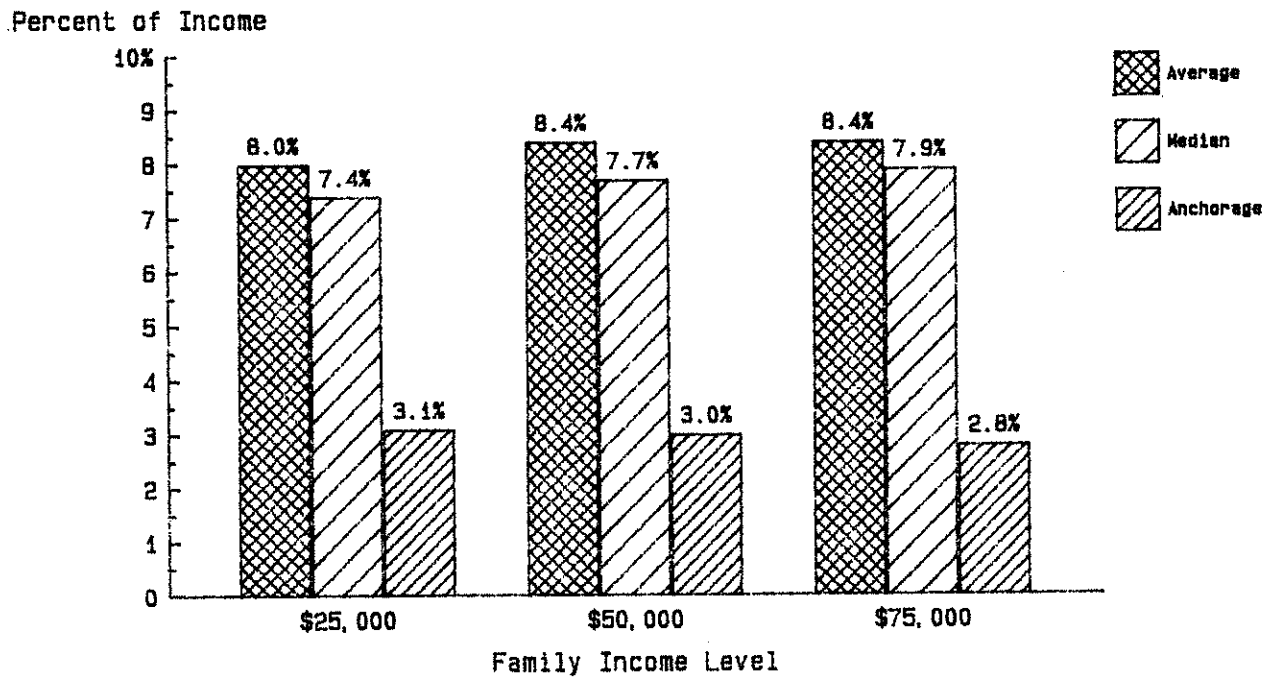
Annotation:
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Source: Government of the District of Columbia, Department of Finance and Revenue, Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison, June 1986.

One measure of the burden of taxation is the percent of income devoted to paying taxes. The Department of Finance of the Government of the District of Columbia has estimated this burden for the largest city in each state. Figure 2-9 and Table 2-3 summarize some of their results.

Figure 2-9

**Estimated Burden of Major Taxes for a Family of Four by Income Level, 1985
Average for 51 Cities compared to Anchorage**



Source: Department of Finance, Government of the District of Columbia, June 1986.

Table 2-3

**Estimated Burden of Major State and
Local Taxes for a Family of Four, 1985**

<u>Family Income Level</u>	<u>Rank</u>	<u>City</u>	<u>Percent Of Income</u>
\$ 15,000	Highest	1 Bridgeport, CT	18.0%
		49 Anchorage, AK	3.5%
	Lowest	51 Jacksonville, FL	2.2%
\$ 25,000	Highest	1 Newark, NJ	17.0%
		50 Anchorage, AK	3.1%
	Lowest	51 Jacksonville, FL	3.0%
\$ 35,000	Highest	1 Newark, NJ	17.0%
	Lowest	51 Anchorage, AK	3.0%
\$ 50,000	Highest	1 Newark, NJ	17.1%
	Lowest	51 Anchorage, AK	3.0%
\$ 75,000	Highest	1 Newark, NJ	16.4%
	Lowest	51 Anchorage, AK	2.8%

NOTE: Burden is defined here as the percent of income going to pay taxes. Taxes included are state and local income taxes, sales, property, and automobile taxes.

Permanent Fund Dividend payments which are, in a sense, negative taxes are not included in the calculation.

Source: Government of the District of Columbia, Department of Finance and Revenue, Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison, June 1986.

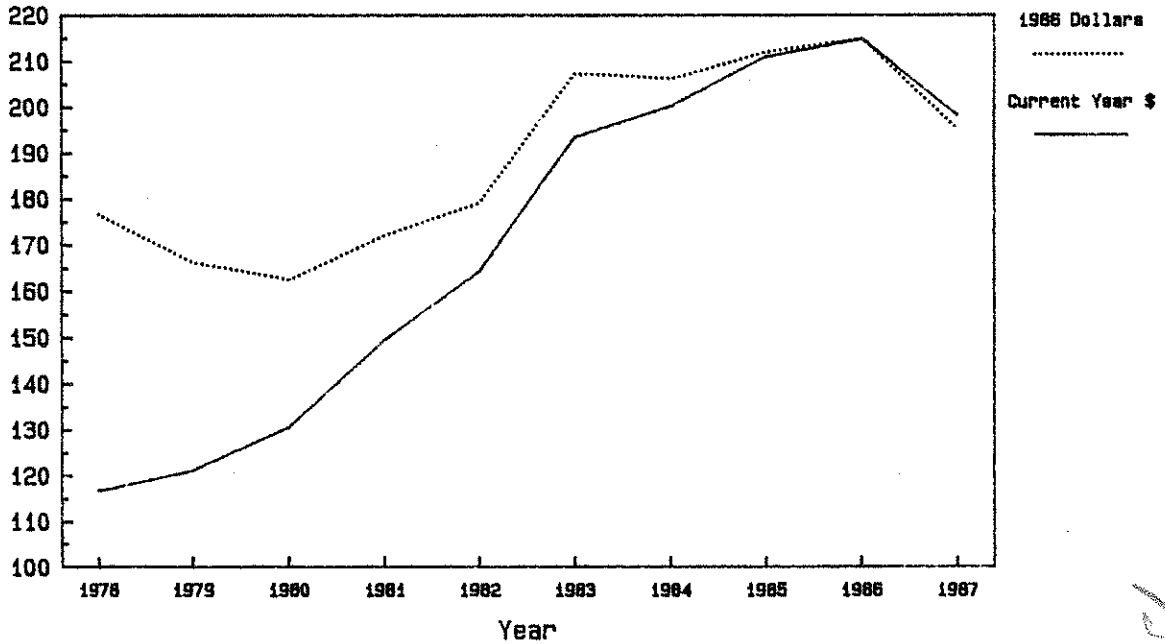
Budgeted Operating Expenditures

The level of budgeted expenditures follows from the revenue data presented in the previous charts and tables. Here we present additional information on how those revenues have been allocated over the last few years.

Figure 2-10

Budgeted Operating Expenditures General Government Purposes

Millions of \$



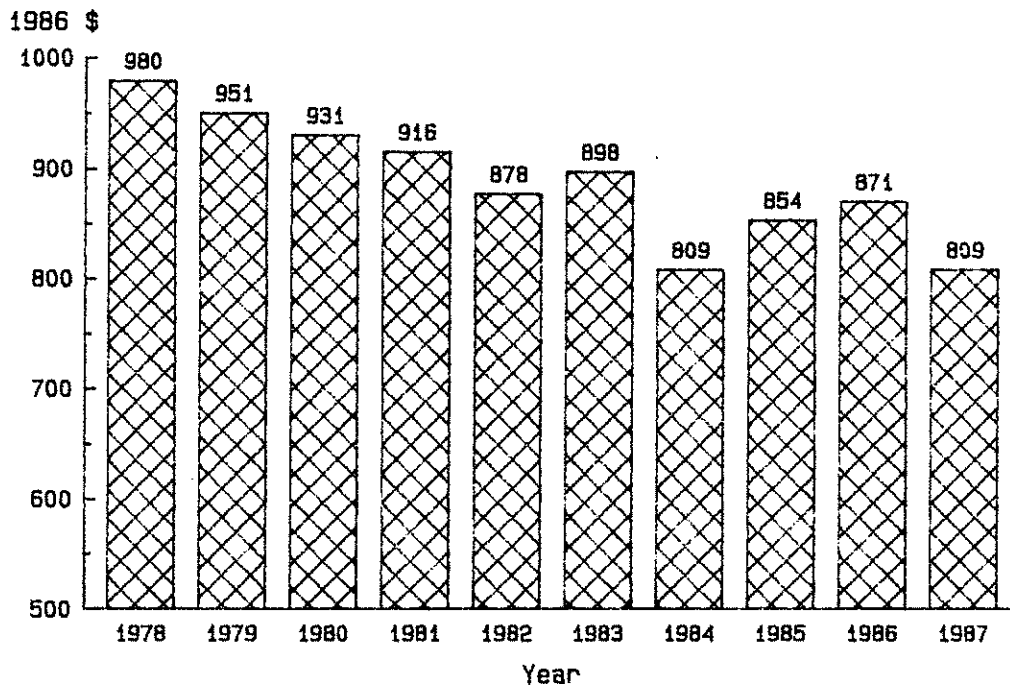
1978-1986 Revised General Operating Budgets, 1987 Proposed Budget. Includes expenditures for services provided to utilities, capital and grant projects.

Actual should show
Budgeted

There has been a general upward trend in total budgeted expenditures over the period; however, when adjusted for population growth and inflation, the trend is slightly downward.

Figure 2-11

Budgeted Expenditures Per Capita Inflation Adjusted - 1986 Dollars

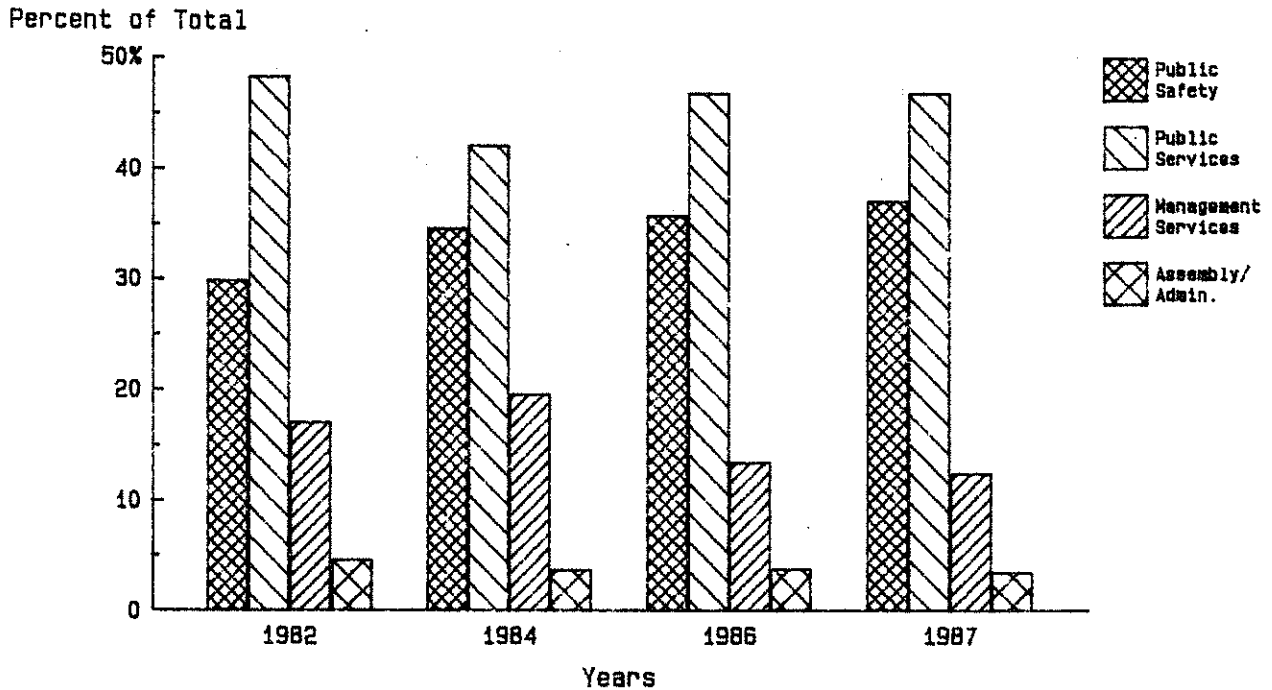


Revised General Government Operating
Budgets, 1978-1986. Proposed Budget, 1987.

Figure 2-12

Distribution of Budgeted Expenditures by Major Functions

(as a percentage of total Expenditures)



Revised Budgets 1982-1986, Proposed Budget 1987.

Public Safety includes the Office of Public Safety, Health and Human Services, Fire, Police, and Transportation Inspection.

Public Services include Public Works, Parks and Recreation, Transit, Community Planning, Capital Projects Office, Library, Museum, and Non-Departmental.

Management Services include the Municipal Manager, Finance, Information Systems, Employee Relations, and Purchasing.






Assembly/Administration includes Assembly, Equal Rights Commission, Internal Audit, Office of the Mayor and Municipal Attorney.

Figure 2-13






General Government Budgeted Expenditures
 Direct Cost By Type
 Percentage Distribution

Personal Services






Personal Services (% of total)

1983		59.9%
1984		62.0%
1985		62.1%
1986		61.0%
1987		61.8%






Supplies (% of total)

1983		3.6%
1984		4.2%
1985		4.0%
1986		3.9%
1987		3.4%






Other Services (% of total)

1983		24.6%
1984		21.1%
1985		21.6%
1986		22.0%
1987		22.0%

Debt Service (% of total)

1983		9.0%
1984		9.7%
1985		9.5%
1986		10.2%
1987		11.9%

Capital Outlay (% of total)

1983		2.8%
1984		3.1%
1985		2.7%
1986		2.9%
1987		0.9%

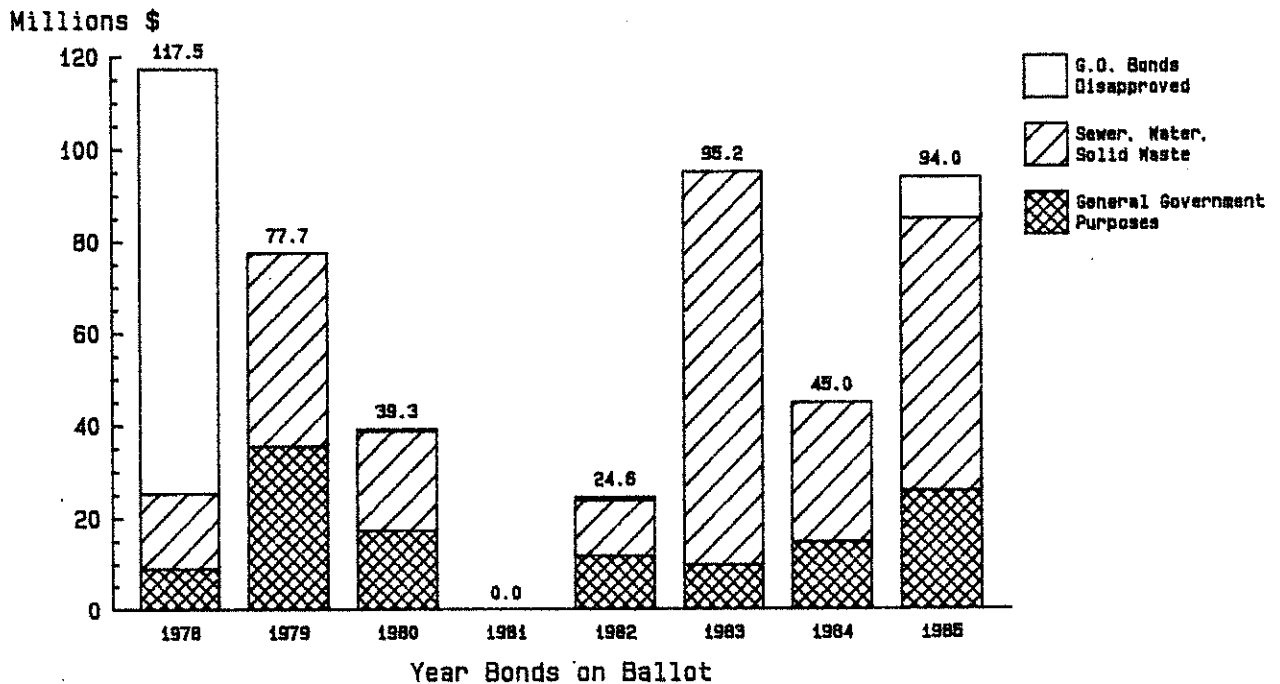
Revised General Government Operating
 Budgets 1978-1986. Proposed Budget, 1987

Capital Funding

Operating and capital spending are interrelated in terms of funding sources and downstream costs of capital projects. Figures 2-14 through 2-19 present historical information on the source of capital funds and uses of those funds.

Figure 2-14

General Obligation Bond Propositions (Excluding School Bonds) 1978-1985

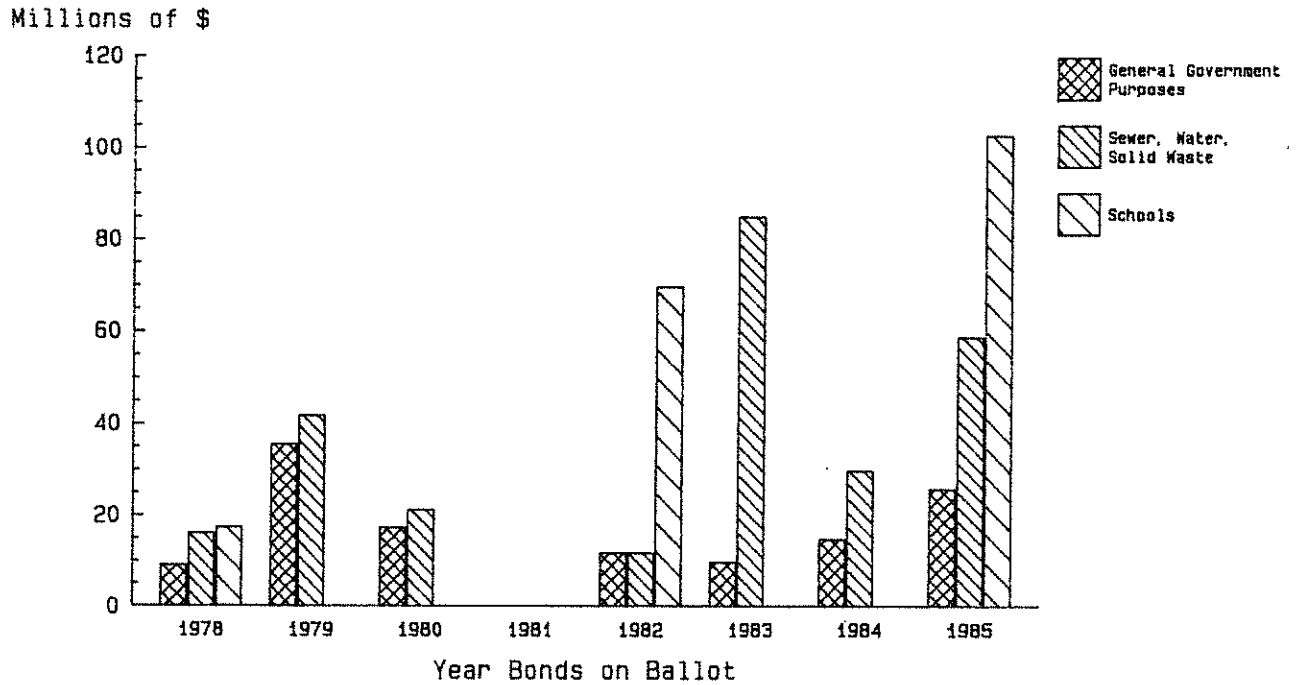


General Government purposes include roads, parks, fire, police, library, etc. Sewer, Water and Wastewater totals include only general obligation bonds for these utilities. Utility revenue bonds are excluded. Additional information on major municipal utilities is presented in Section IV of this report.

Local voters have approved \$581.9 million in general obligation bonds between 1978 and 1985. Approximately 46% of these bonds were for sewer, water and solid waste utilities; 33% were for schools; and 21% for general government purposes such as roads, drainage, water quality and parks.

Figure 2-15

General Obligation Bonds Approved by Voters

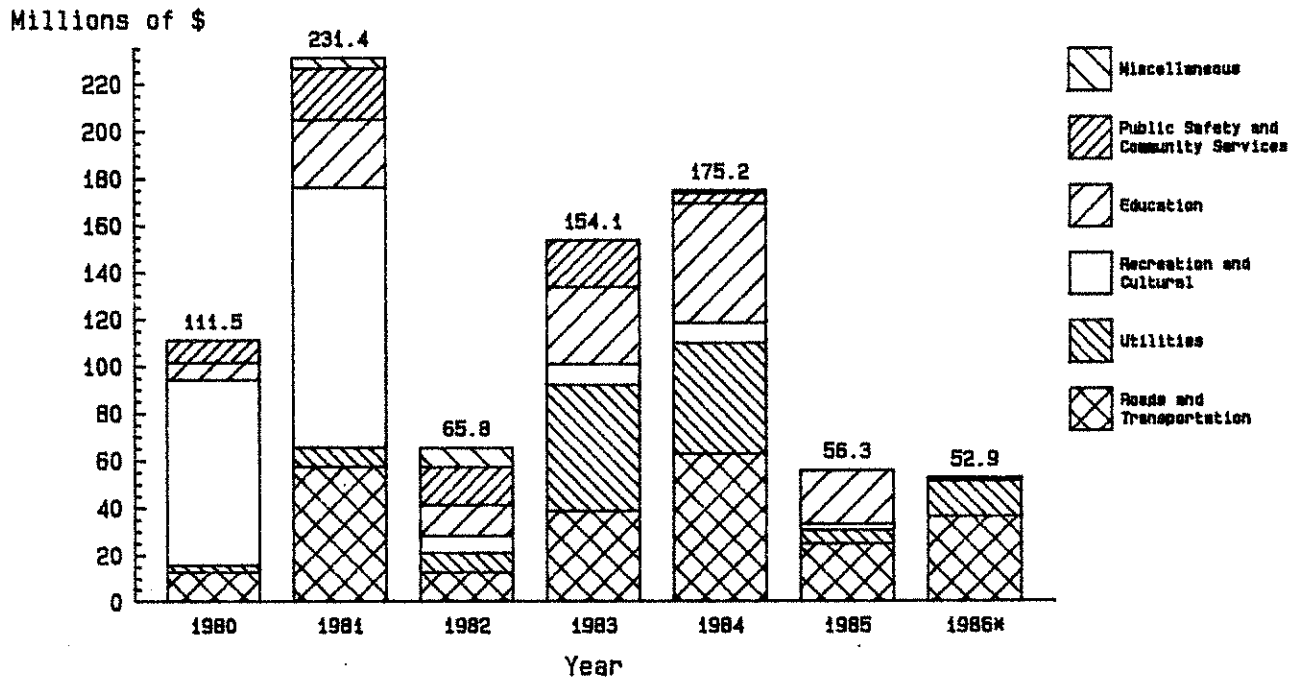


Sewer, Water, Wastewater total for 1983 includes \$55 million bond issue for Eklutna Water Project.

Figure 2-16 shows capital grants from the State of Alaska to the Municipality. When final notice of these grants is received, the Assembly appropriates the funds for a variety of purposes. Grants are shown here in the year appropriated by the Assembly, which may differ from the State fiscal year of appropriation and also varies from the year in which the funds are actually expended.

Figure 2-16

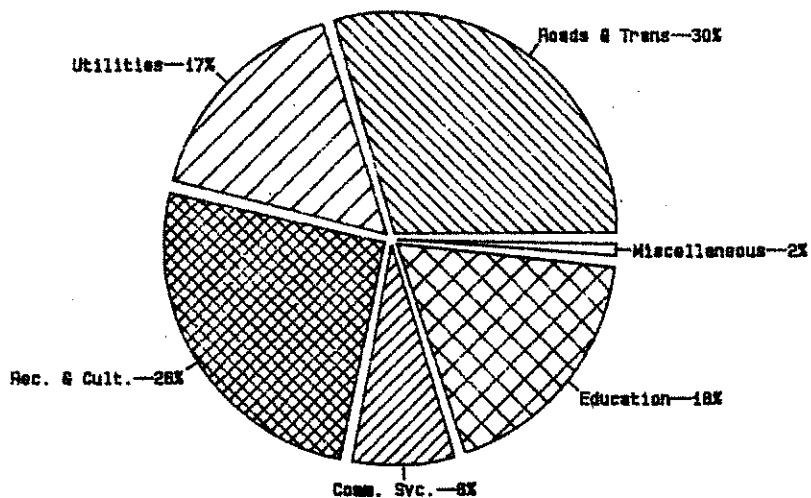
State Capital Grants Appropriated by M.O.A



*Grants totaling \$52.9 million have been appropriated in 1986. However, given restrictions imposed by the State as the result of oil revenue shortfalls, only 35% of this amount has been released to date.

Figure 2-17

**State Capital Grants Appropriated by MOA
Total Distribution by Purpose 1980-86**



Federal capital grants have been more modest in proportion. The bulk of Federal capital funding has gone to Transit

Figure 2-18

**Major Federal Capital Grants
1980-1986**

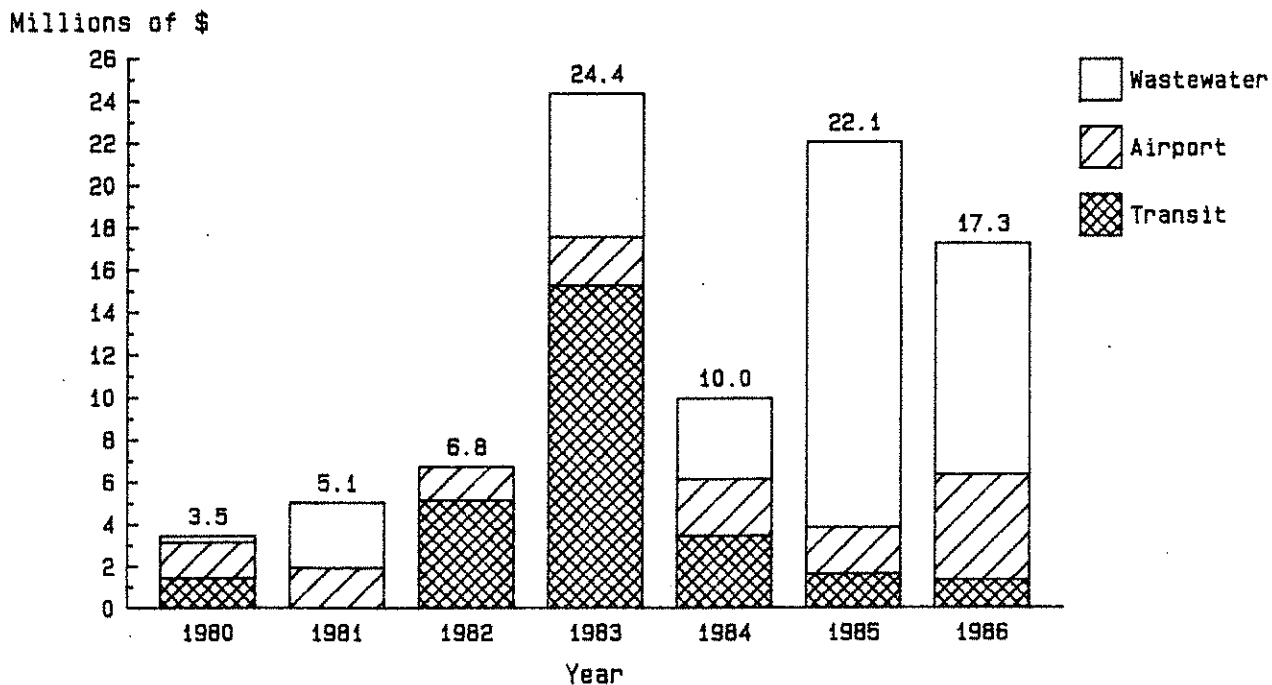
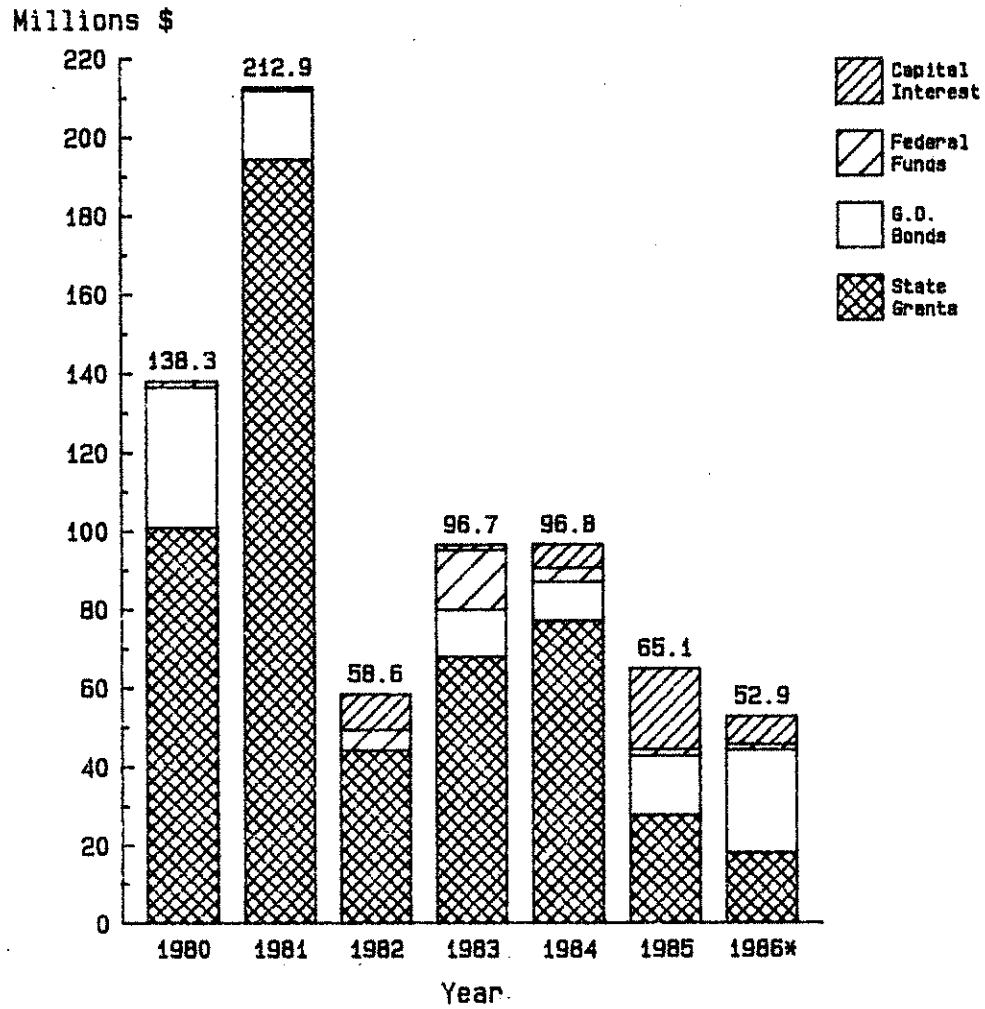


Figure 2-19

**Summary of General Government
Capital Appropriations - MOA**
(Excludes Utilities and School District)



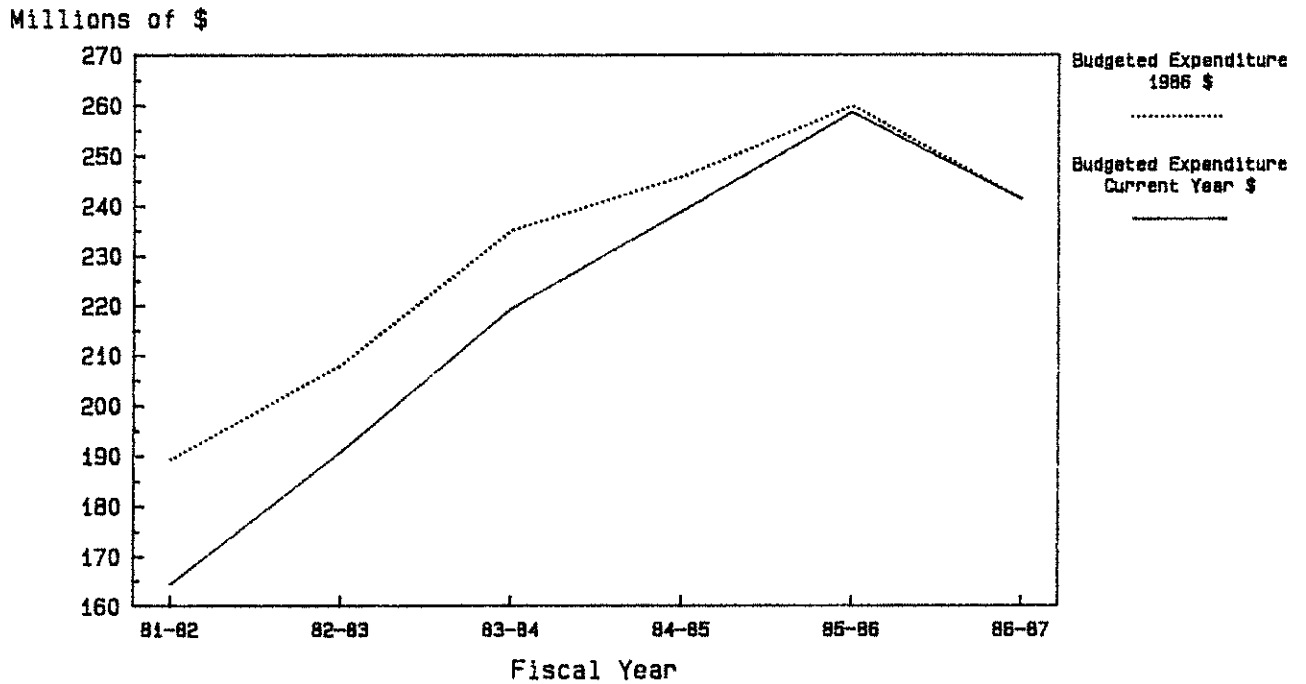
1986 Capital Appropriations assumes that the state funds will be 35% of appropriated amount (see Figure 2-15).

ANCHORAGE SCHOOL DISTRICT

The Anchorage School District has similarly experienced fiscal changes over the last several years. Although not treated in detail here, Figures 2-20 through 2-22 give a brief overview of some of these changes.

Figure 2-20

Anchorage School District Budgeted Expenditures (millions of dollars)









Budgeted Expenditures through FY86 based on Adopted Financial Plans. FY87 based on Revised Financial Plan.

School District expenditures have relied heavily on funding by the State of Alaska. Figure 2-21 shows the distribution of revenue sources.







Figure 2-21

**Anchorage School District
Budgeted Revenues
% Distribution of Sources**







Federal Revenues (% of Total)

FY 81-82		4.2
FY 82-83		2.5
FY 83-84		2.5
FY 84-85		2.6
FY 85-86		2.3
FY 86-87		3.0


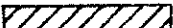




State Revenues (% of Total)

FY 81-82		75.4
FY 82-83		76.0
FY 83-84		72.1
FY 84-85		70.9
FY 85-86		69.6
FY 86-87		65.0

Local & Fund Balance (% of Total)

FY 81-82		4.4
FY 82-83		6.0
FY 83-84		4.1
FY 84-85		2.8
FY 85-86		4.2
FY 86-87		5.6

Property Taxes (% of Total)

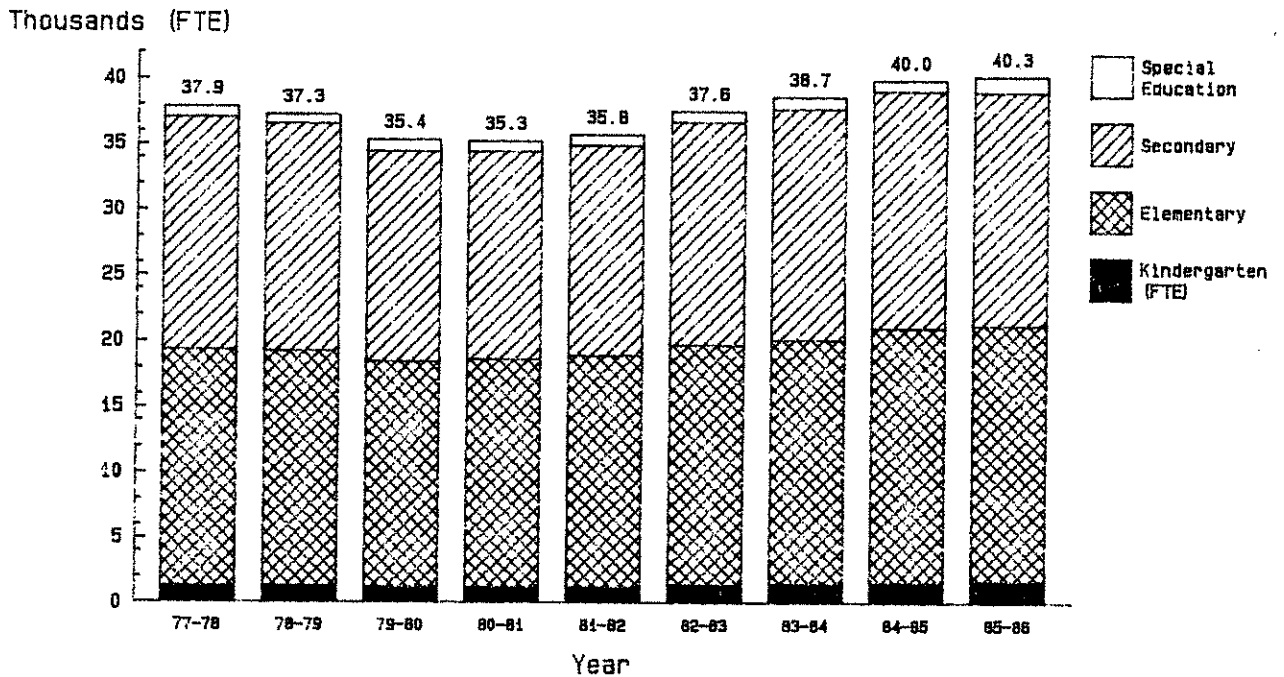
FY 81-82		15.9
FY 82-83		15.5
FY 83-84		21.2
FY 84-85		23.8
FY 85-86		23.9
FY 86-87		26.5

The expenditure growth shown in Figure 2-20 has been driven, in part, by growing enrollments.

small part

Figure 2-22

**Anchorage School District
Student Enrollment**
(as of Sept. 30th each year)



Enrollment measured in full-time equivalents (FTE). Special education figure includes only those students requiring the highest level of services and students in self-contained programs.

Student enrollment by student count is included in the appendix to Section III, Fiscal Projections and Policy Considerations.