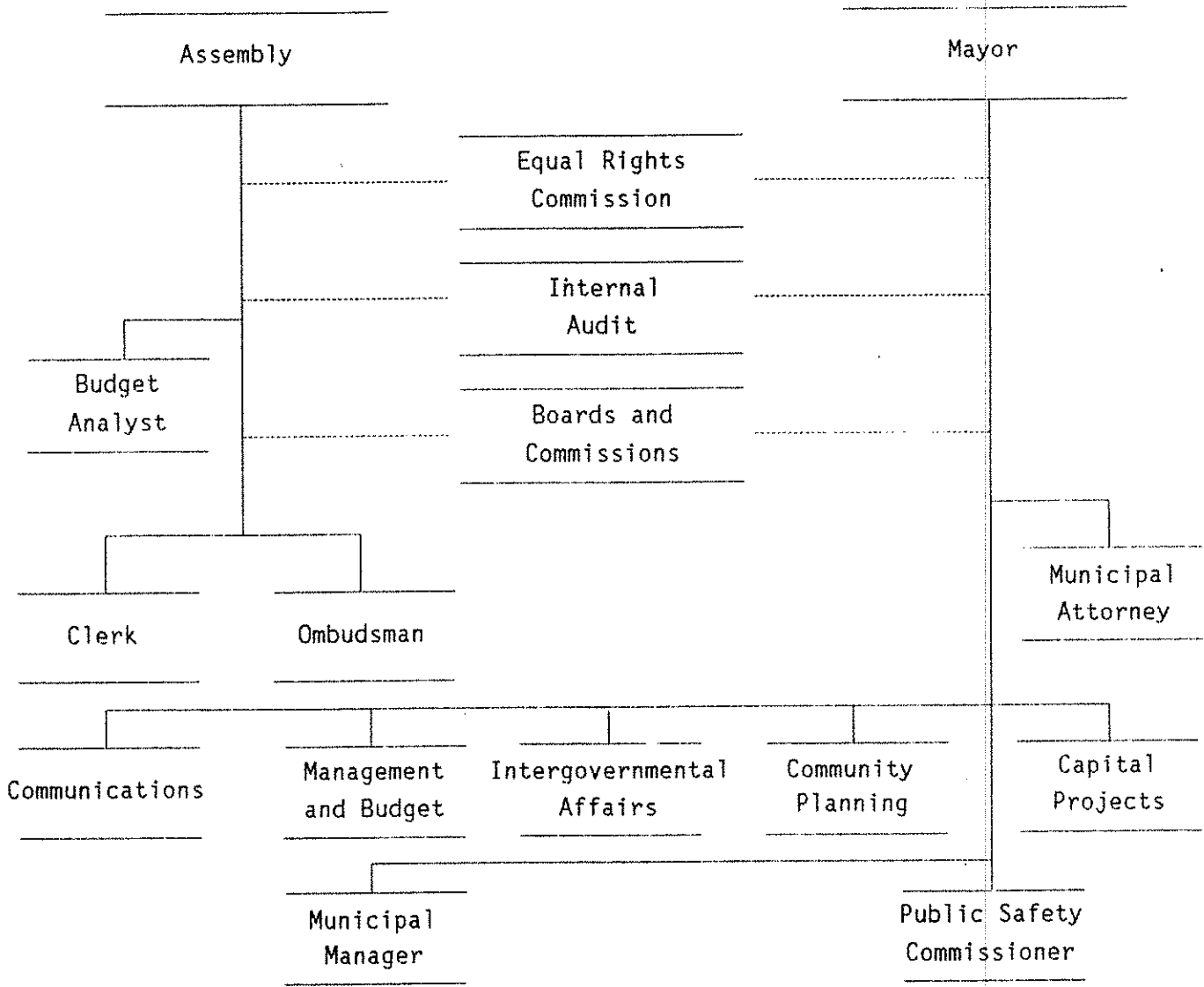


# **BUDGET OVERVIEW**

**1987 GENERAL GOVERNMENT OPERATING BUDGET  
MUNICIPALITY OF ANCHORAGE  
ORGANIZATION**



- o Finance
- o Information Systems
- o Employee Relations
- o Purchasing
- o Museum
- o Library
- o Parks and Recreation
- o Transit
- o Public Works
- o Anchorage Telephone Utility
- o Municipal Light and Power Utility
- o Anchorage Water and Wastewater Utility
- o Solid Waste Services
- o Port of Anchorage
- o Merrill Field
- o Health and Human Services
- o Transportation Inspection
- o Fire
- o Police

Note: The public utilities publish a separate budget document.

MUNICIPALITY OF ANCHORAGE  
OVERVIEW OF THE PROPOSED  
1987 GENERAL GOVERNMENT OPERATING BUDGET

The most significant points in this \$198 million proposed 1987 budget are:

- It holds taxes collected on existing property at the same level for 1987 as for 1986: \$83,934,010.
- It is \$8.4 million under the charter tax limitation.
- It reduces per capita government spending from \$871 in 1986 to \$809 (compared to \$980 in 1978) as adjusted to 1986 dollars.
- It cuts the budget \$17 million, yet absorbs full year headquarters library costs, maintains current high levels of public safety for police, fire and emergency medical services, and keeps all municipal facilities open.

This is a very positive achievement for the community. How was it possible at a time when state and federal revenues dropped \$14.5 million? The Administration and Assembly recognized last year that non-local revenues would decline and undertook an active program to cut administrative overhead, develop more cost-effective services and improve income from user fees.

The proposed 1987 budget is part of a multi-year budget reduction plan which was initiated last fall during the 1986 budget deliberations. The plan was modified throughout the year and adjusted significantly in early August when oil prices fell. At that time, the Administration sought and received Assembly concurrence with a plan to reduce spending to the \$204.4 million level.

This budget recognizes that state and federal revenues are likely to drop further and that additional expenditure adjustments will have to be made in the 1988 budget. But it also acknowledges that municipal government plays an important role in the local economy and must not create undue economic dislocation.

Expenditure Assumptions

For purposes of budget planning, the following assumptions were made about costs:

- Personnel accounts will be reduced by a \$3 million wage freeze as proposed to public employee bargaining units.
- Debt service payments on any bonds approved in the October 1986 election will not be due until January 1988 (although the bond funds will be available for use during the 1987 construction season).
- Operations and maintenance costs for the South Anchorage ballot issues on police and road services will be incorporated after the election, as required.

### Revenue Assumptions

The budget is based on the following revenue assumptions:

- Federal Revenue Sharing will be funded at a 25% reduction from last year's funding level.
- Actions to date by the 1986 Legislature and the Governor have reduced State Revenue Sharing and Municipal Assistance more than 20% from the 1986 levels.
- Utility Revenue Distribution from Anchorage Telephone Utility will be supplemented with \$300,000 in savings from ATU personnel accounts.
- Fund balances in most funds will be higher than necessary at year-end as a result of aggressive cost savings measures undertaken in 1986. The savings will be used in 1987 to hold taxes on existing property to the 1986 level.

### Personnel Summary

The following is a summary of municipal personnel:

	<u>1985 Revised Budget</u>	<u>1986 Revised Budget</u>	<u>1987 Proposed Budget</u>
Full-Time	2,181	2,116	1,996
Part-Time	103	118	88
Temporary	<u>180</u>	<u>164</u>	<u>128</u>
Total	2,464	2,398	2,212

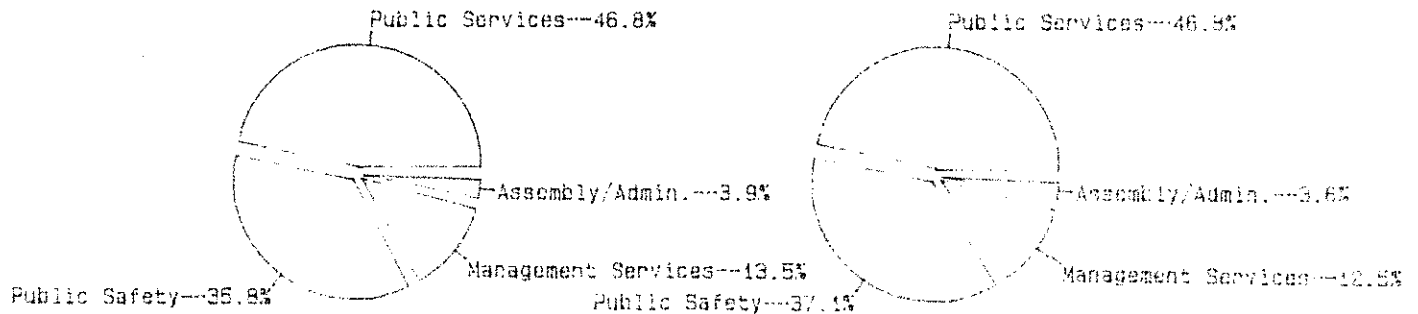
1987 Proposed General Government Operating Budget

DIRECT COST APPROPRIATION BY FUNCTIONAL AREA

	Public Services/ Transportation/ Neighborhoods	Public Safety	Management Services	Assembly Administration
Public Works	\$55,335,600	Office of Public Safety \$ 426,960	Municipal Manager \$ 2,275,350	Assembly \$1,335,690
Parks and Recreation	12,492,210	Health & Human Services 10,865,660	Finance 11,635,220	Equal Rights Commission 436,250
Transit	9,409,800	Fire 26,999,540	Information Systems 7,023,400	Internal Audit 377,270
Community Planning	2,735,130	Police 34,997,750	Employee Relations 2,230,470	Office of the Mayor 2,853,950
Capital Projects	656,260	Transportation Inspection 160,320	Purchasing 1,508,540	Municipal Attorney 2,191,750
Library	7,943,270			
Museum	1,160,620			
Non-Departmental	3,009,690			
<b>TOTAL</b>	<b>\$92,742,580</b>	<b>\$73,450,230</b>	<b>\$24,672,980</b>	<b>\$7,194,910</b>

1986 Revised

1987 Proposed



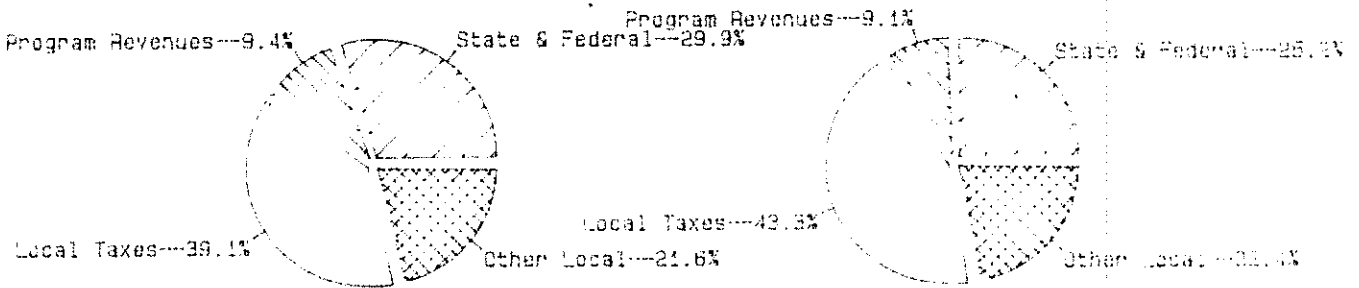
# 1987 Proposed General Government Operating Budget

## SOURCES OF FUNDS

	<u>1986 Revised</u>	<u>1987 Proposed</u>
State and Federal Revenues	\$ 64,364,480	\$ 49,869,940
Program Revenues	20,292,130	18,032,410
Local Taxes on Existing Property	83,934,010	83,934,010
Taxes on New 1986 Construction	0	1,886,410
Other Local Revenues	<u>46,332,140</u>	<u>44,337,930</u>
<b>TOTAL</b>	<b>\$214,922,760</b>	<b>\$198,060,700</b>

1986

1987



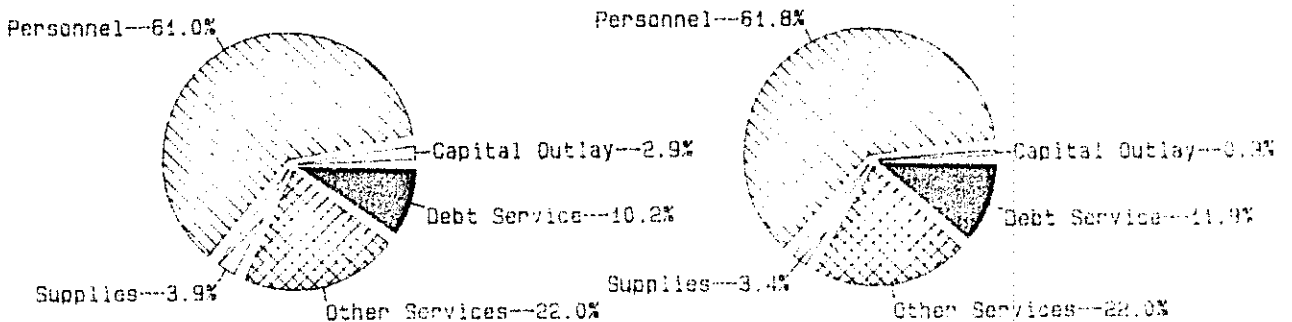
Estimated assessed valuation	1986: \$15.2 billion	1987: \$13.3 billion
Average mill rate	1986: 5.50 mills	1987: 6.45 mills

## DIRECT COSTS BY TYPE OF EXPENDITURE

	<u>1986 Revised</u>	<u>1987 Proposed</u>
Personal Services	\$131,180,040	\$122,307,500
Supplies	8,269,100	6,843,590
Other Services	47,367,110	43,536,390
Debt Service	21,888,820	23,577,920
Capital Outlay	<u>6,217,690</u>	<u>1,795,300</u>
<b>TOTAL</b>	<b>\$214,922,760</b>	<b>\$198,060,700</b>

1986

1987



1987 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1985 Revised	1986 Revised	1987 Budget
<b>FEDERAL REVENUES</b>			
9311 Federal Revenue Sharing	\$ 9,566,270	\$ 5,388,810	\$ 4,000,000
9312 Federal in Lieu of Property Tax	452,010	460,000	460,000
9324 Mass Transportation	623,090	500,000	575,000
9331 Other Federal Grant Revenue	-0-	40,000	48,600
9357 National Forest Allocation	1,480	1,480	1,480
<b>Total Federal Revenues</b>	<b>\$ 10,642,850</b>	<b>\$ 6,390,290</b>	<b>\$ 5,085,080</b>
<b>STATE REVENUES</b>			
9342 Municipal Assistance	\$ 37,718,600	\$ 37,029,480	\$ 29,623,580
9344 Fisheries Tax	66,700	66,700	60,030
9346 Health Facilities	977,500	1,245,290	824,380
9347 Liquor Licenses	320,570	320,570	288,510
9348 Amusement Device Licenses	30,000	20,000	27,000
9349 Road Maintenance	1,739,370	1,739,370	1,408,890
9355 Electric Co-Op Allocation	667,000	667,000	600,300
9362 General State Revenue Sharing	14,817,300	16,853,280	11,919,670
9461 State Highway Maintenance	-0-	-0-	-0-
9481 State of Alaska - 911	22,700	32,500	32,500
<b>Total State Revenues</b>	<b>\$ 60,523,050</b>	<b>\$ 57,974,190</b>	<b>\$ 44,784,860</b>
<b>LOCAL REVENUES</b>			
9003 Penalty/Interest on Delinquent Taxes	860,600	1,000,000	\$ 923,300
9004 Tax Cost Recoveries	71,000	71,000	71,000
9006 Auto Tax	4,163,310	4,138,280	4,138,280
9021 Franchises	510,710	510,710	510,710
9022 Payment In Lieu of Taxes	67,960	68,110	68,110
9023 Hotel and Motel Taxes	3,548,420	3,832,290	3,832,290
9024 Penalty/Interest on Hotel/Motel Taxes	3,900	3,900	3,900
9111 Building and Trade Licenses	90,000	26,000	40,000
9112 Taxicab Permits	189,490	157,640	155,000
9113 Contractor Certificates and Examinations	5,000	2,500	4,500
9114 Chauffeur Licenses	14,000	14,000	14,000
9115 Taxicab Permit Revisions	8,750	10,620	10,630
9116 Local Business Licenses	40,000	70,000	68,000
9117 Chauffeur License Renewal	21,000	18,250	21,000
9118 Bicycle Licenses	500	100	100
9131 Plan Checking Fees	1,100,000	698,940	775,000

1987 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1985 Revised	1986 Revised	1987 Budget
9132 Building Permits	\$ 1,900,000	\$ 1,554,030	\$ 1,419,500
9133 Electrical Permits	600,000	450,000	310,000
9134 Gas and Plumbing Permits	625,000	465,000	375,000
9135 Moving Fence/Sign Fees	15,000	1,190	12,000
9136 Construction and Right-of-Way Permits	191,500	134,300	108,000
9137 Elevator Inspection Fees	45,000	90,000	90,000
9138 Mobile Home Inspection Fees	45,000	27,000	34,000
9139 Land Use Permits	-0-	97,390	20,000
9141 Amusement Surcharge	50,000	75,800	75,600
9191 Animal Licenses	50,000	14,000	40,000
9192 Emission Inspection Fees	600,000	1,450,000	-0-
9199 Miscellaneous Permits	32,000	37,500	16,150
9211 Court Fines and Forfeitures	1,338,000	1,163,800	1,136,780
9212 Failure to Appear Warrants	-0-	355,500	355,500
9213 Library Book Fines	11,770	10,740	53,280
9215 Other Fines and Forfeitures	30,000	23,500	28,000
9411 Platting Fees	520,000	300,000	150,000
9412 Zoning Fees	115,000	100,000	140,000
9413 Sale of Publications	50,000	40,000	28,250
9415 Miscellaneous Map Sales	21,000	21,000	14,000
9416 Address Fees	-0-	-0-	7,500
9417 Zoning Inspection	-0-	-0-	22,000
9418 Vehicle Inspection Program	-0-	-0-	1,408,420
9419 Vehicle Inspection Program	-0-	-0-	20,000
9421 Junk Removal Fees	2,000	-0-	-0-
9423 Family Planning Fees	95,000	97,000	90,000
9424 Travel Immunization	-0-	-0-	2,000
9425 Dispensary Fees	32,500	47,500	40,000
9426 Sanitary Inspections Fees	453,300	499,170	482,350
9431 Public Transit Fees	1,390,960	1,414,650	1,390,590
9436 Transit Charter Fees	10,000	20,960	20,000
9441 Recreational Activities	207,640	246,540	292,000
9443 Swim Fees	536,040	663,710	1,016,760
9445 Cemetery Fees	40,000	32,000	78,150
9446 Ski Fees	14,000	11,000	12,000
9447 Golf Fees	16,000	25,000	40,000
9448 Camper Park Fees	90,000	90,000	93,000
9449 Sydney Laurence Auditorium/ 4th Avenue Fees	39,630	74,870	-0-
9451 Ambulance Service Fees	1,035,000	1,180,100	770,000
9452 Fire Training Center	-0-	-0-	36,500
9453 Fire Alarm Fees	15,600	15,600	15,600
9454 State Fire Training Contract	36,300	36,500	-0-
9462 Subdivision Inspection Fees	685,000	379,240	350,000
9463 Mapping Fees	50,000	50,000	62,000



1987 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1985 Revised	1986 Revised	1987 Budget
9464 Demolition Services	\$ 42,000	\$ 15,000	\$ -0-
9471 Building Rental	-0-	87,080	-0-
9484 Animal Shelter Fees	200,000	120,000	160,000
9492 Service Fees - School District	552,760	555,000	230,000
9493 Microfiche Sales	26,670	27,800	26,000
9494 Clinic Fees	50,000	54,000	49,500
9495 Parking Authority Service Fees	-0-	154,480	108,220
9499 Reimbursed Costs	1,074,080	1,089,450	1,423,300
9532 Miscellaneous Nonoperating Income	-0-	10,000	10,000
9601 Contributions from other Funds	2,968,240	196,970	120,070
9623 Utility Revenue Distribution and Savings from ATU	-0-	5,500,000	7,000,000
9711 Assessments	1,393,000	1,500,000	1,132,520
9712 Penalty/Interest on Assessments	543,000	592,000	260,000
9731 Lease and Rental Revenues	753,260	758,450	754,450
9732 Lease State Land Conveyance	61,030	55,000	55,000
9741 State Land Sales	715,980	934,550	934,550
9742 Other Property Sales	130,000	122,600	102,500
9752 Parking Garages & Lots	15,000	-0-	71,120
9761 Cash Pool Short-Term Interest	8,667,370	6,946,520	5,055,230
9762 Other Short-Term Interest	180,400	210,300	829,820
9765 Long-Term Interest	-0-	800,000	392,280
9782 Lost Book Reimbursement	1,910	700	6,400
9783 Library Fees	-0-	1,400	23,320
9784 Beverage Revenue	6,000	24,600	-0-
9793 Liquor Licenses	2,000	5,000	5,000
9794 Appeal Receipts	13,500	11,500	40,250
9795 Sale of Contractor Specifications	18,500	20,000	26,000
9796 Transit Advertising Fees	30,000	30,000	80,000
9797 Copier Fees	50,020	57,770	58,250
9798 Miscellaneous Revenue	46,000	600	60,700
9822 Fire Training Center Fees	-0-	21,470	-0-
<b>Total Local Revenues</b>	<b>\$ 35,060,290</b>	<b>\$ 41,819,170</b>	<b>\$ 40,305,230</b>
<b>OTHER REVENUES</b>			
Intragovernmental Revenues	\$ 21,723,790	\$ 18,664,580	\$ 15,687,270
Fund Balance Applied	8,709,780	6,291,900	6,377,840
Taxes	74,442,680	83,934,010	85,820,420
Restricted Profits	(92,570)	(151,380)	-0-
<b>Total Other Revenues</b>	<b>\$104,783,680</b>	<b>\$108,739,110</b>	<b>\$107,885,530</b>
<b>TOTAL REVENUES</b>	<b>\$211,009,870</b>	<b>\$214,922,760</b>	<b>\$198,060,700</b>

## 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 at the end of this guide).
- Section III, How a Budget is Prepared and Compiled, explains the budgeting process used by general government departments.
- Section IV, How to Use the Budget Document, leads the reader step-by-step through the forms in the budget document. The interrelationships of the various forms are explained.

### II. GENERAL BUDGET PRINCIPLES

#### The Budget as a Financial and Program Plan

The operating budget outlines the financial and program plan for the 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 28 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, Chugiak, and Girdwood.
- 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, Eagle River/Chugiak, and Girdwood.

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 management and budget director, municipal manager, public safety commissioner, chief fiscal officer 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 Maintenance Support Division maintains all general government buildings. Maintenance costs are budgeted in Maintenance Support 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 the Appendix.

### 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:

$$\begin{aligned} \text{Service Area Tax Requirement} &\div \text{Service Area Assessed Valuation} \times 1,000 = \text{Mill Levy} \\ \$2,000,000 &\div \$10,000,000,000 \times 1,000 = .20 \text{ mills} \end{aligned}$$

A summary of mill levies by fund is in the Appendix.

### 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 three major sections:

- **Budget Overview:** budgetary environment assumptions and guidelines; summaries of expenditures, revenues, property taxes and mill levies and out-year projections.
- **Department Detail:** each department's organization chart; the highlights of the department's budget; a resource plan which summarizes expenditures, revenues and personnel; a reconciliation which shows the changes from one year to the next; and a program plan for each major activity.
- **Appendices:** detailed comparisons of expenditures, revenues, assessed valuation and mill levies; list of all program changes; and personnel summary; and glossary of terms.
- A separate volume titled "**Fiscal Trends Report**" gives historical information on government spending and public/private sector activity levels, and six year projections of general government expenditures and revenues. It describes the impact of various levels of future capital and operating expenditures and fiscal policy considerations.

### How to Read the Budget Overview Section

The Overview 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.

DEPARTMENT SUMMARY		
Department	FIRE	
Mission	To manage and administer the fire, rescue, emergency medical and emergency management portions of the Municipal public safety program.	
Major Programming Highlights		
<ul style="list-style-type: none"><li>- Fire Suppression crews will operate 12 fire stations, respond to over 6,000 emergencies with an average response time of 4.5 minutes, inspect 2,300 businesses and prepare pre-fire plans.</li><li>- Emergency Medical Services units at 5 stations will respond to 12,500 requests for medical assistance providing basic or advanced life support and transporting all patients requiring primary medical care to the nearest medical facility.</li><li>- Fire Prevention personnel will review 2,500 commercial, multi-family and other new construction plans; make over 3,500 fire safety inspections; respond to nearly 5,000 citizen complaints relative to fire safety; and coordinate/monitor the investigation of all fires.</li><li>- Fire Training program capabilities will be significantly improved with primary responsibility for all department training programs, public education, and community affairs coordination.</li></ul>		
Resources	1986	1987
Direct Costs	\$ 29,308,070	\$ 26,999,540
Program Revenues	\$ 1,414,120	\$ 951,800
Personnel	315FT	307FT



## Resource Plan

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

1987 RESOURCE PLAN												
DEPARTMENT: FIRE	FINANCIAL SUMMARY						PERSONNEL SUMMARY					
	DIVISION	1986 REVISED	1987 BUDGET	1986 REVISED			1987 BUDGET					
				FT	PT	TOTAL	FT	PT	TOTAL			
FIRE ADMINISTRATION	1,202,510	1,522,000	15		15	16		16				
FIRE SUPPORT SERVICES	1,697,150	1,542,570	21		21	21		21				
EMERGENCY MEDICAL SERVICE	3,683,000	3,091,000	40		40	40		40				
OFFICE OF EMERGENCY MGT	100,250	137,500	2		2	2		2				
FIRE & RESCUE OPERATIONS	20,453,490	18,561,950	221		221	213		213				
FIRE PREVENTION	1,195,950	1,066,000	12		12	12		12				
FIRE TRAINING CENTER	292,610	326,000	3		3	3		3				
OPERATING COST	28,616,600	26,929,260	314		314	307		307				
ADD DEBT SERVICE	691,390	570,280										
DIRECT ORGANIZATION COST	29,308,070	26,999,540										
ADD INTRAGOVERNMENTAL CHARGES	6,220,570	6,306,280										
CHARGES FROM OTHERS												
TOTAL DEPARTMENT COST	35,528,640	33,305,920										
LESS INTRAGOVERNMENTAL CHARGES TO OTHERS	3,858,870	3,966,070										
FUNCTION COST	31,669,770	29,339,850										
LESS PROGRAM REVENUES	1,392,650	451,800										
NET PROGRAM COST	30,277,120	28,888,050										

1987 RESOURCES BY CATEGORY OF EXPENSE					
DIVISION	PERSONAL SERVICES	SUPPLIES	OTHER SERVICES	CAPITAL OUTLAY	TOTAL DIRECT COST
FIRE ADMINISTRATION	1,096,820	17,000	202,180	6,000	1,322,000
FIRE SUPPORT SERVICES	1,681,900	26,000	26,850	1,200	1,545,570
EMERGENCY MEDICAL SERVICE	3,241,620	74,020	18,210	57,590	3,091,000
OFFICE OF EMERGENCY MGT	129,100	1,850	9,320	2,160	137,570
FIRE & RESCUE OPERATIONS	17,176,350	299,900	1,475,260	89,550	19,026,660
FIRE PREVENTION	1,016,500	17,000	17,000	15,900	1,066,000
FIRE TRAINING CENTER	237,600	12,310	77,050		326,000
LESS VACANCY FACTOR	495,210				495,210
DEPT. TOTAL WITHOUT DEBT SERVICE	23,979,180	456,160	1,806,480	167,440	26,429,260
ADD DEBT SERVICE					570,280
TOTAL DIRECT ORGANIZATION COST	23,979,180	456,160	1,806,480	167,440	26,999,540

## Department Reconciliation

The Department Reconciliation shows how the department's budget differs from the current year to the budget year. 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 1986 REVISED TO 1987 BUDGET		
Department	FIRE	
		Direct Costs      Positions
1986 Revised Budget:		\$29,308,070      315FT
Amount Required to Continue Existing Programs in 1987:		677,120
REDUCTIONS IN EXISTING PROGRAMS:		
- Reduce fire suppression costs through elimination of one fire tanker and crew and one engine company		(661,710)      (9FT)
- Eliminate the Administrative Officer position supporting Emergency Medical Services and Fire Suppression		(53,030)      (1FT)
EXPANSIONS IN EXISTING PROGRAMS:		
- Balance of year funding for position of Girdwood Special Administrative Assistant established in 1986		21,440
- Increase resources devoted to improve fire/emergency medical services training function		162,160      2FT
NEW PROGRAMS:		
- None		
MISCELLANEOUS INCREASES/DECREASES:		
- Reduction in personnel account		(101,720)
- Charge for medical insurance on retirees		71,530
- Department benefit for retirement rate and other personal services accounts		(1,717,080)
- Supplies, capital outlay, debt service and other accounts		(343,240)
- Eliminate one-time costs for Chugiak fire equipment and building remodel		(350,000)
- Other miscellaneous services		(14,000)
1987 BUDGET		\$26,999,540      307FT

Program Plans

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

1987 PROGRAM PLAN										
DEPARTMENT: FIRE				DIVISION: FIRE PREVENTION						
PROGRAM: Fire Prevention										
PURPOSE:										
Provide fire and life safety inspections for new and existing commercial structures, and multi-family residences. Review plans for new and remodeling construction for compliance of the fire code as adopted in Title 23, Municipal Ordinance.										
1986 OBJECTIVES:										
- Maintain a 10 to 15 day turn-a-round time for construction plan reviews.										
- Inspect new and existing commercial and industrial structures within the Fire Department's service area.										
- Respond to all fire and life safety complaints and service requests.										
- Provide the needed coordination, quality control, and support for the 56 hour investigation program.										
1987 OBJECTIVES:										
- Review 2,500 commercial and multi-residential construction plans, maintaining a 10 to 15 day turn-a-round time.										
- Accomplish 3,500 fire and life safety inspections in new and existing buildings.										
- Respond to 5,000 complaints and service requests.										
- Maintain daily coordination between the 56 hour investigators.										
- Provide quality control for reports and case reviews, and provide training and logistical support.										
RESOURCES:										
		1985 REVISED			1986 REVISED			1987 BUDGET		
		FT	PT	T	FT	PT	T	FT	PT	T
PERSONNEL:		12	0	0	12	0	0	12	0	0
	PERSONAL SERVICES	\$ 1,059,280			\$ 1,075,820			\$ 1,016,540		
	SUPPLIES	21,460			22,020			17,000		
	OTHER SERVICES	32,170			38,190			17,900		
	CAPITAL OUTLAY	15,100			9,400			15,900		
	TOTAL DIRECT COST:	\$ 1,128,010			\$ 1,145,430			\$ 1,067,340		
	PROGRAM REVENUES:	\$ 0			\$ 155,500			\$ 125,000		
PERFORMANCE MEASURES:										
	Construction Plan Reviews	3,250			2,500			2,500		
	Code Enforcement Inspections	3,450			3,500			3,500		
	Complaints and Requests	6,000			5,000			5,000		
26 SERVICE LEVELS ARE FUNDED FOR THE DEPARTMENT. THIS PROGRAM HAS LEVELS:										
10, 14, 23										

## 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 (as of 6/30) for each department over the past four years. More information on direct costs can be found in the Department Detail section and in the summary in Appendix C.
- B. **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.
- C. **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.
- D. **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.
- E. **Personnel Summary:** Indicates personnel positions by type (full-time, part-time, temporary) and department. Three years' information is included for comparison.
- F. **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.
- G, H, I and J. **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.

- K. **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 D. 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.
- L. **Function Cost Comparison by Fund:** Compares operating budget function costs (direct costs with intragovernmental charge additions and subtractions) by fund.
- M. **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.
- N. **Federal Revenue Sharing Summary:** Summarizes the planned use of federal revenue sharing money. A public hearing on the planned use is required by law.
- 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. **Spending Limitation Calculation:** Presents the spending limitation calculation as required by the Anchorage Municipal Code 6.10.037.

## GLOSSARY OF TERMS

Ad valorem tax	A tax based on value. Property taxes in the municipality are an ad valorem tax. Taxpayers pay a set rate per dollar of assessed value of taxable property.
Allocated revenues	Revenues received or earned by the municipality which are not attributed to a particular program or service. Examples are federal and state revenue sharing and interest earned on cash investments. These revenues are distributed to funds (service areas), but not to particular programs. The method of allocation varies, depending on the type of revenue.
Allowed budget	Amount the total budget can be without exceeding the tax limitation. Calculated by adding the amount of taxes allowed under the tax limitation and other anticipated revenues (program and allocated revenues and intragovernmental charges to non-tax-supported units such as grants and utilities).
Amount required to continue existing programs	The current year's budget adjusted by the amount necessary to pay for the existing personnel, known debt service and certain other one-time costs or known new requirements.
Appropriation	An authorization by the Assembly to make expenditures. The Assembly makes appropriations in the operating budget for each department and fund. Appropriations lapse at the end of the fiscal year.
Areawide Services	Services provided throughout the entire municipality. Examples are education, planning and zoning, library, health and transit.
Average mill rate	The average tax rate (mill levy) computed by: $\frac{\text{Total property tax required}}{\text{Total area-wide assessed valuation}} \times 1,000 = \text{Average Mill Rate}$
Assessed valuation	The value of real estate and other taxable property established by the municipality as a basis for levying taxes. By state law, all taxable property must be assessed annually at 100% of market value.

**Balanced budget** A budget in which sufficient revenues must be available to fund anticipated expenditures.

**Budget unit** An organization level for which a budget is prepared. This is usually a division or section, depending on the organizational structure of the particular department.

**Charter** The governing document which created the Municipality of Anchorage as a home rule government. The charter was adopted in 1975 and may be amended only by a majority of those voting on the proposed amendment.

**Code** The laws which interpret and implement the municipal charter. The code is adopted and may be revised, by ordinance approved by at least six members of the Assembly.

**Debt Service** Principal and interest payments on debt incurred (bonds sold) by the municipality.

**Direct costs** Salaries and other personnel expenses, supplies, contracts and other purchased services, debt service, machinery and other capital expenses. The Assembly appropriates a department's direct costs for the fiscal year.

**Expense** General government expenses include salaries, wages, supplies, contracts, debt service, purchases of machinery and equipment.

**Fiscal year** An accounting term for the budget year. The fiscal year of the municipality is January through December 31.

**Function cost** The appropriation level for funds (or service areas). Function cost is calculated as follows:

$$\begin{array}{r} \text{Direct} + \text{Intragovern-} \quad - \text{Intragovern-} \quad = \text{Function} \\ \text{cost} \quad \text{mental charges} \quad \text{mental charges} \quad \text{cost} \\ \quad \quad \text{from others} \quad \quad \text{to others} \end{array}$$

The function cost of a particular fund is the sum of the function costs of all budget units assigned to the fund.

**Fund** An accounting entity designed to isolate the expenses and revenues of a particular program or service. Funds are classified according to type: general, enterprise, debt service, etc. The expenses and revenues are accounted for according to generally accepted accounting principles. Each service area established in the municipality is assigned a unique fund number and title.

**Fund balance** A reserve equal to approximately 10% of the appropriation for each fund. This protects against shortfalls in revenue collection, allows adequate cash flow management and provides the financial ability to meet emergencies.

**Intragovernmental charge** The charge for a service which one budget unit (servicer) provides to another (requestor). Charges to other budget units are counted as revenues; charges from others are counted as expenses.

**Mill levy or Mill rate** A rate of tax to be assessed on all taxable property. Mill rates are expressed in terms of \$1 of tax per \$1,000 of assessed value. Mill levy is computed as follows:

$$\frac{\text{Property tax required in a service area}}{\text{Total assessed value of taxable property in the service area}} \times 1,000 = \text{Mill Levy}$$

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

$$\begin{aligned} & \text{Direct cost} + \text{Intragovernmental charges from others} - \text{Intragovernmental charges to others} \\ & - \text{Program revenues} = \text{Net Program Cost} \end{aligned}$$

**Program plan** A description of the work to be performed and resources required for each major type of activity (program).

**Program revenue** Revenues earned by a program, including fees for service, license and permit fees and fines.



**Property tax**

Total amount of revenue to be raised by levying taxes on real and personal property. Property tax is computed as follows:

Net program costs for all budget units in a particular fund	-	Allocated revenues assigned to the fund and fund balance	=	Property tax required for the fund to meet the budget
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**Resources**

The personnel and financial requirements of each program. Personnel resources are stated in terms of full-time, part-time and temporary positions. Financial resources are stated in terms of five major expense categories (personal services, supplies, other services, debt services and capital outlay).

**Service area**

A legal entity which funds particular governmental services. Service areas are created, altered or abolished only with the approval of a majority of those voting on the question within the affected area. The services are financed only from taxes on property within the area (after all other revenue sources are applied). Areawide some services are provided to, and paid for by, taxpayers throughout the municipality. Other services are limited to smaller geographic areas. Examples of service areas are:

- Chugiak Fire Service Area
- Anchorage Police Service Area
- Anchorage Roads and Drainage Service Area
- Girdwood Valley Service Area.
- Glen Alps Service Area.

**Service level**

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

**Spending limitation**

Anchorage Municipal Code Section 6.10.037 established a spending limitation on general government tax-supported services. It generally limits per capita expenditure increases to the amount of inflation (as measured by the Anchorage consumer price index) and expenditures required to provide voter and legally mandated services.

**Tax limitation** A charter amendment passed by the voters of Anchorage in October 1983, which sets an upper limit on the amount of taxes the municipality can levy in any given year. The tax limit is generally based on the amount levied in the previous year, increased by the rate of inflation and the five-year average population growth. Exceptions to the limit are taxes allowed for payment of debt service and judgments against the municipality and taxes to fund voter-approved services.

**Tax requirement** The amount of property tax allowed and necessary to fund the budget.

**Tax-supported** A term used to indicate programs or funds which depend, to some degree, on property taxes as a source of revenue. Those which are not tax-supported earn sufficient program revenues, allocated revenues and/or intragovernmental charge revenues to balance their budgets.

**Vacancy factor** A portion of personal services costs which probably will not be spent during the budget year. Vacancy factor is determined for each department based on historical amounts unspent due to interim position vacancies, attrition and filling positions at a lower salary step than budgeted. The personal services amounts shown in the budget are net, since the vacancy factor has already been subtracted.

**Zero-base budgeting (ZBB)** A budgeting process which allows for review of varying levels of service at varying levels of resources required. The underlying assumption for a zero-base budget is that existing and new programs should be equally scrutinized and prioritized annually.