FISCAL PROJECTIONS
AND
POLICY CONSIDERATIONS

III. FISCAL PROJECTIONS AND POLICY CONSIDERATIONS

This section of the report presents six year revenue and expenditure projections for general government services of the Municipality of Anchorage and the Anchorage School District. The projections are intended to answer some of the "what if" questions that may occur as fiscal choices are discussed. The purpose is not to predict what the future will be, or even to suggest what it should be.

Prior fiscal trends reports projected expenditures necessary to maintain the current level of services then compared the result with projected revenues, calculating property taxes at the tax limitation. However, considering the magnitude of recent state and federal revenue reductions, the "current services" approach no longer seems realistic. Instead, we have projected available revenues under alternative scenarios, all of which assume the existing revenue structure. Expenditure implications are discussed in view of the demonstrated revenue constraints.

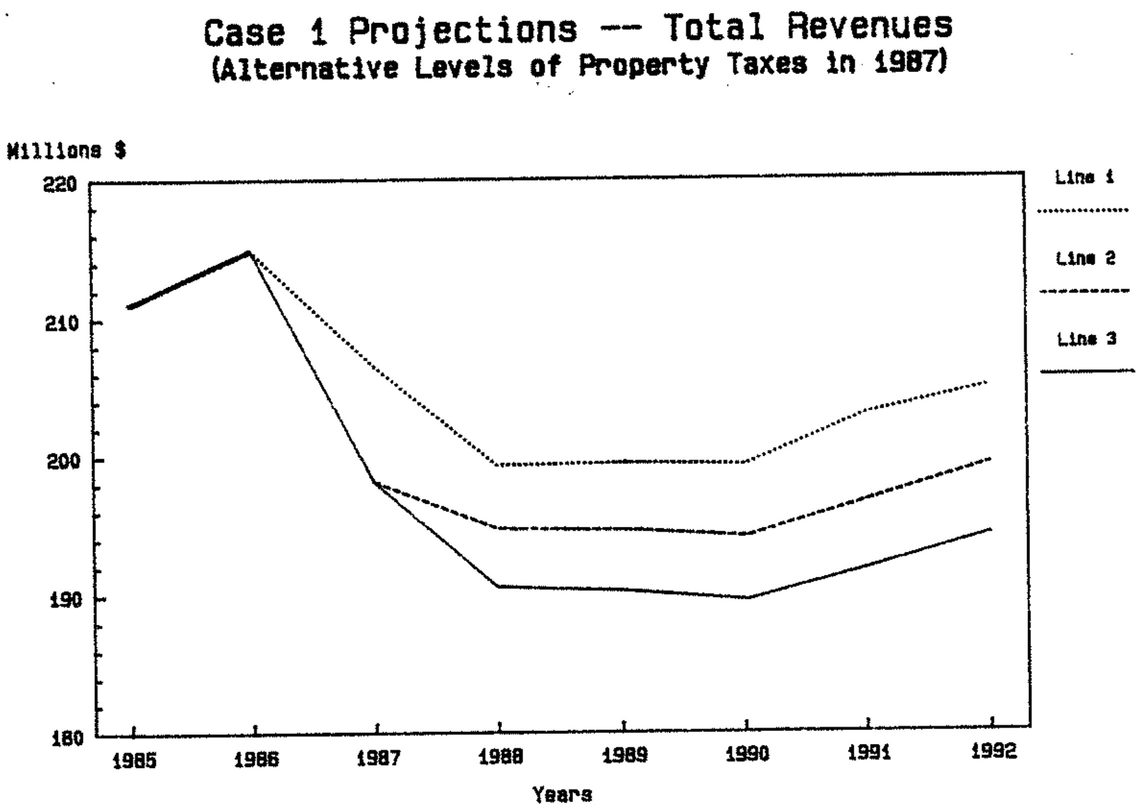
Revenues

Major components of revenues and expenditures are interdependent. For instance, under the tax limitation, future allowable levels of property taxes depend upon current tax collections (and thus on past and current budget decisions). Potential revenues also depend upon the composition of expenditures since some types of spending, such as debt service on new general obligation bonds, are exempt from the tax limit. Thus budget decisions in each year can dramatically alter the options available for future years.

Figure 3-1 demonstrates these interdependencies by showing a range of potential revenues, and since the budget must be balanced, a range of potential expenditures. Line 1 shows projected revenues 1987 through 1992 under the tax limitation if property taxes in 1987 were levied at the maximum allowable level of $94.2 million. Line 3 shows allowable revenues over the period if 1987 property taxes are held to the Mayor's proposed level of $85.8 million. This proposed level holds 1987 taxes on existing property at the 1986 level of $83.9 million, plus an additional $1.88 million of taxes on new construction coming on the tax rolls for 1987. Line 2 represents allowable revenues if an anticipated $4.0 million in Federal Revenue Sharing fails to materialize and taxes are used to offset this loss (i.e., property taxes of $89.8 million for 1987). Potential expenditures in 1992 range from $194.3 million to $205.4 million under these alternatives.

Throughout this section, we use two basic sets of projections for illustrative purposes. Case 1 shows the effects on the future of a "no capital growth" scenario. Case 2 shows the effects of a relatively modest capital program in which new bond debt is roughly equivalent to the amount of debt retired each year. These cases are described more fully in the appendix to this section.

Figure 3-1



Line 1 - Projections of total revenues with 1987 property taxes at $94.2 million as allowed by charter tax limitation.

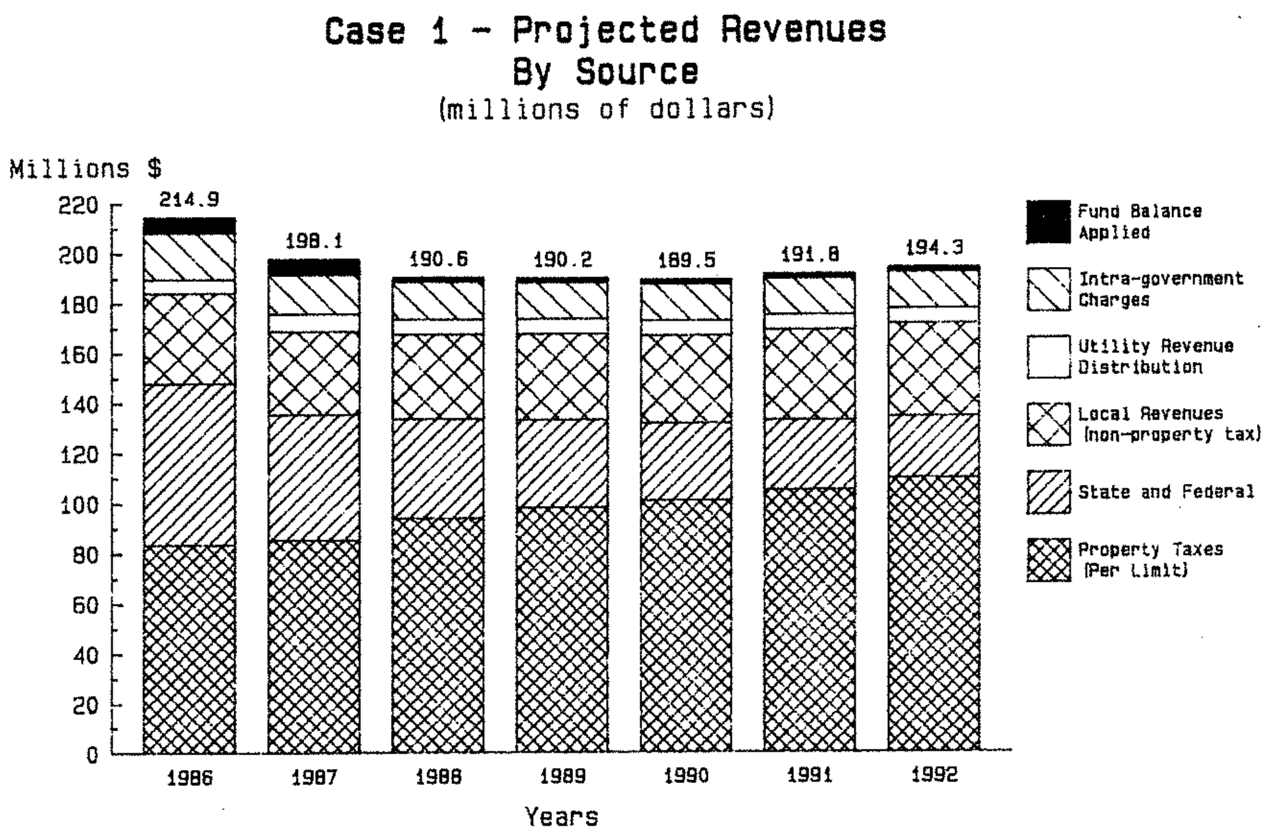
Line 2 - Projections of total revenues with 1987 property taxes at $89.8 million -- Mayor´s proposed level plus $4 million to replace Federal Revenue Sharing.

Line 3 - Projections of total revenues with 1987 property taxes at $85.8 million, 1987 Proposed Budget.

1985 and 1986 Revised Budgets, 1987 Proposed Budget, 1988 - 1992 Fiscal Model Projections. Assumptions and scenario descriptions are contained in appendix at the end of this section.

Figure 3-2 shows projected revenues by source. The declines are primarily due to continued reductions in state and federal sources. Local non-property tax revenues also show some declines with population in 1986-1988. A major cutback in revenue results from the assumption of a lower level of fund balance contribution ($1.8 million per year 1988-1992). Over the last several years of growth, the availability of excess fund balance has been a source of tax relief. However, as revenues continue to tighten and growth slows, the fund balance available to supplement expenditures is likewise expected to decline.

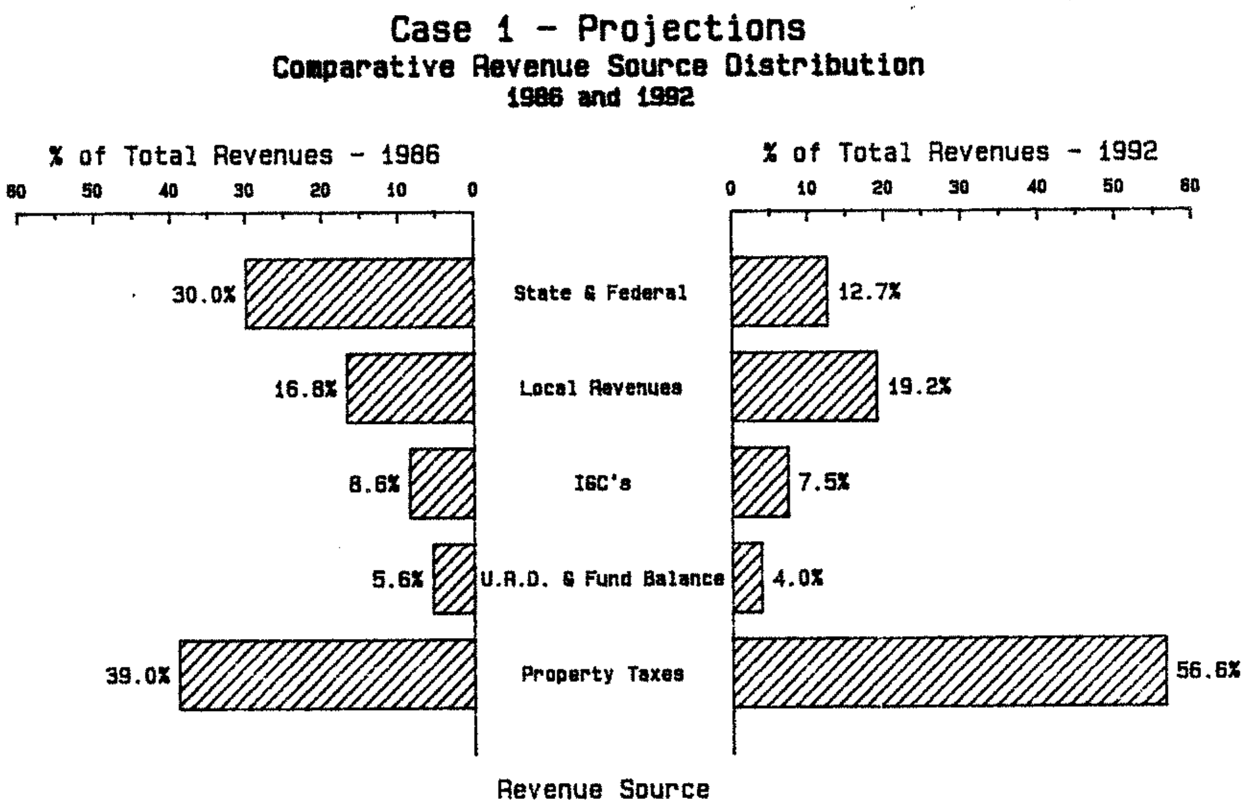
Figure 3-2



1986 Revised Budget, 1987 Proposed Budget, 1988-1992 Projections.

Figure 3-3 contrasts the percentage distribution of revenues in 1986 with the distribution projected for 1992. This emphasizes the continuing shift toward reliance on property taxes for funding community services in the absence of development of new revenue generators.

Figure 3-3



Local Revenues include user fees and charges, interest earnings, hotel/motel tax, automobile registration fee, and other miscellaneous revenues.

IGC´s - Intragovernmental Charges
U.R.D. - Utility Revenue Distribution

1986 Revised Budget
1992 Projection

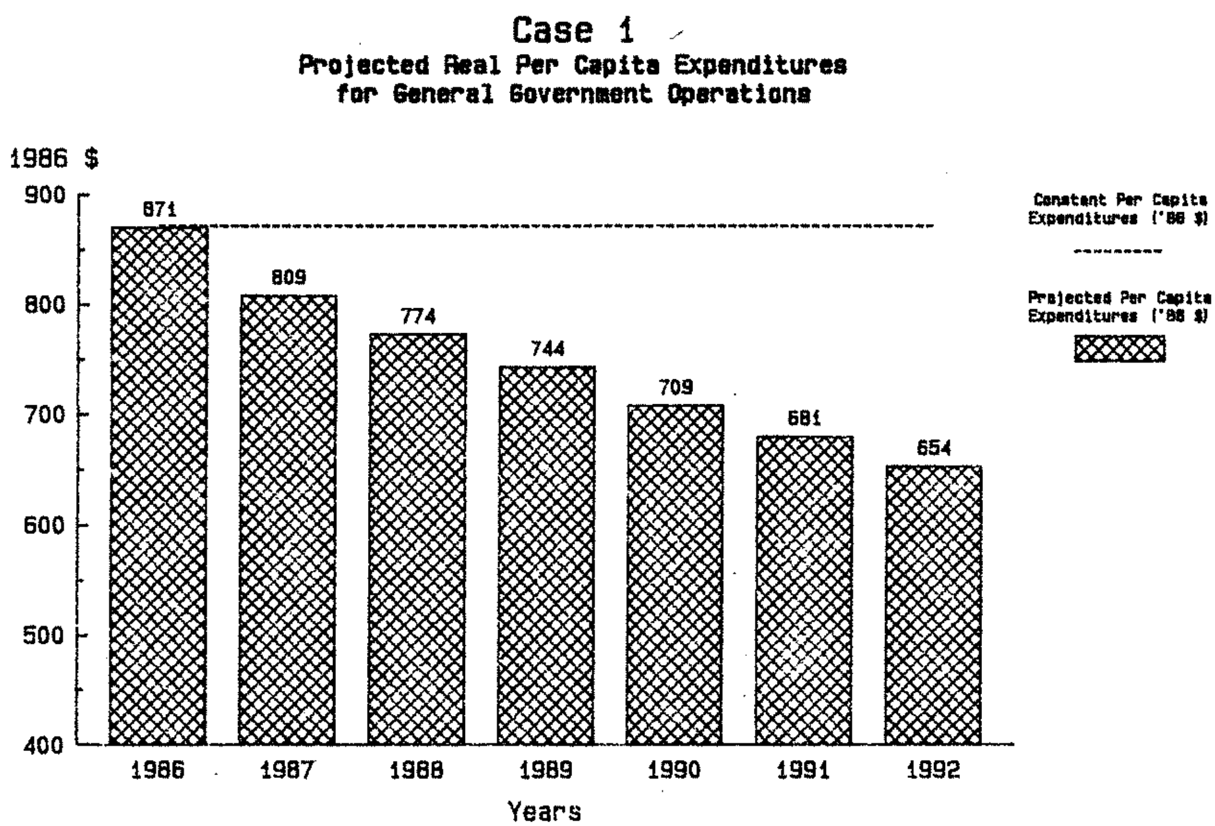
See appendix for assumptions and details.

Expenditures

Since Municipal budgets must be balanced, projected expenditures here are those implied by the revenue totals discussed above. Given the revenue scenario which assumes property taxes of $85.8 million in 1987, the implicit per capita expenditure level is shown in Figure 3-4.

In 1986 expenditures for general government services totaled approximately $871 per capita. If we assume Case 1 (no new bonds past 1987), per capita expenditures in 1986 dollars would fall to $809 in 1987 and to $654 by 1992, a decline of nearly 25% over the period. If consideration is given to additional capital related costs for projects already approved but not yet on-line (e.g., the Performing Arts Center) and for the bonds on the

Figure 3-4

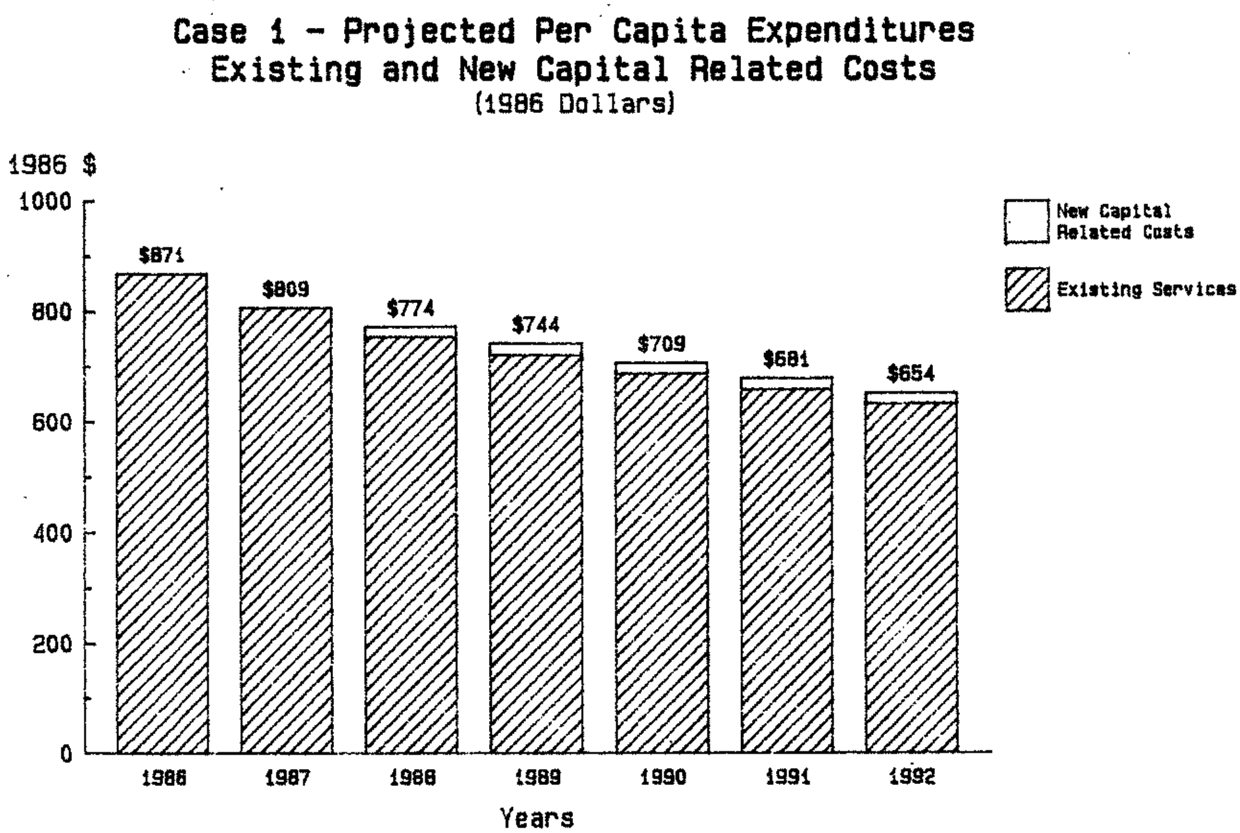


1986 Revised Budget; 1987 Proposed Budget; 1988-1992 Fiscal Model Projections. See appendix for assumptions and details.

October 1986 ballot, the 1992 expenditures on existing services would decline to approximately $635 per capita in 1986 dollars, a drop of over 27% from the 1986 level.

Figure 3-5 shows the impact of new capital related costs, in inflation adjusted per capita terms, rising from $18 per person in 1988 to $21 in 1989 and declining to $19 by 1992. The primary components of these costs are operations of the Performing Arts Center (expected to open in early 1988) and the debt service on bonds on the October 1986 ballot. New capital costs for Case 1 decline in the outyears because few additional projects are brought on line and no additional bonds are issued.

Figure 3-5



1986 Revised Budget; 1987 Proposed Budget; 1988-1992 Fiscal Model Projections. See appendix for details and assumptions.

Case 2 changes these assumptions regarding future capital activity. We include again the downstream costs associated with the October 1986 $15.5 million bond proposal, and further assume $10 million per year for bonded projects in 1988 through 1992. This amount of bonding would keep the level of general government debt near the current level, offsetting each year's retired debt with new borrowing. Operations and maintenance costs resulting from the non-bond funded portion of the Proposed 1987-1992 General Government Capital Improvement Program are also included. Table 3-1 summarizes these capital assumptions as they differ between Case 1 and Case 2.

TABLE 3-1
Projections of Downstream Costs
Associated with New Facilities
(Millions of Dollars)

CASE 1

	1988	1989	1990	1991	1992
Debt Service - Bonds Oct 1986	1.6	1.6	1.6	1.6	1.6
Operations and Maintenance Costs - New Facilities and Proposed 1987 Capital Budget	2.9	3.8	3.9	4.0	4.1
Total**	4.5	5.4	5.5	5.6	5.7
Amount which is Voter Approved Exclusion Under Tax Limit (cumulative)	4.0	4.2	4.3	4.3	4.4

CASE 2

	1988	1989	1990	1991	1992
Debt Service					
Bonds Oct. 1986	1.6	1.6	1.6	1.6	1.6
Bonds Oct. 1987-1992 ($10 m/yr.)	.5	1.5	2.6	3.7	4.8
Operation and Maintenance					
Case 1 - O & M's*	2.9	3.8	3.9	4.0	4.1
O&M - CIP 88-92	.0	1.3	3.1	5.7	7.5
Total**	4.9	8.1	11.2	15.0	18.0
Amount Which is Voter Approved Exclusion Under Tax Limit (cumulative)	4.4	6.5	9.2	12.7	15.5

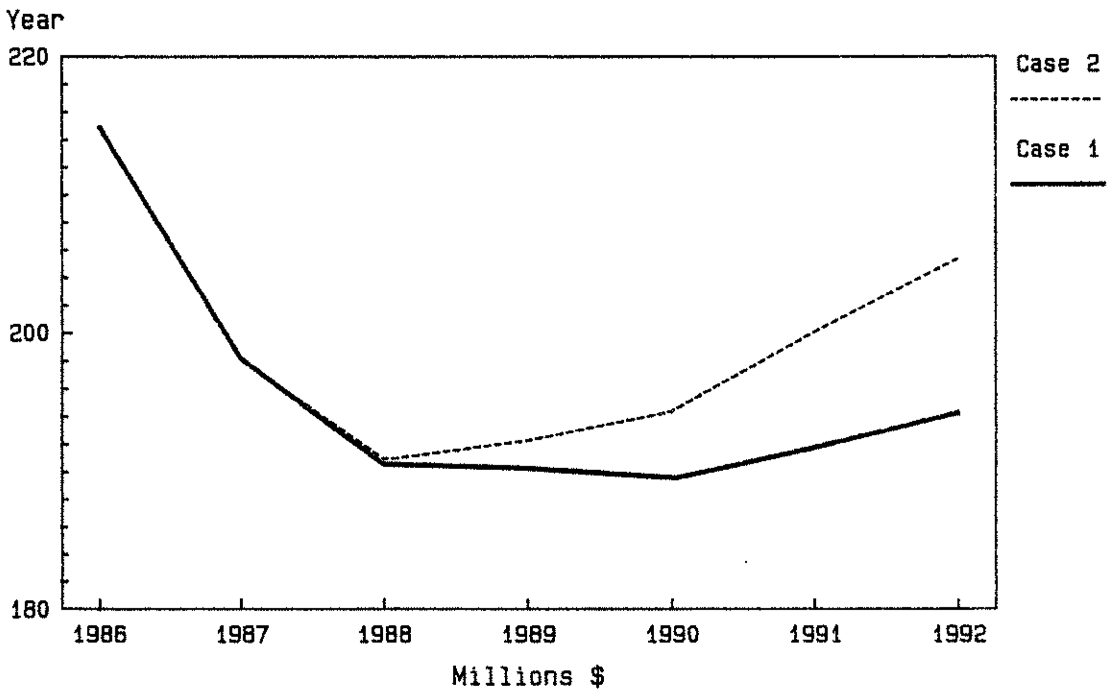
*Case 1 operation and maintenance costs include the Performing Arts Center, and projects in 1986 and 1987 Capital Improvement Budgets including $15.5 million bonds on the October 1986 ballot.

** Columns may not total due to rounding.

Since downstream capital related costs of voter approved projects are exemptions under the tax limitation, the amount of allowable property taxes would be higher in Case 2 and thus total revenues and expenditures could also be higher. Figure 3-6 shows the range of projected expenditures for these two cases, using the proposed $198.1 million budget for 1987 as the base for both.

Figure 3-6

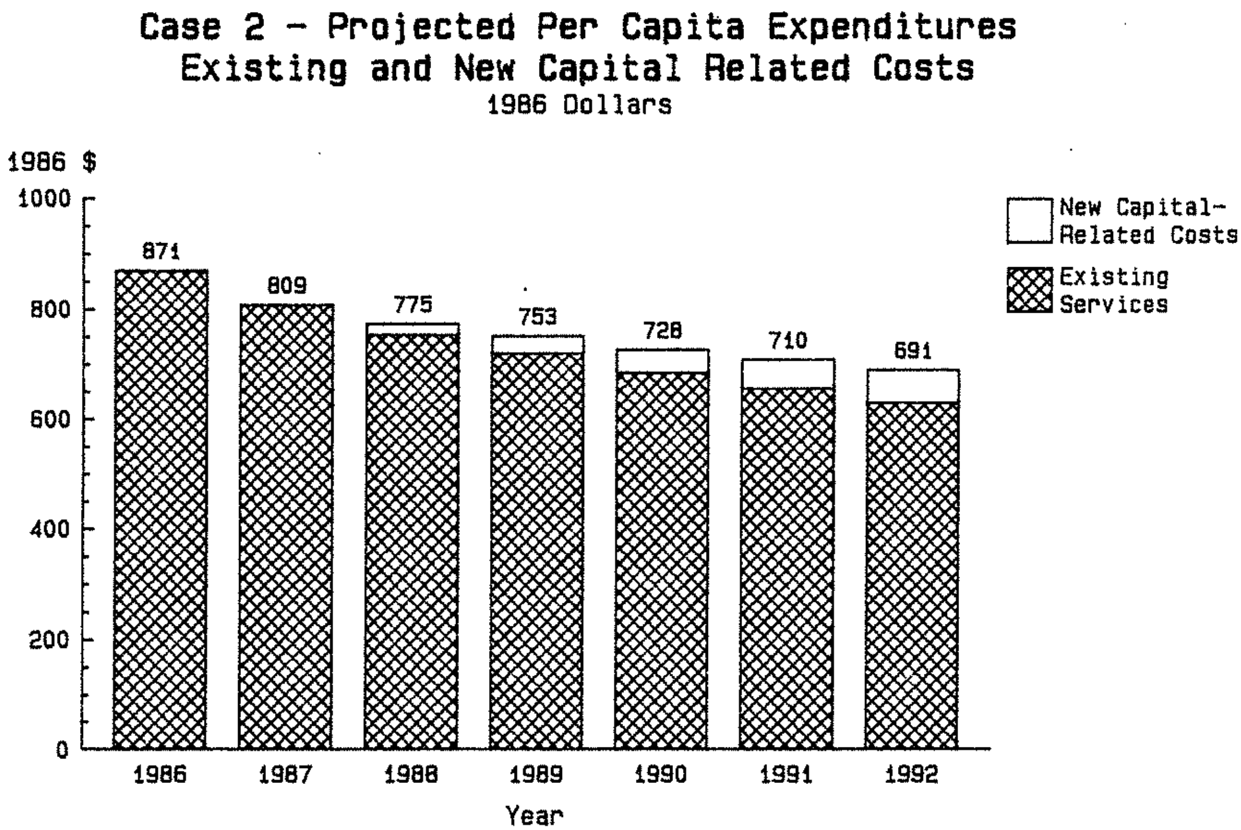
Projected Expenditures Allowed Under Tax Limit Cases 1 and 2
(millions of dollars)



1986 Revised Budget; 1987 Proposed Budget; 1988-1992 Fiscal Model Projections. See appendix for detail.

Allowable expenditures rise to $205.4 million in Case 2, nearly $11 million more than in Case 1. The difference is made up in higher property taxes allowed with the larger volume of voter approved projects. Not all additional operation and maintenance costs contained in this scenario are voter approved, however (e.g., O&M's on state or federally funded projects). As a result, costs go up further than do allowable revenues. The difference (absent new revenues) must be made up by decreases in expenditures on currently existing services. Figure 3-7 shows projected per capita expenditures in Case 2, divided between existing services and new capital costs. When adjusted for inflation, new capital related costs rise from $20 in 1988 to $61 per capita in 1992, while existing services decrease over 27% from $871 in 1986 to $631 in 1992.

Figure 3-7



1986 Revised Budget; 1987 Proposed Budget; 1988-1992 Fiscal Model Projections. See appendix for details.

By 1992 expanded transit operations comprise approximately 60% of the total operation and maintenance costs of projects in the Proposed 87-92 CIP, if bonding is adjusted to $10 million per year. Without a voter-approved tax exclusion for these capital related operational costs, existing service decreases (or increased non-tax revenues) of an additional $16 per capita would be required.

Table 3-2 shows the mill rates which are implied by the tax revenues in Case 1 and 2. As noted, the property taxes projected are those allowed under the tax limitation. Budgeted expenditures could be lower than implied by "allowable" tax revenues as they have been in each year since the charter limitation was approved. If budget decisions in the outyears yield lower tax levels than those shown in Table 3-2, mill rates would likewise be less than those projected. As shown in Figure 3-1, the level of taxes selected for any year alters the range of allowable taxes in later years. To the extent that decisions are made to reduce property taxes below the limit, either spending must be reduced beyond the levels discussed above or other revenue sources must be developed.

Table 3-2

Projections of Property Taxes and Mill Rates
Using Alternative Assumptions*

	1986	1987	1988	1989	1990	1991	1992
Case 1							
Allowable Property Taxes (millions $)	83.9	85.8	94.3	98.6	101.4	105.7	110.2
Implied Mill Rates**	5.5	6.44	7.06-7.25	7.21-7.56	7.05-7.39	6.99-7.33	6.94-7.27
Case 2							
Allowable Property Taxes (millions $)	83.9	85.8	94.6	100.6	106.2	113.8	121.1
Implied Mill Rates**	5.5	6.44	7.08-7.28	7.36-7.72	7.39-7.75	7.55-7.91	7.65-8.01

* 1986 Revised Budget; 1987 Proposed Budget; 1988-1992 Fiscal Model Projections. See appendix for assumptions.

** Mill rate projections 1988-1992 shown as a range based on alternative assessed valuation projections.

Although the percentage changes are dramatic, it may be difficult to imagine what expenditure reductions of this magnitude might imply in terms of programs. An example may lend perspective. Public Safety in the broad sense of not only police and fire protection but Health and Human Services (including air and water and hazardous wastes programs), is a high priority in the Anchorage community. This priority is reflected in the Proposed 1987 General Government Operating and Capital Budgets. In 1987, proposed Public Safety operating expenditures are 37% of the budget or $304 per capita. This is a somewhat higher percentage than of the 1986 budget but a slight decline from $312 per capita in 1986.

If we were to hold Public Safety expenditures at this inflation adjusted level throughout 1988-1992, and to bring on the new capital facilities for Case 1 ($19 per capita), remaining services would need to be reduced by over one-third of the proposed 1987 level. Public Safety would comprise 46% of the budget by 1992. All other services would fall from 63% of the 1987 budget to 51% of the much smaller 1992 budget. These services include Public Works (e.g., street maintenance, engineering and building safety), Parks and Recreation, Transit, Planning, Library, Museum, and all general management and administrative departments.

Reductions of this magnitude clearly are not feasible solely through reorganizations or efficiency savings. Choices will be required among program reductions and/or revenue enhancements.

THE FOLLOWING SECTION PREPARED

BY THE

ANCHORAGE SCHOOL DISTRICT

ANCHORAGE SCHOOL DISTRICT

FISCAL TRENDS
FY 1982-83 to FY 1991-92

Introduction

By District policy, the Superintendent presents a recommended revenue and expenditure pro-forma budget to the School Board for consideration and approval prior to directing the development of the School District's financial plan. The School Board then establishes a planned budget cost ceiling and sets the outside spending limits for the annual budget preparation process. The Board has approved the base level General Fund budget plan for FY 1987-88 at $201.25 million. This is at the same level as the revised budget for FY 1986-87. The Revised FY 1986-87 budget is $11.41 million lower than the previously adopted General Fund current year budget of $212.67 million. The total budget approved for planning purposes was $245.87 million. This is a decrease of $7.29 million from the FY 1986-87 Adopted budget of $253.16 million. The total also includes the following funds: Food Service $7.05 million, Debt Service $27.97 million, State/Federal Projects $9.60 million.

From October 1986 through January 1987 the FY 1987-88 budget will be developed by the school and administrative staff with the input and involvement of teachers, staff members, community members, and community organizations.

Several key factors are major determinants of the pro-forma budget. These factors include student population projections, debt service levels, the tax limitation, state revenue entitlements, and the prevailing inflation rate. There is a substantial degree of uncertainty in these factors. Therefore the the budget planning process will include the development for School Board consideration of expenditure reduction options to facilitate matching the revenues and expenditures.

The School Board will hold public budget development hearings and consider the FY 1987-88 Preliminary Financial Plan in February 1987. The revisions made pursuant to School Board decisions will then be incorporated into the next version of the budget which is the Proposed Financial Plan. The Municipal Assembly will hold public hearings and consider the Proposed Financial Plan in April 1987. At that time, they will approve and appropriate the total budget and the property taxes included in the approved budget. Any revisions which may then be necessary will be made and incorporated into the final version of the budget, the Adopted Financial Plan, for next fiscal year which begins July 1, 1987.

Anchorage School District - Expenditures

The student enrollment for FY 1986-87 was projected to be 41,700 at September 30, 1986, which is the baseline date. This enrollment was actually 41,997 at that date. The enrollment is projected to decrease to approximately 41,500 students in FY 1987-88, and then to range between 41,500 and 42,900 through FY 1990-91. In FY 1991-92 the projection is 44,000. For fiscal years after FY 1986-87 the year to year percentage change ranges from a 1.2% decrease for FY 1987-88 to a 2.6% increase for FY 1991-92. The full time equivalent enrollment (FTE) counts kindergarten students at one-half which is consistent with their half day program. The FTE enrollment is 5-6% lower than the full count enrollment. The incoming kindergarten classes are substantially larger than the out going senior classes. These large incoming classes offset much of the out migration in the projections.

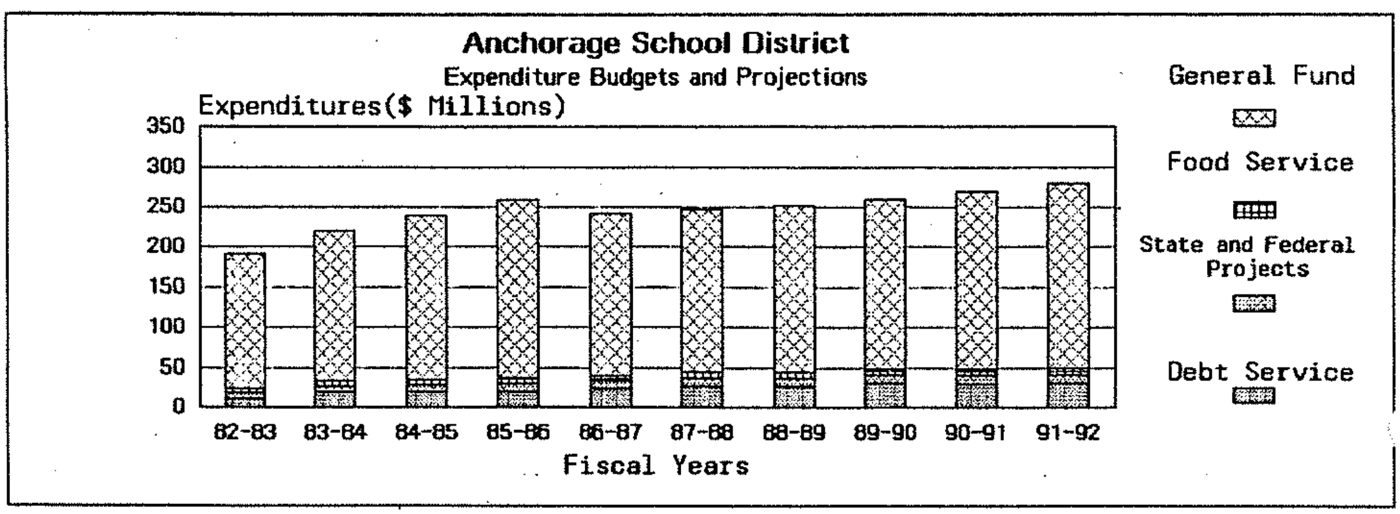
The continuation of a reduced service level of program expenditures is projected. Existing programs are presumed to continue if funds are available but program increases would not be available. Cost decreases or increases due to enrollment changes are estimated by providing for a reduced but acceptable level of teaching and direct instructional support staff and services as well as the necessary student supplies and equipment.

Operations and maintenance costs for the new school facilities included in the approved 1985 bond propositions are included in the financial projections. The new facilities are planned to open in various fiscal years from FY 1987-88 to FY 1991-92.

Cost increases are estimated using rates which vary depending on the expenditure object category group. These projected rates are intended to approximate the estimate of the School District's cost increases for employee salaries and benefits, supplies, equipment, contracted services, utilities, maintenance, etc. Annual rates of increase used are as follows: Salaries and Benefits 0% in FY 1987-88 and 1.5% thereafter, Purchased Services 2-4%, Supplies and Materials 2.75%, Capital Outlay, and Other 1%. Overall inflation, based on the Anchorage area urban consumers' price index (CPI), is assumed to be approximately 0.5% for FY 1986-87 and 1.5% to 2.75% from FY 1987-88 through FY 1991-92.

Debt service expenditure projections are prepared using the existing indebtedness and the estimated debt service on the remaining amount of approved but unissued bonds. Under the existing state reimbursement program 80% of new debt service is to be reimbursed in the same year that the debt service is paid. A pro-rata reduction of 10% in this reimbursement rate is projected for FY 1987-88 and 15% thereafter.

Food Service expenditures are projected on a per student basis using per student yearly increases of 1% per year. State Projects expenditures for special State programs are projected using per student yearly increases of 1% per year. Federal Projects expenditures for special Federal programs are projected using per student yearly increases of 2% per year. The following graph and schedule summarize the budgeted and projected expenditures for the ten fiscal years through FY 1991-92.



ANCHORAGE SCHOOL DISTRICT
EXPENDITURES
($ MILLIONS)

Budgeted/Projected Expenditures FY	82-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90	90-91	91-92
Operating Funds:										
General Fund	166.4	185.8	203.4	221.7	201.3	201.3	206.6	212.3	220.6	230.3
Food Service Fund	5.8	6.3	7.0	7.2	6.8	7.0	7.2	7.5	7.9	8.3
State & Federal Projects	7.2	7.1	8.4	9.6	9.6	9.6	9.8	9.9	10.7	10.6
Total - Operating	179.4	199.2	218.8	238.5	217.7	217.9	223.6	229.7	238.8	249.2
Debt Service Fund Through June 1986	11.4	20.2	20.1	20.1	22.8	22.7	22.7	22.7	22.1	22.6
Later Issues					.7	5.3	5.3	8.0	8.2	8.1
Total-Debt Service	11.4	20.2	20.1	20.1	23.5	28.0	28.0	30.7	30.3	30.7
Total Expenditures Projected ($ Millions)	190.8	219.4	238.9	258.6	241.2	245.9	251.6	260.4	269.1	279.9
Total Expenditures Adjusted to FY 1986-87 Base Year Dollars	218.0	237.8	252.6	265.1	241.2	242.3	243.0	244.8	246.1	249.2
Student Enrollment (Thousands)	39.3	40.4	42.1	42.4	42.0	41.5	41.6	41.9	42.9	44.0

Budgeted expenditures through FY 1985-86 are from the Adopted Financial Plans for those years. The FY 1986-87 expenditures have been decreased by $11.98 million in accordance with the budget revisions made in August, 1986. The Adopted Financial Plan for FY 1986-87 was $253.16 million.

The expenditure projections presented previously in this section assume 2.75% annual increases in the Anchorage CPI after FY 1988-89. The total expenditures projected by year are presented in the accompanying schedule. The parity or equivalent service level projections indicate that expenditures would significantly exceed revenues from FY 1987-88 through FY 1990-91. Therefore, the expenditure projections were reduced to match the revenue available. If additional revenue is unavailable, and if School District costs cannot be significantly decreased, it would be necessary to implement significant further cost reduction measures. Every effort would be made so that such cost reduction measures would impact the classroom educational programs as little as possible. However most of the expenditures of the School District are for direct student instruction and services and very significant reductions and eliminations have already been made. Therefore any further substantial cost reductions would have a significantly adverse effect on the educational programs.

Anchorage School District - Revenues

Revenues for next year, FY 1987-88, are projected using as a base the current year's revised budget as well as the most recent available information as to student enrollment and availability of funding. The remainder of the years are projected using the projected FY 1987-88 revenue as the base year revenue.

State Revenue - The State Public School Foundation Program is the largest single revenue source. For FY 1986-87 it provides 57.6% of the General Fund revenues and 48.1% of total revenues. The revenue from this program is allocated on a Public School Foundation unit basis. For projection purposes the revenue was estimated using the effective base amount of $2,927 per student, on a full time equivalent (FTE) basis. This is 10% less than the legislatively established amount of the Public School Foundation funding for FY 1985-86. Because of the State revenue uncertainty no increase in the per student funding for this program is projected for FY 1987-88. Increases starting at 1.0% per year and increasing to 3% per year are projected for the fiscal years 1988-89 through 1991-92.

State Projects revenue for special State contracted programs was projected assuming increases per student of 1% per year.

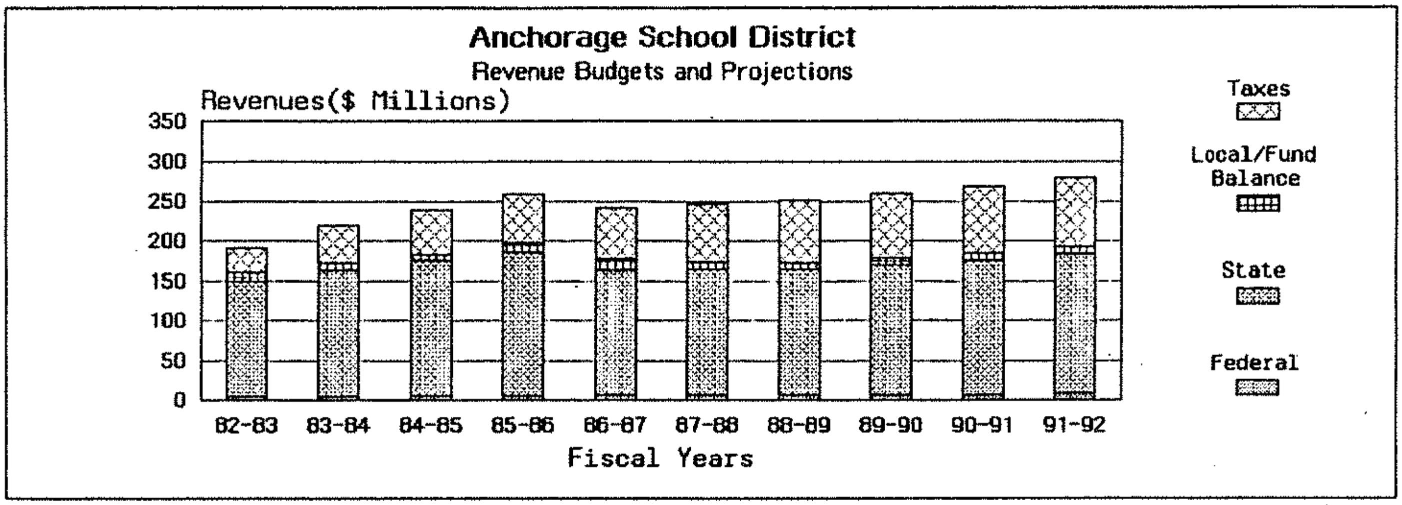
The remaining State revenue is computed using the following bases.
- Tuitions - 3% per year increase
- Pupil Transportation - 2% per year increase
- Indirect Costs - 2% per year increase

Local Revenue
Using the budgeted FY 1986-87 revenue as the base year revenue the following rates of increase are assumed in the projections:
- Sale of Property per year, and Miscellaneous - 2% increase per year
- Interest - No annual increase
- Sales and Rentals - Career Center revenues and Facilities rentals are projected to increase by 3% per year. Food Service revenue is projected assuming 2.75% increases in per student sales to account for price increases as well as student participation increases.

Local Taxes - Computed increases necessary to balance revenues with expenditures while staying within the projected property tax limitation are projected. The Anchorage Municipal areawide assessed valuation projected decreases after 1986 are subject to substantial uncertainty and revision.

Federal Revenue
Increases of 2% per year in the ROTC program and PL 81-874 revenue are projected. Federal Projects revenue is projected using increases of 2% per student per year. Food Service federal reimbursement revenue is projected assuming increases of 1% per year per student in the amount of reimbursement.

The following graph and table summarize the budgeted and projected revenues for the ten fiscal years through FY 1991-92.



REVENUES
($ Millions)

Budgeted/Projected Revenues	FY 82-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90	90-91	91-92
Federal	4.7	5.5	6.1	6.0	7.2	7.5	7.6	7.8	8.1	8.4
State	145.1	158.2	169.3	180.0	156.8	156.9	157.0	161.8	168.3	175.3
Locally Generated and Fund Balance	11.4	9.1	6.7	10.9	13.4	8.9	8.1	8.4	8.5	8.5
Property Taxes	29.6	46.6	56.8	61.7	63.8	72.6	78.9	82.4	84.2	87.7
Total Revenues Projected	190.8	219.4	238.9	258.6	241.2	245.9	251.6	260.4	269.1	279.9
Calendar Year	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Mill Rate	3.24	3.66	4.27	4.00	4.04	5.12	5.83	6.18	6.08	5.97

Budgeted revenues through FY 1985-86 are from the Adopted Financial Plans for those years. The projected FY 1986-87 revenues have been decreased in accordance with the budget revisions made in August, 1986. The Adopted Financial Plan for FY 1986-87 was $253.16 million.

APPENDICES

Table A-1

Description of Projection Scenarios

Case 1: 1987 Expenditures at $198.1 million; Property taxes at $85.8 million. Capital Expenditures -- Proposed 1987 Capital Improvement Budget (including $15.5 million new bonds) plus projects already underway (e.g., Performing Arts Center). No additional bonds or new operation and maintenance costs 1988-1992.

Case 2: 1987 Expenditures at $198.1 million; Property taxes at $85.8 million. Capital expenditures -- Proposed 1987 Capital Improvement Budget, plus projects approved and underway (e.g., Performing Arts Center). Debt service and operation and maintenance costs associated with $10 million in new general obligation bonds each year 1988-1992. This represents a level of bonding which approximately offsets the debt retired each year, thus holding total debt constant. Case 2 further assumes additional O & M costs associated with $20-25 million capital funding per year from state, federal or local sources.

Table A-2

Summary of Major Assumptions

	Consumer Price Index	Population	Assessed Valuation
	(Percentage Change from prior year)		
1986	.50	(.6)	7.0
1987	1.50	(2.2)	(12.6)
1988	2.00	(1.4)	(2.5) - .2
1989	2.75	1.0	.3 - 2.2
1990	2.75	1.8	5.1 - 5.0
1991	2.75	2.7	5.0 - 5.0
1992	2.75	2.6	5.0 - 4.9

Table A-3

AREAWIDE ASSESSED VALUATION

$ Millions

	Projection 1		Projection 2	
Year	New Construction	Total	New Construction	Total
1986	433.0	15,252.8	433.0	15,252.8
1987	343.0	13,330.0	343.0	13,330.0
1988	300.0	13,000.0	300.0	13,360.0
1989	300.0	13,040.0	300.0	13,660.0
1990	308.3	13,710.0	308.3	14,340.0
1991	316.7	14,400.0	316.7	15,050.0
1992	325.4	15,120.0	325.4	15,790.0

Table A-4
MUNICIPALITY OF ANCHORAGE
AREAWIDE POPULATION ESTIMATES

Year	Estimate/ Projection	% Change	Five Year Average
1982	204,216	12.99	
1983	230,846	13.04	
1984	244,030	5.71	5.01
1985	248,263	1.73	6.10
1986	246,800	(0.59)	4.39
1987	241,300	(2.23)	6.58
1988	237,800	(1.45)	3.53
1989	240,200	1.01	0.64
1990	244,500	1.79	(0.30)
1991	251,000	2.66	(0.29)
1992	257,600	2.63	0.36

Source: Department of Community Planning Municipality of Anchorage.

Table A-5
CONSUMER PRICE INDEX

Year	CPI
1978	187.5
1979	207.0
1980	228.2
1981	246.5
1982	260.1
1983	264.8
1984	275.6
1985	282.3
1986	283.7
1987	288.0
1988	293.7
1989	301.8
1990	310.1
1991	318.6
1992	327.4

1978-1985 Consumer Price Index of all Urban Consumers, Anchorage, Alaska, Annual Average. Bureau of Labor Statistics, U.S. Department of Labor.

Table A-6
PROJECTIONS—GENERAL GOVERNMENT OPERATING EXPENDITURE TRENDS
CASE 1 *
(millions of dollars)

EXPENDITURES	1986	1987	1988	1989	1990	1991	1992
Existing Services & Programs	214.9	198.1	186.1	184.9	184.1	186.3	188.6
Capital Costs of New Facilities							
Operation & Maintenance			2.9	3.8	3.9	4.0	4.1
Debt Service (Oct.1986 Bonds)			1.6	1.6	1.6	1.6	1.6
TOTAL DIRECT COSTS	214.9	198.1	190.5	190.2	189.5	191.8	194.3
Function Costs	196.3	182.4	175.5	175.7	175.0	177.3	179.8

REVENUES	1986	1987	1988	1989	1990	1991	1992
Federal Revenues	6.4	5.1	3.0	2.0	0.9	0.9	0.8
State Revenues	58.0	44.8	36.6	33.0	29.8	26.9	23.9
Local (Non-property tax) Revenues	36.2	33.3	33.9	34.4	35.2	36.2	37.3
Utility Revenue Distribution	5.5	7.0	6.0	6.0	6.0	6.0	6.0
Property Taxes (actual or allowed)	83.9	85.8	94.3	98.5	101.3	105.5	110.0
Fund Balance Applied	6.3	6.4	1.8	1.8	1.8	1.8	1.8
Intra-Governmental Charges	18.7	15.7	15.0	14.5	14.5	14.5	14.5
TOTAL REVENUES	214.9	198.1	190.6	190.2	189.5	191.8	194.3
OVER/(UNDER) TAX LIMIT	(1.4)	(8.4)	0	0	0	0	0
Implied Mill Rate—Gen. Govt. (mills)	5.50	6.44	7.25	7.56	7.39	7.33	7.27
Assessed Valuation (millions $)	15,252.8	13,330.0	13,000.0	13,040.0	13,710.0	14,400.0	15,120.0

* CASE 1: Revised budget figures are used for 1986, proposed budget for 1987, and projections from 1988 through 1992. Expenditures are assumed to equal total revenues allowed under the tax limitation and assume no change in the revenue structure. Lower property taxes in any year would result in lower allowable taxes and expenditures in the years which follow.

Capital Costs are those associated with approved projects adjusted for recent state funding decisions and projects in the Proposed 1987 CIB. It is assumed that the October 1986 bond propositions are approved by the voters. Estimated state and federal revenues for 1987 based on information as of September 15, 1986. Expenditures and revenues are in millions of dollars. It is assumed that $1.8 million of fund balance is applied in 1988 through 1992. Debt service numbers are actuals plus estimates for bonds yet to be issued and for non-general obligation debt.

Columns may not add to total due to rounding.

Table A-6 Revised

PROJECTIONS--GENERAL GOVERNMENT OPERATING EXPENDITURE TRENDS
CASE 1
Revised as of 12/15/86*
(millions of dollars)

EXPENDITURES	1986	1987	1988	1989	1990	1991	1992
Existing Services & Programs	214.9	197.3	185.8	186.1	185.7	187.4	189.5
Capital Costs of New Facilities							
Operation & Maintenance			2.2	2.4	2.5	2.6	2.6
Debt Service (Oct. 1986 Bonds)			1.6	1.6	1.6	1.6	1.6
TOTAL DIRECT COSTS	214.9	197.3	189.5	190.0	189.7	191.5	193.7
Function Costs	196.3	181.6	175.5	176.7	177.1	179.5	182.3

REVENUES	1986	1987	1988	1989	1990	1991	1992
Federal Revenues	6.4	1.1	1.0	1.0	0.9	0.9	0.8
State Revenues	58.0	44.8	36.6	33.0	29.8	26.9	24.3
Local (Non-Property tax) Revenues	36.2	34.3	35.2	35.8	36.6	37.6	38.8
Utility Revenue Distribution	5.5	7.0	6.0	6.0	6.0	6.0	6.0
Property Taxes (actual or allowed)	83.9	86.9	94.9	99.2	102.0	106.3	110.6
Fund Balance Applied	6.3	7.5	1.8	1.8	1.8	1.8	1.8
Intra-Governmental Charges	18.7	15.7	14.0	13.3	12.6	12.0	11.4
TOTAL REVENUES	214.9	197.3	189.5	190.0	189.7	191.5	193.7
OVER/(UNDER) TAX LIMIT	(1.4)	(8.6)	0	0	0	0	0
Implied Mill Rate--Gen. Gov't. (mills)	5.50	6.39	7.30	7.61	7.44	7.38	7.32
Assessed Valuation (millions $)	15,252.8	13,596.0	13,000.0	13,040.0	13,710.0	14,400.0	15,120.0

*CASE 1 Revision: This revision reflects 1987 Approved Budget figures rather than proposed budget figures. As before, expenditures are assumed to equal total revenues allowed under the tax limitation and no change in the revenue structure is assumed. Lower property taxes in any year would result in lower allowable taxes and expenditures in the years which follow. Federal revenues reflect the elimination of General Revenue Sharing in 1987. Capital Costs are those associated with approved projects adjusted for recent state funding decisions, bonds approved in October 1986, and other projects in the Approved 1987 CIB. Operation and maintenance costs have been adjusted downward to reflect a more realistic project timing and project modifications. It is assumed that $1.8 million of fund balance is applied in 1988 through 1992. Debt service numbers are actuals plus estimates for bonds yet to be issued and for non-general obligation debt. Intra-governmental charges are assumed to decline over time as utilities request fewer accounting and computer services from general government.

Columns may not add to total due to rounding.

Table A-7
PROJECTIONS — GENERAL GOVERNMENT OPERATING EXPENDITURE TRENDS
CASE 2 *
(millions of dollars)

EXPENDITURES	1986	1987	1988	1989	1990	1991	1992
Existing Services & Programs	214.9	198.1	186.0	184.1	183.2	185.1	187.4
Capital Costs of New Facilities							
Operation and Maintenance			2.9	5.0	7.0	9.7	11.6
1987 Debt Service (Oct.-1986 bonds			1.6	1.6	1.6	1.6	1.6
1988-1992 Debt Service			0.5	1.5	2.6	3.7	4.8
TOTAL DIRECT COSTS	214.9	198.1	190.9	192.3	194.4	200.1	205.4
Function Costs	196.3	182.4	175.9	177.8	179.9	185.6	190.9

REVENUES	1986	1987	1988	1989	1990	1991	1992
Federal Revenues	6.4	5.1	3.0	2.0	0.9	0.9	0.8
State Revenues	58.0	44.8	36.6	33.0	29.8	26.9	23.9
Local (Non-property tax) Revenues	36.2	33.3	33.9	34.4	35.2	36.2	37.3
Utility Revenue Distribution	5.5	7.0	6.0	6.0	6.0	6.0	6.0
Property Tax (actual or allowed)	83.9	85.8	94.6	100.6	106.2	113.8	1 21.1
Fund Balance	6.3	6.4	1.8	1.8	1.8	1.8	1.8
Intra-Governmental Charges	18.7	15.7	15.0	14.5	14.5	14.5	14.5
TOTAL REVENUES	214.9	198.1	190.9	192.3	194.4	200.1	205.4
OVER/(UNDER) TAX LIMIT	(1.4)	(8.4)	0	0	0	0	0
Implied Mill Rate—Gen.Govt. (mills)	5.50	6.44	7.28	7.72	7.75	7.91	8.01
Assessed Valuation (millions of $)	15,252.8	13,330.0	13,000.0	13,040.0	13,710.0	14,400.0	15,120.0

* Case 2: Same assumptions as Case 1, except capital projects also include those in the Proposed 1987-1992 Capital Improvement Program, adjusted to reflect $10 million general obligation bonds per year 1988-1992.

Columns may not add to total due to rounding.

Table A-8
ANCHORAGE SCHOOL DISTRICT

EXPENDITURES
($ Millions)

Budgeted/Projected Expenditures FY	82-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90	90-91	91-92
Operating Funds:										
General Fund	166.4	185.8	203.4	221.7	201.3	201.3	206.6	212.3	220.6	230.3
Food Service Fund	5.8	6.3	7.0	7.2	6.8	7.0	7.2	7.5	7.9	8.3
State & Federal Projects	7.2	7.1	8.4	9.6	9.6	9.6	9.8	9.9	10.7	10.6
Total - Operating	179.4	199.2	218.8	238.5	217.7	217.9	223.6	229.7	238.8	249.2
Debt Service Fund Through June 1986	11.4	20.2	20.1	20.1	22.8	22.7	22.7	22.7	22.1	22.6
Later Issues	-	-	-	-	3.7	5.3	5.3	8.0	8.2	8.1
Total-Debt Service	11.4	20.2	20.1	20.1	23.5	28.0	28.0	30.7	30.3	30.7
Total Expenditures Projected	190.8	219.4	238.9	258.6	241.2	245.9	251.6	260.4	269.2	279.9
Total Expenditures Adjusted to FY 1986-87 Base Year Dollars	218.0	237.8	252.6	265.1	241.2	242.3	243.0	244.8	246.1	249.2

REVENUES
($ Millions)

Budgeted/Projected Revenues FY	82-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90	90-91	91-92
Federal	4.7	5.5	6.1	6.0	7.2	7.5	7.6	7.8	8.1	8.4
State	145.1	158.2	169.3	180.0	156.8	156.9	157.0	161.8	168.3	175.3
Locally Generated and Fund Balance	11.4	9.1	6.7	10.9	13.4	8.9	8.1	8.4	8.5	8.5
Property Taxes	29.6	46.6	56.8	61.7	63.8	72.6	78.9	82.4	84.2	87.7
Total Revenues Projected	190.8	219.4	238.9	258.6	241.2	245.9	251.6	260.4	269.1	279.9
Calendar Year	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Mill Rate	3.24	3.66	4.27	4.00	4.04	5.12	5.83	6.18	6.08	5.97

TABLE A-9

Anchorage School District
Student Enrollment

Year	Count/ Projection
FY 82-83	39,291
FY 83-84	40,427
FY 84-85	42,063
FY 85-86	42,426
FY 86-87	41,997
FY 87-88	41,500
FY 88-89	41,600
FY 89-90	41,900
FY 90-91	42,900
FY 91-92	44,000