

# **FISCAL PROFILE**

### III. FISCAL PROFILE

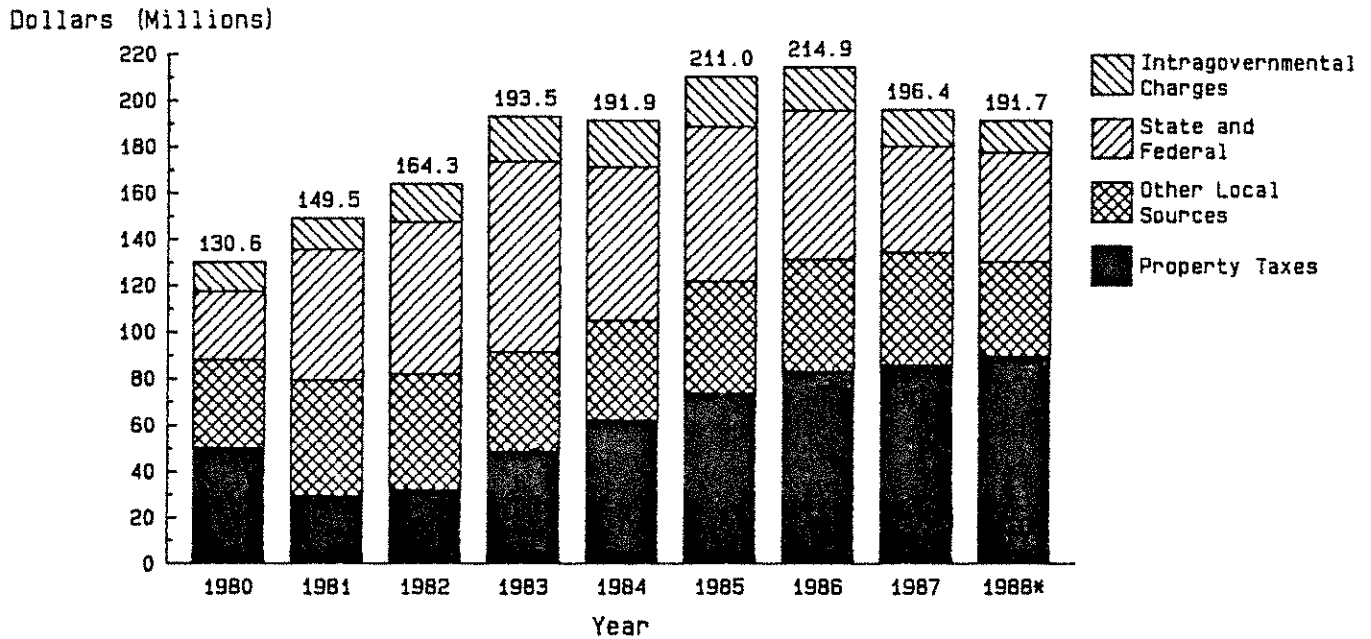
This section provides historical information on some important aspects of the Municipality of Anchorage's fiscal structure. Trends in this data give an indication of how the fiscal situation has changed over the last several years, and may lend perspective to current choices and projections of the future.

#### Operating Revenues

Under our balanced budget requirement, the level of local government services is dependent upon the availability of same-year revenues with which to fund these activities. The following charts summarize the level and sources of operating revenues over the past several years.

Figure 3-1

#### Budgeted Revenues General Government Operating Purposes 1980-1988



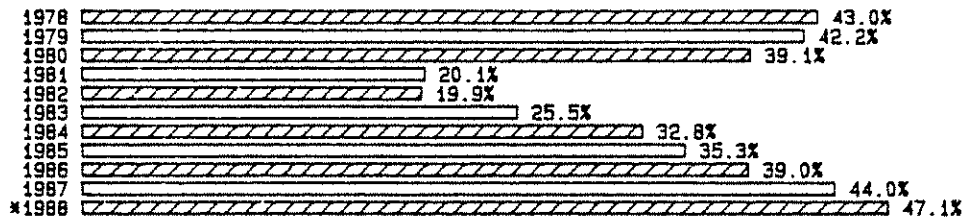
\* 1988 Proposed Budget.

Revenues 1980-1987 based on budgeted amounts revised as of June 30 of each year. These numbers may differ from actual year-end collections.

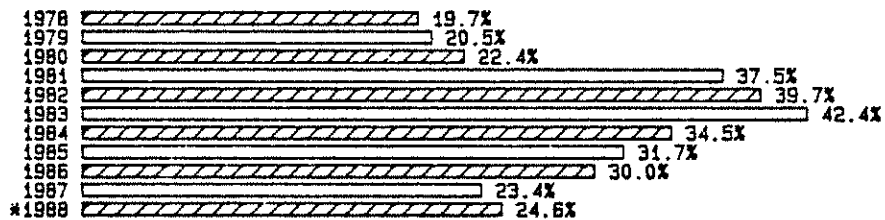
Figure 3-2

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

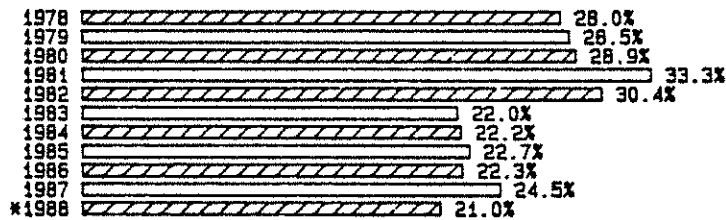
**Property Taxes**



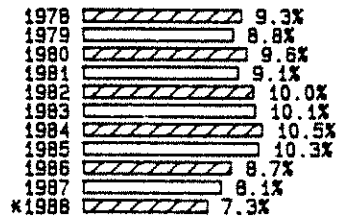
**State and Federal Revenues**



**Other Local Sources\*\***



**Intragovernmental Charges**



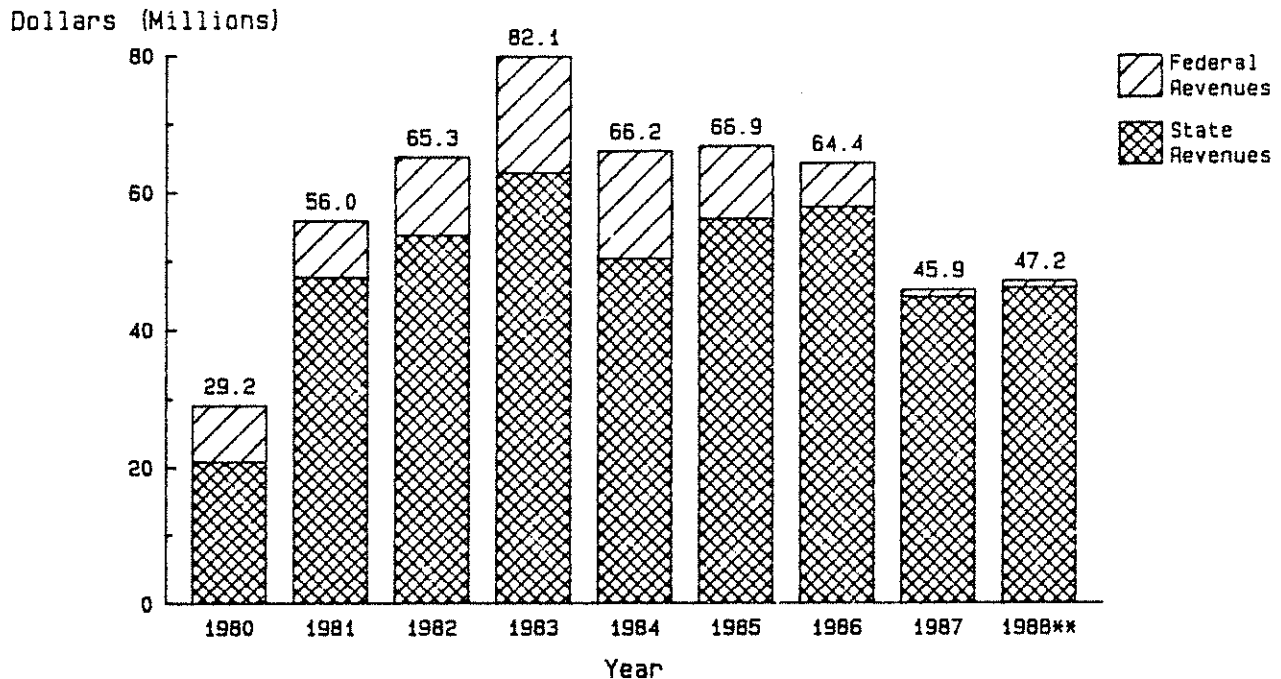
\* 1988 Proposed Budget, 1978-87 Revised Budgets.

\*\*Other local sources include fees, charges, interest earnings, fund balance contributions, Utility Revenue Distribution, hotel/motel tax, automobile taxes, and other miscellaneous revenues. See Figure 3-8 for more detail on this category.

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

Figure 3-3

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



\* Includes revenue sharing programs and Urban Mass Transit grants but not special categorical grants which are not part of the operating budget (see next page).

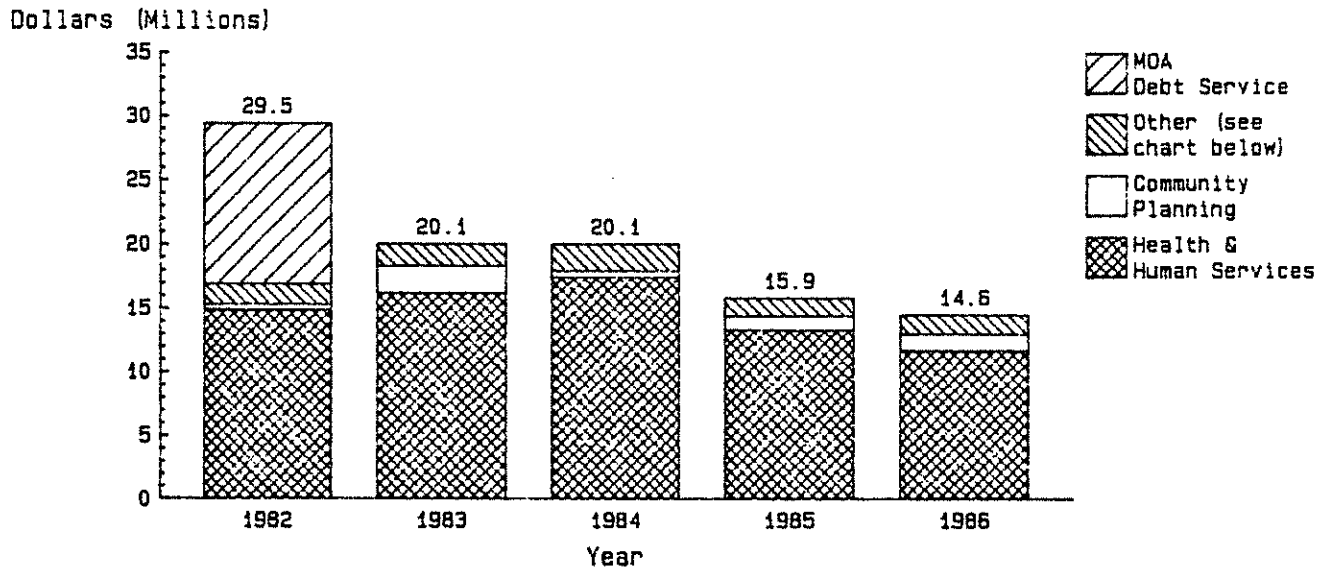
\*\* 1988 Proposed Operating Budget. 1980-1987 numbers are based on revised budgets.

Although State appropriations for revenue sharing and municipal assistance were reduced 15% in the State FY88 budget, a change in the timing of revenue sharing payments results in expected receipts holding constant from 1987 to 1988. Also, the proposed budget contains \$1.5 million to be requested from the State to offset jail costs which doubled this year. Further discussion of state revenues is contained in Section II of this report.

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 3-4 and 3-5.

Figure 3-4

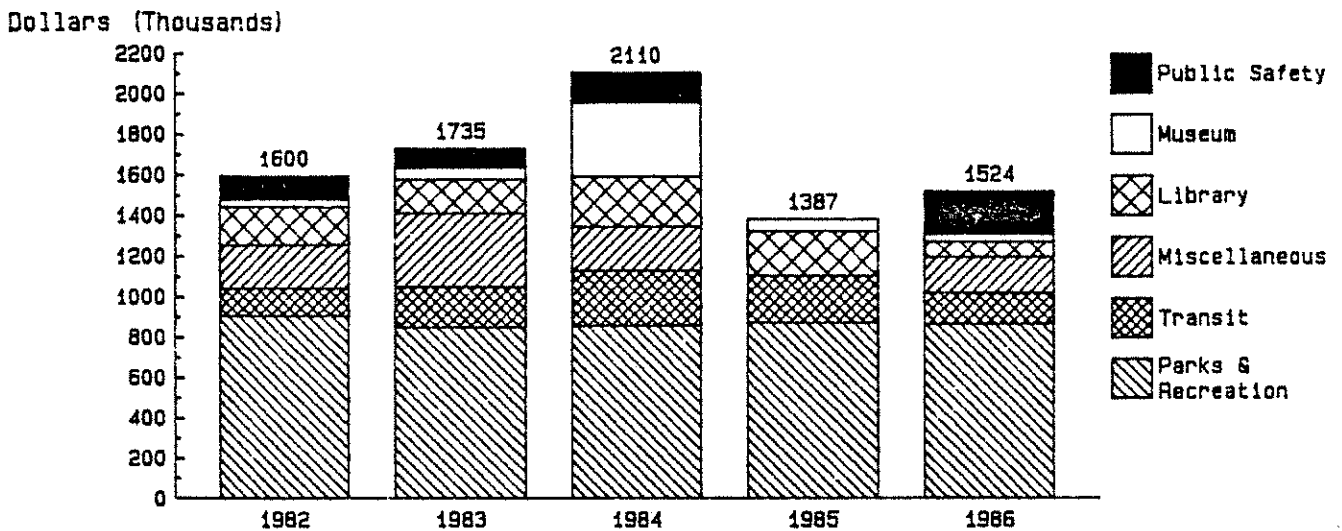
**Summary of State and Federal Categorical Grants By Purpose \***



\* These grants are not included in Figure 3-3 (State and Federal revenues which are part of the MOA operating budget).

Figure 3-5

**Detail on "Other" Category Categorical Grants (Thousands of Dollars)**



State and federal revenues have acted as an offset to local property taxes over the past ten years. As shown in Figure 3-6, the percentages of operating revenues from local and intergovernmental sources have tended to move in opposite directions. This relationship is reflected in mill levy trends over the same period (Figure 3-7).

Figure 3-6

### Property Taxes and State/Federal Revenues As % of General Government Operating Revenues

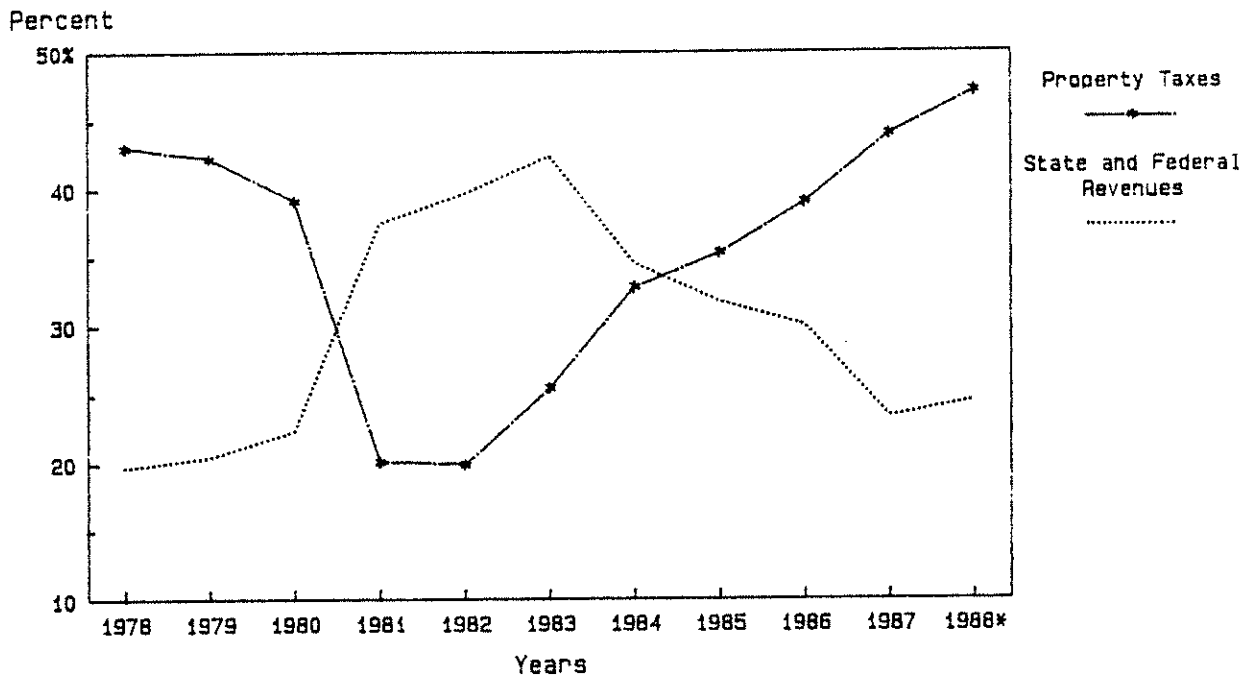
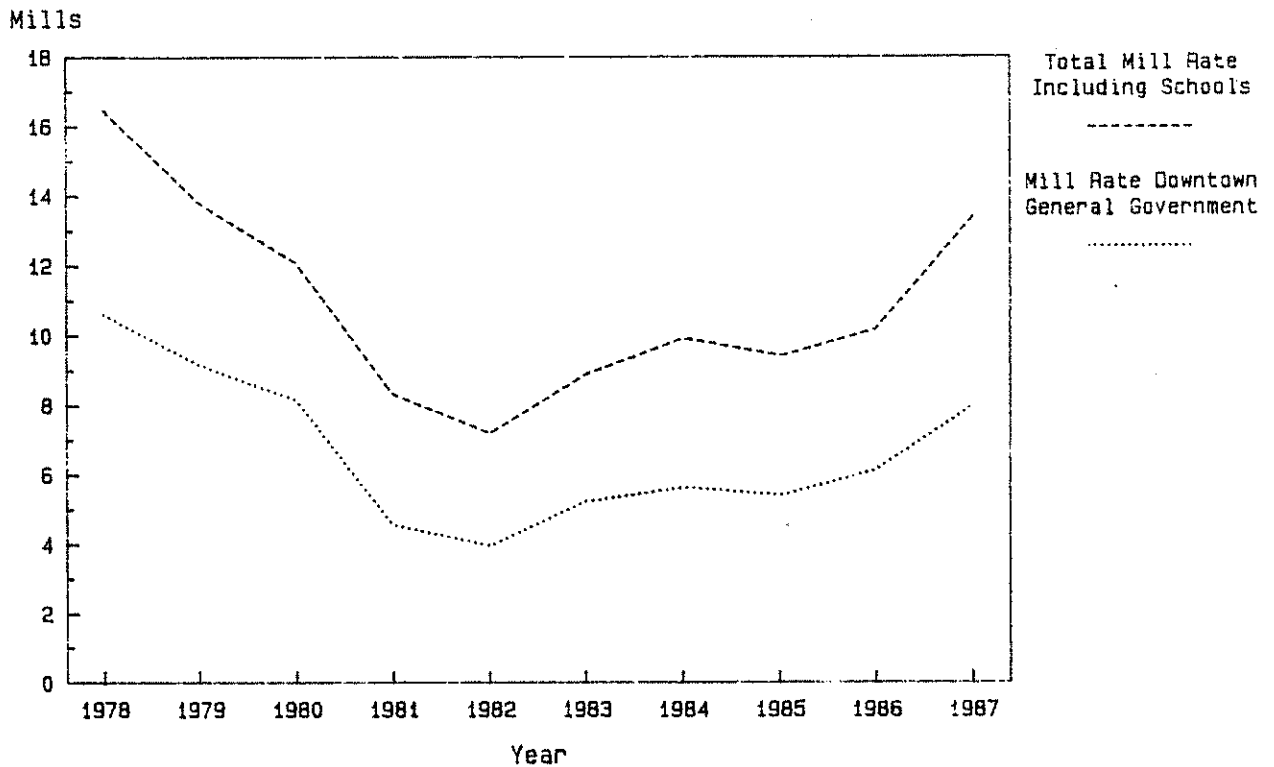


Figure 3-7

### Mill Rate Trends for Property Taxation (Downtown Area)



A mill is one tenth of 1%. For each mill of taxation, the tax equals .001 times the assessed valuation of a property (1 mill equals \$100 for each \$100,000 of assessed valuation).

Table 3-1 shows the level of property taxes allowed under the charter tax limitation vis-a-vis the amount in the 1985-1987 revised budgets and in the 1988 proposed budget.

Table 3-1

Property Taxes Under Charter Limitation  
(millions of dollars)

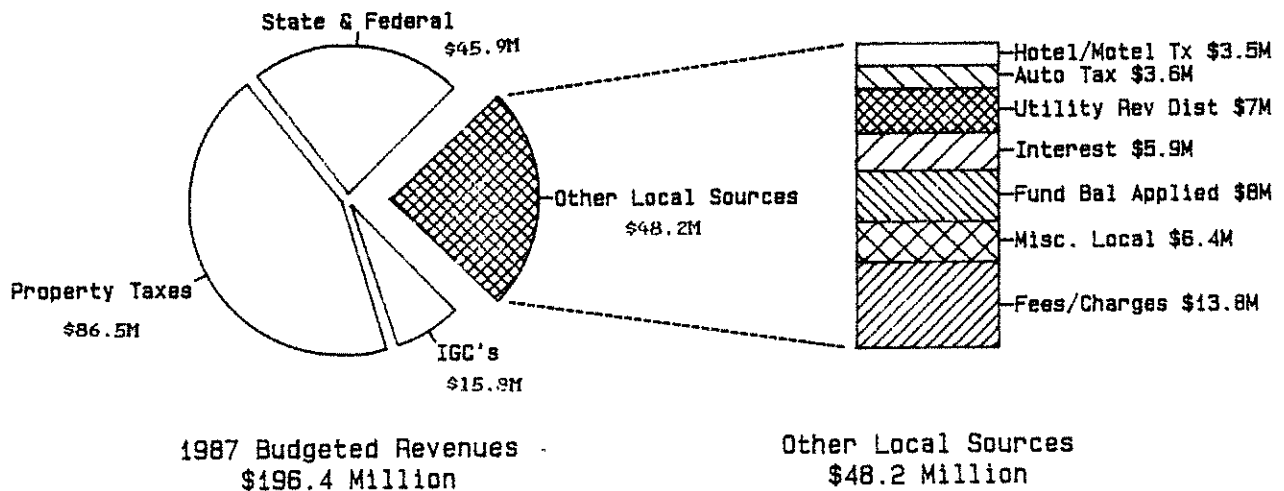
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Property Taxes	76.6	85.3	96.4	90.6
Allowed by Tax Limit	74.4	83.9	86.5	90.3
Budgeted*				
Under Tax Limit	2.2	1.4	9.9	.3

\* Revised budgets 1985, 1986, 1987; Proposed budget 1988.

As state revenues decline, the revenue category labeled "Other Local Sources" becomes more important. Figure 3-8 shows some detail for this grouping based on the revised 1987 budget.

Figure 3-8

**Local Sources -- Detail  
1987 Budgeted Revenues**





In a nationwide comparative study of taxes, the Department of Finance and Revenue of the District of Columbia analyzed residential property taxes in the largest city in each state. The table below summarizes the effective real estate taxes for single-family owner-occupied dwellings within each of the cities. Shown are "effective" taxes, which represent the "announced" rates levied by jurisdictions adjusted for the relationship between each area's assessment levels and market values. Thus, if assessments were less than market values, effective tax rates were adjusted downward to reflect that discrepancy.

Table 3-2

**RESIDENTIAL PROPERTY TAX RATES IN  
SELECTED LARGE CITIES; 1986  
(Ranked from Highest to Lowest Effective Rates)**

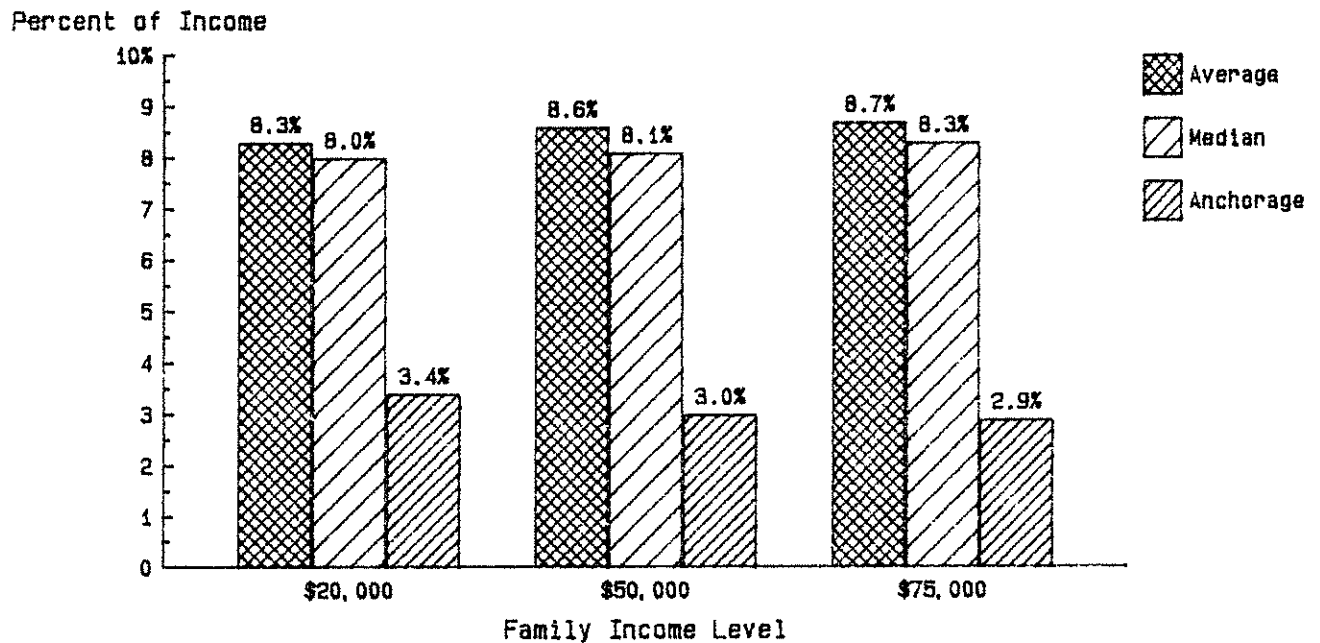
<u>City</u>	<u>Rank</u>	<u>Tax Per \$100,000</u>	<u>City</u>	<u>Rank</u>	<u>Tax Per \$100,000</u>
Newark, NJ	1	\$4750	Boston, MA	26	\$1350
Detroit, MI	2	4030	Louisville, KY	27	1290
Bridgeport, CT	3	3940	Billings, MT	28	1260
Indianapolis, IN	4	3730	Albuquerque, NM	29	1230
Milwaukee, WI	5	3410	New York City, NY	30	1220
Des Moines, IA	6	2940	Jackson, MS	31	1210
Baltimore, MD	7	2700	Oklahoma City, OK	32	1210
Providence, RI	8	2580	St. Louis, MO	33	1160
Portland, OR	9	2560	Washington, DC	34	1150
Philadelphia, PA	10	2540	New Orleans, LA	35	1140
Sioux Falls, SD	11	2320	Salt Lake City, UT	36	1110
Manchester, NH	12	2230	Norfolk, VA	37	1100
Minneapolis, MN	13	2180	Wichita, KS	38	1080
Omaha, NE	14	2120	Charleston, WV	39	1070
Chicago, IL	15	2090	Seattle, WA	40	1070
Atlanta, GA	16	1970	Charlotte, NC	41	1010
Jacksonville, FL	17	1850	Columbia, SC	42	970
Portland, ME	18	1830	<b>Anchorage, AK</b>	<b>43</b>	<b>940</b>
Cleveland, OH	19	1820	Little Rock, AR	44	920
Burlington, VT	20	1820	Las Vegas, NV	45	880
Memphis, TN	21	1780	Denver, CO	46	810
Houston, TX	22	1680	Casper, WY	47	780
Boise City, ID	23	1570	Phoenix, AZ	48	770
Wilmington, DE	24	1500	Birmingham, AL	49	700
Fargo, ND	25	1490	Los Angeles, CA	50	640
			Honolulu, HI	51	600
			Unweighted Average		\$1730
			Median		\$1350

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 1987.

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 3-9 and Table 3-3 summarize some of their results.

Figure 3-9

**Estimated Burden of Major Taxes  
For a Family of Four by Income Level  
1986 Average for 51 Cities Compared to Anchorage**



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 1987.

Table 3-3

**Estimated Burden of Major State and  
Local Taxes for a Family of Four, 1986**

<u>Family Income Level</u>	<u>Rank</u>	<u>City</u>	<u>Percent Of Income</u>	
\$ 20,000	Highest	1	Bridgeport, CT	17.2%
		50	Anchorage, AK	3.4%
	Lowest	51	Jacksonville, FL	3.2%
			51-City Average	8.3%
\$ 35,000	Highest	1	Bridgeport, CT	15.7%
	Lowest	51	Anchorage, AK	3.0%
			51-City Average	8.2%
\$ 50,000	Highest	1	Bridgeport, CT	16.2%
	Lowest	51	Anchorage, AK	3.0%
			51-City Average	8.6%
\$ 75,000	Highest	1	Bridgeport, CT	16.0%
	Lowest	51	Anchorage, AK	2.9%
			51-City Average	8.7%
\$100,000	Highest	1	Bridgeport, CT	15.2%
	Lowest	51	Anchorage, AK	2.8%
			51-City Average	8.7%

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.

A recent report by the Government Finance Officers Association comparing estimated 1988 tax liabilities confirms that Anchorage will continue to have one of the lowest state/local tax burdens among 51 cities (the largest city in each state plus Washington, D.C.). At income levels ranging from \$15,000 to \$125,000 and four different family configurations (two incomes/zero or two dependents, one income/one or three dependents) the Anchorage state/local tax burden ranges from one third to one half of the 51 city average.

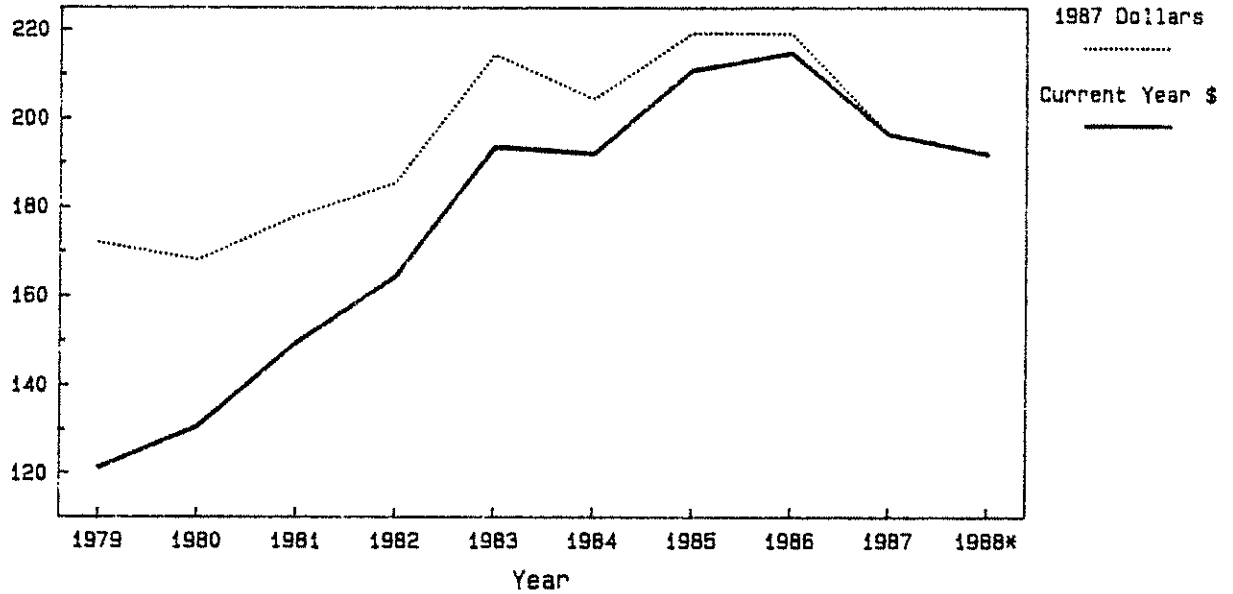
## Budgeted Operating Expenditures

The following information describes general government expenditures over the last ten years.

Figure 3-10

### Budgeted Operating Expenditures General Government Purposes (1979-1988)

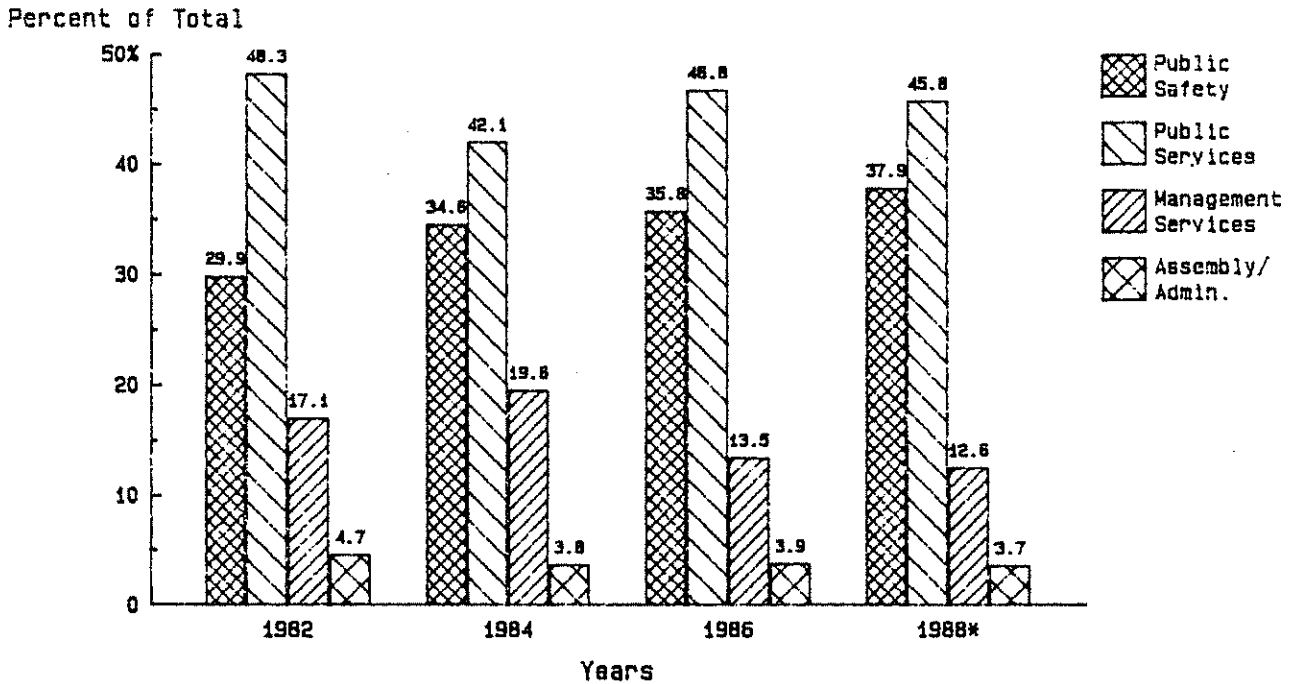
Dollars (Millions)



1979-1987 Revised General Operating Budgets, 1988 Proposed Budget. Includes expenditures for services provided to utilities, capital and grant projects which are charged out to those funds.

Figure 3-11

**Distribution of Budgeted Expenditures  
by Major Functions**  
(as a Percentage of Total Expenditures)



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

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

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

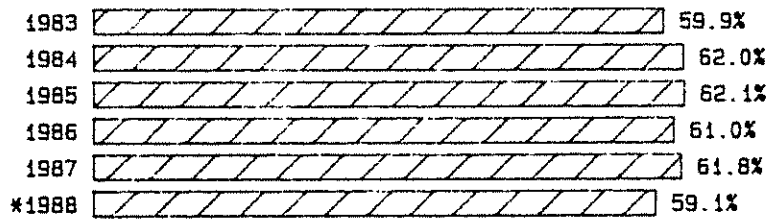
Assembly/Administration includes Assembly, Equal Rights Commission, Internal Audit, Office of the Mayor and Municipal Attorney.

\* Revised Budgets 1982-1986, Proposed Budget 1988.

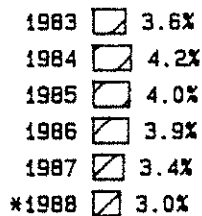
Figure 3-12

### General Government Budgeted Expenditures Direct Cost By Type Percentage Distribution

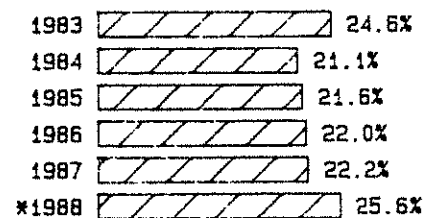
Personal Services (% of total)



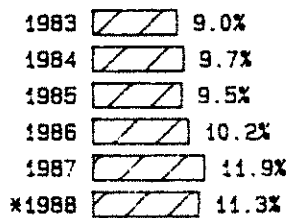
Supplies (% of total)



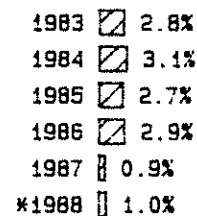
Other Services (% of total)



Debt Service (% of total)



Capital Outlay (% of total)



\* Revised General Government Operating Budgets 1983-1987. Proposed Budget, 1988.

1988 increase in "Other Services" due to \$4.8 million in additional costs for insurance, utilities, depreciation and prisoner care payments to the state.

## Capital Funding

Over 80% of the capital funds spent by Anchorage in the 1980's have gone to the essential community infrastructure needs: utilities, roads, schools, and public safety (figure 3-13). Although the facilities known as "Project 80's" (Convention Center, Sports Arena, Headquarters Library, Museum, and Performing Arts Center) and many recreational projects (Coastal Trail, golf course, Spenard and Fire Lake Recreation Center, Equestrian Center, etc.) are significant and exciting additions to our community, together they account for only 16% of the capital expenditures since 1980. Figures 3-13 through 3-20 present historical information on the sources and uses of capital funds during this period.

Figure 3-13

### Categories of Capital Projects Total Appropriations by MOA 1980-1987

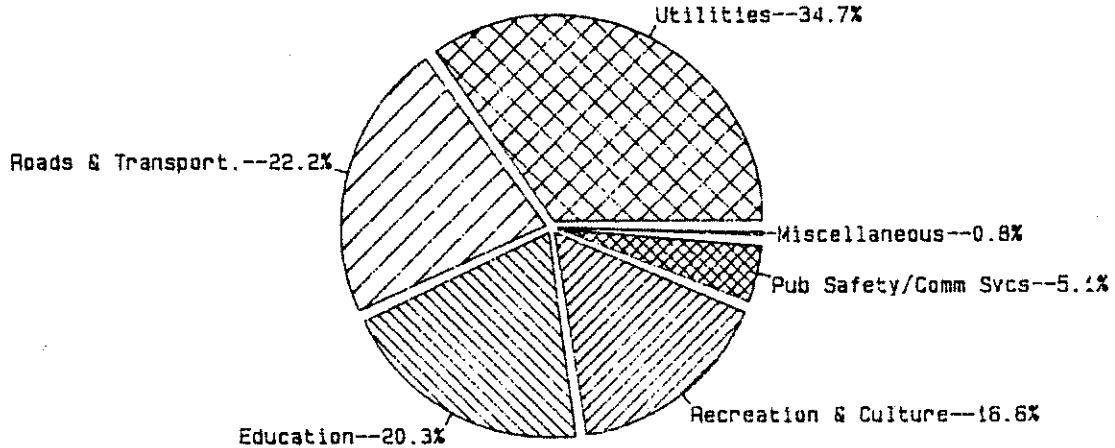
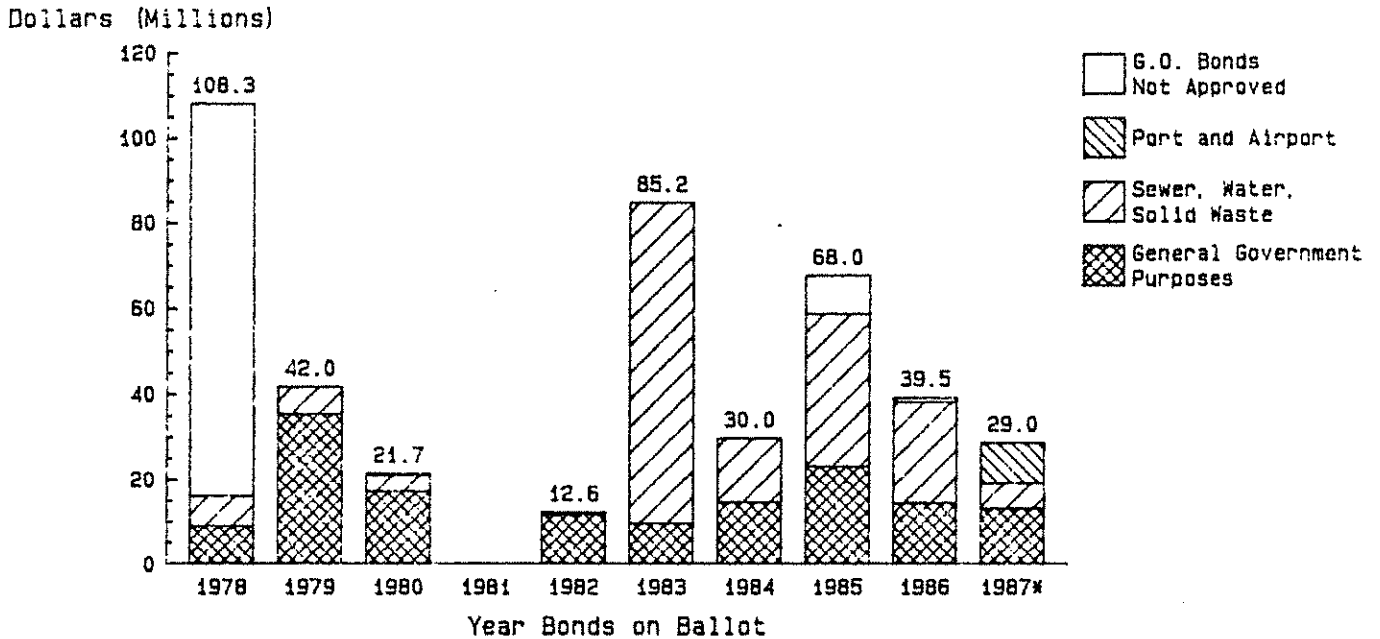


Figure 3-14

### General Obligation Bond Propositions (Excluding School Bonds) 1978-1987



\* Proposed bonds of \$28.95 million on the October 1987 ballot.

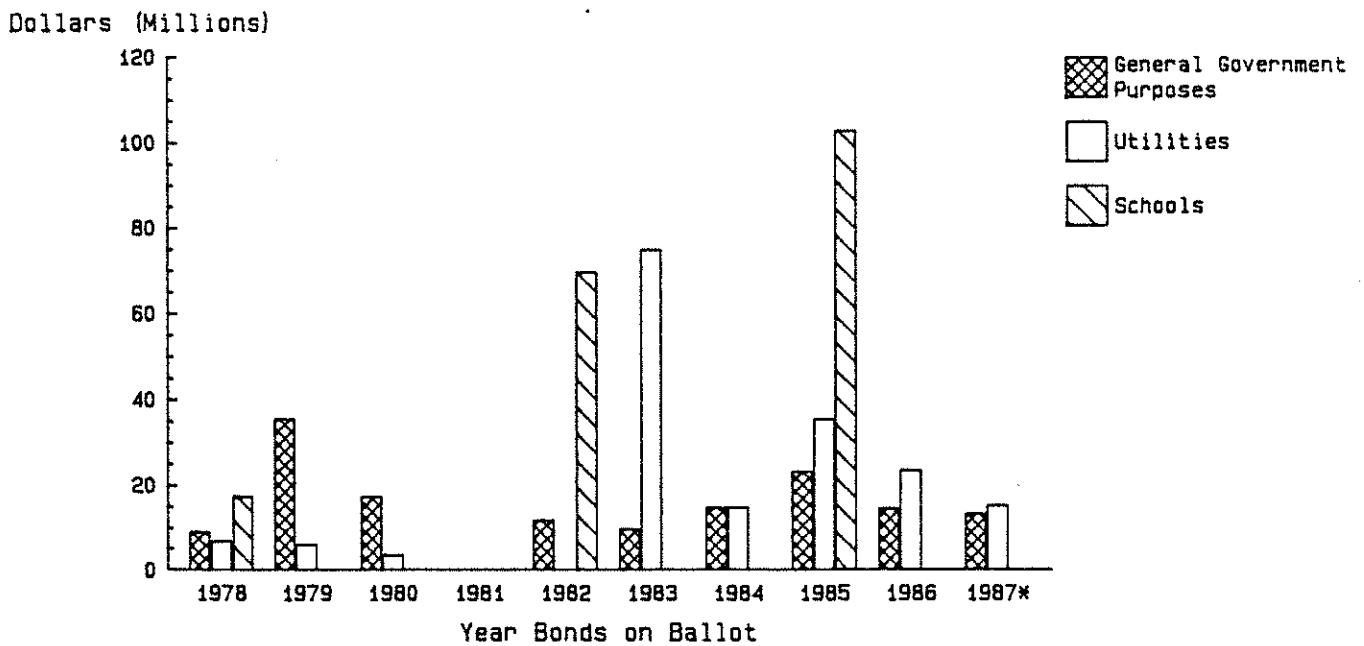
General Government purposes include roads, parks, fire, police, library, etc. Sewer, Water and Solid Waste totals include only general obligation bonds for these utilities; revenue bonds are excluded. Additional information on major municipal utilities is presented in Section IV of this report.



Local voters have approved nearly \$495 million in general obligation bonds between 1978 and 1986. Approximately 34% of these bonds were for sewer, water and solid waste utilities; 38% were for schools; and 28% for general government purposes such as roads, drainage, water quality and parks.

Figure 3-15

### General Obligation Bonds Approved by Voters



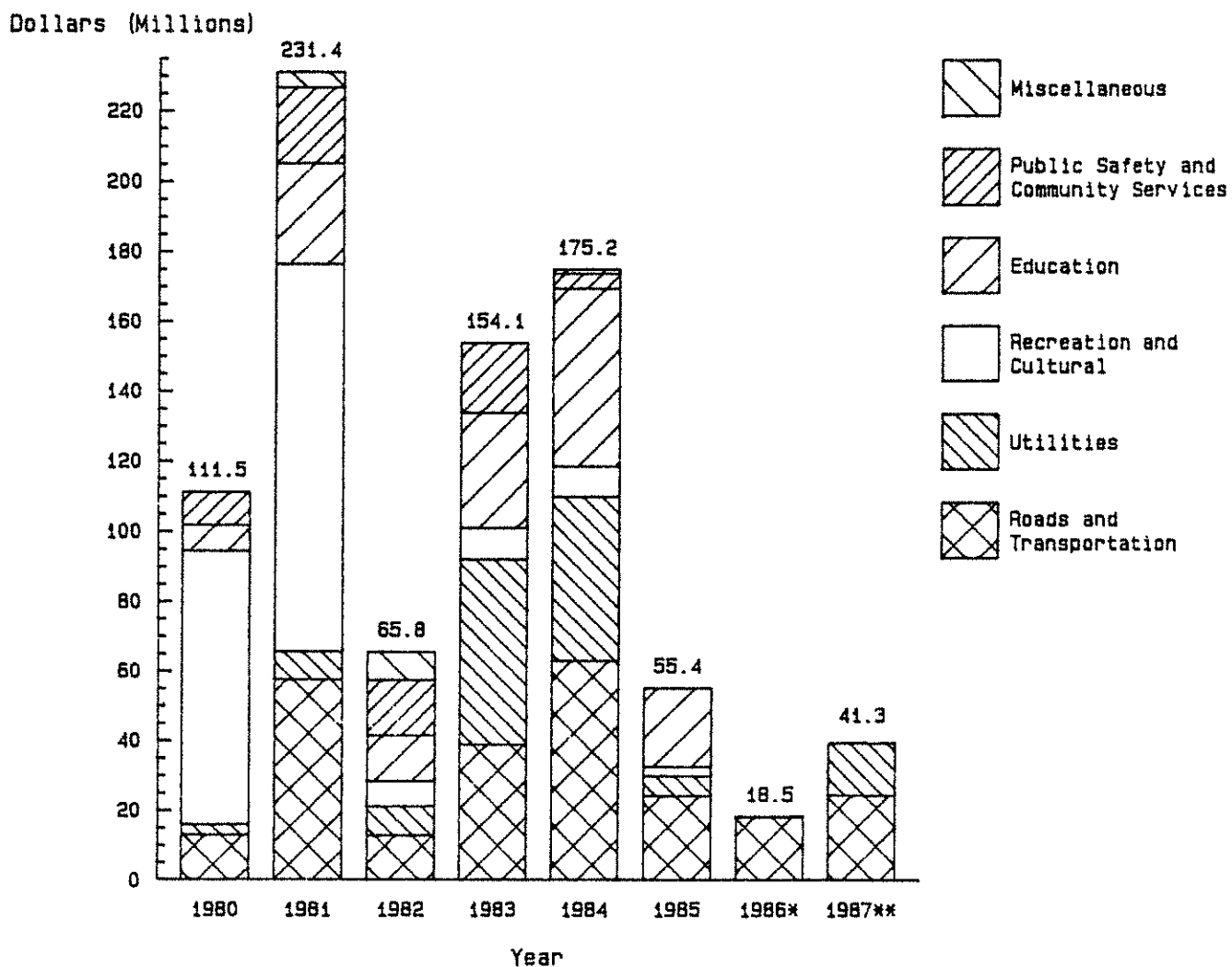
\* G.O. Bonds proposed on October 1987 ballot.

Utilities for 1983 includes \$55 million bond issue for Eklutna Water Project.

Figure 3-16 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 the purposes outlined in the grants. Grants are shown here in the year appropriated by the Assembly, which may differ from the state fiscal year of appropriation and from the year in which the funds are actually expended.

Figure 3-16

### State Capital Grants Appropriated by M.O.A



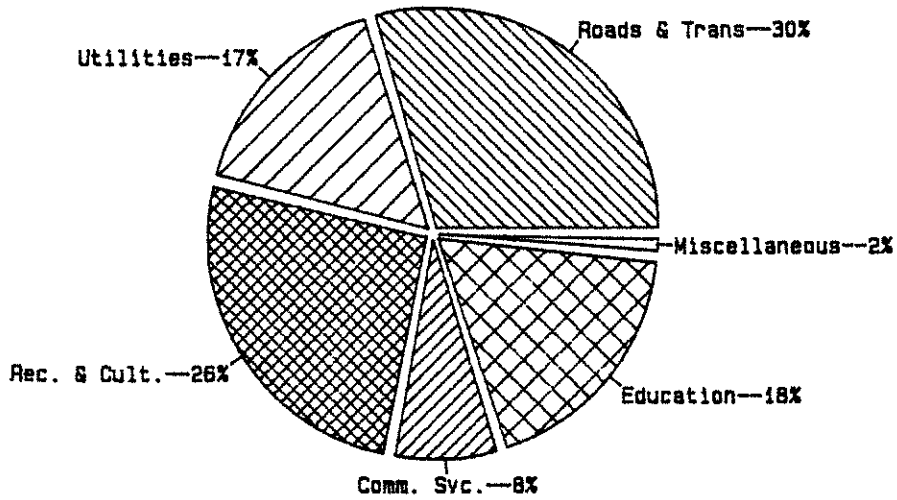
\* Grants for \$52.9 million were appropriated in 1986. However, oil revenue shortfalls resulted in state restrictions on release of the funds; only the released funds are shown for 1986. Impounded 1986 funds which were released this spring are shown in the 1987 totals, along with the new state capital budget grants.

\*\*As of August 30, 1987

Figure 3-17 summarizes the purposes of state grants over this period.

Figure 3-17

**State Capital Grants Appropriated by MOA  
Total Distribution by Purpose 1980-87**

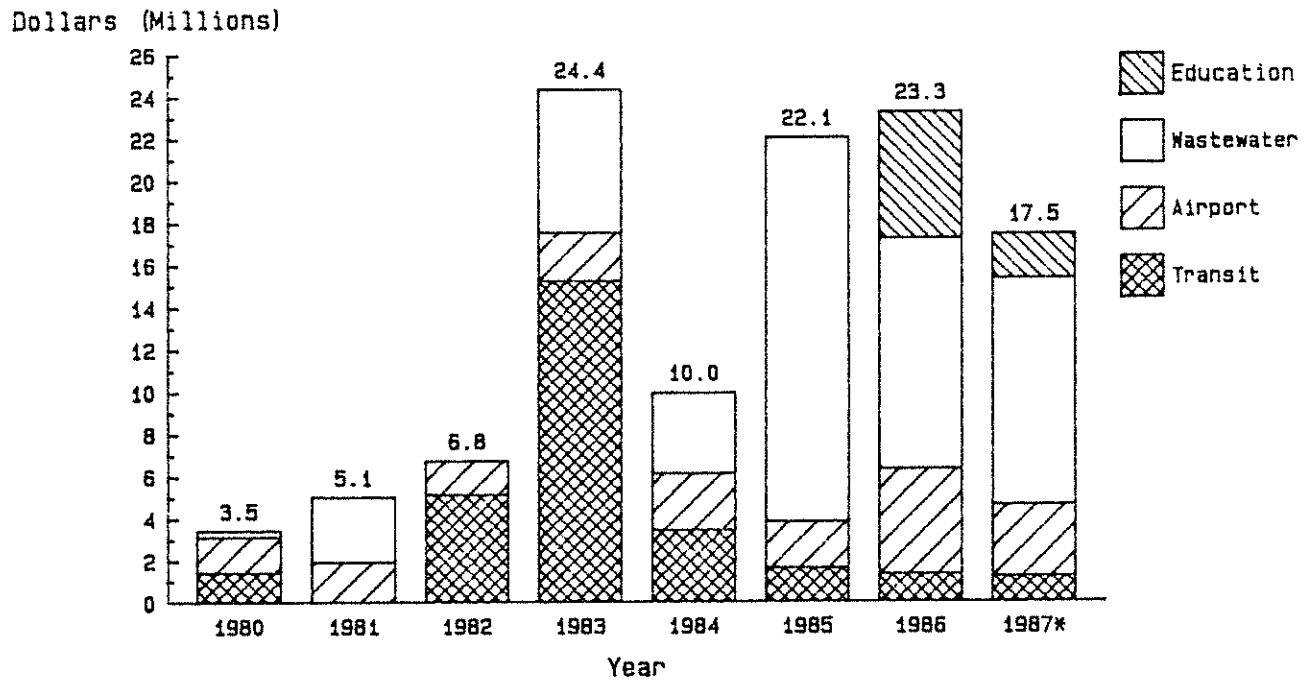


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Federal capital grants have been more modest in proportion. The bulk of federal capital funding has gone to Transit and Wastewater over the eight years shown.

Figure 3-18

### Major Federal Capital Grants 1980-1987

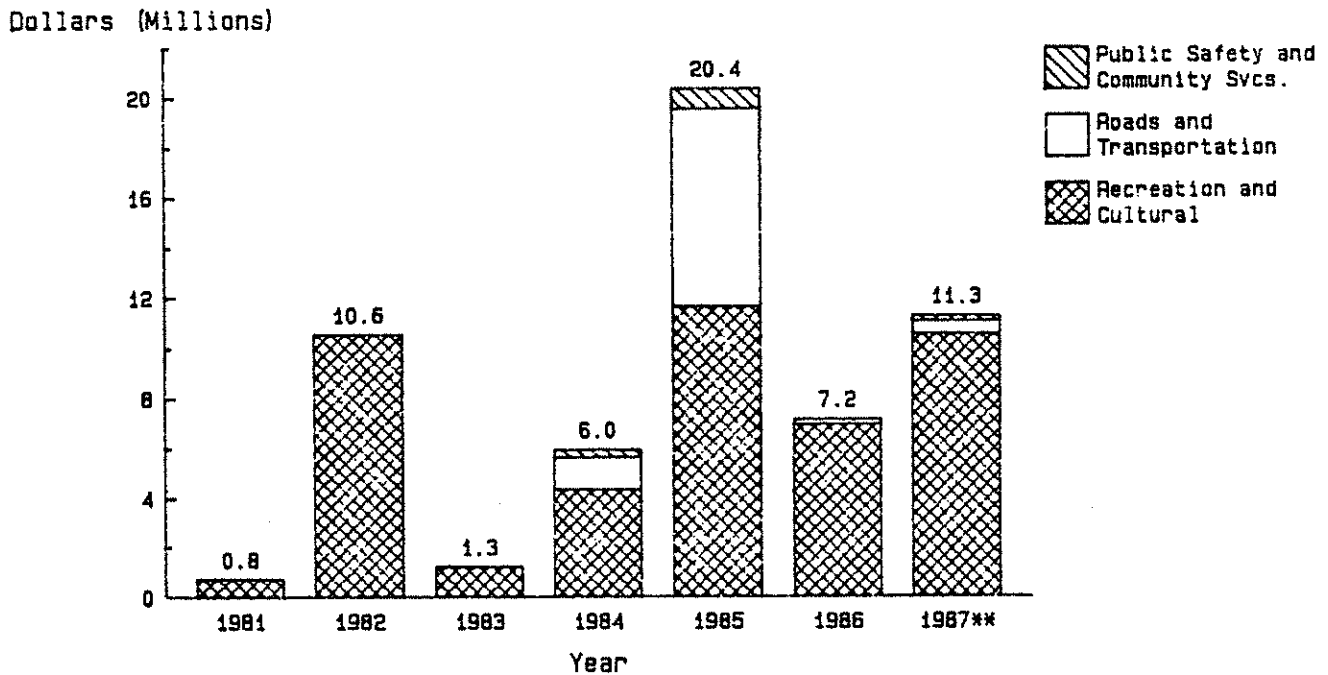


\* As of August 1987.

Interest earned on capital grants has been a funding source for capital projects. Figure 3-19 summarizes interest appropriation by broad program groupings. In recent years these interest earnings have served to balance out the declines in state capital grants. Due to reduced state grants and a change in state grant payment procedures, the Municipality will have substantially lower grant fund balances in future years. As a result, interest earnings will be dramatically reduced.

Figure 3-19

**Interest Appropriations for  
General Government Capital Projects \***  
(1981-1987)



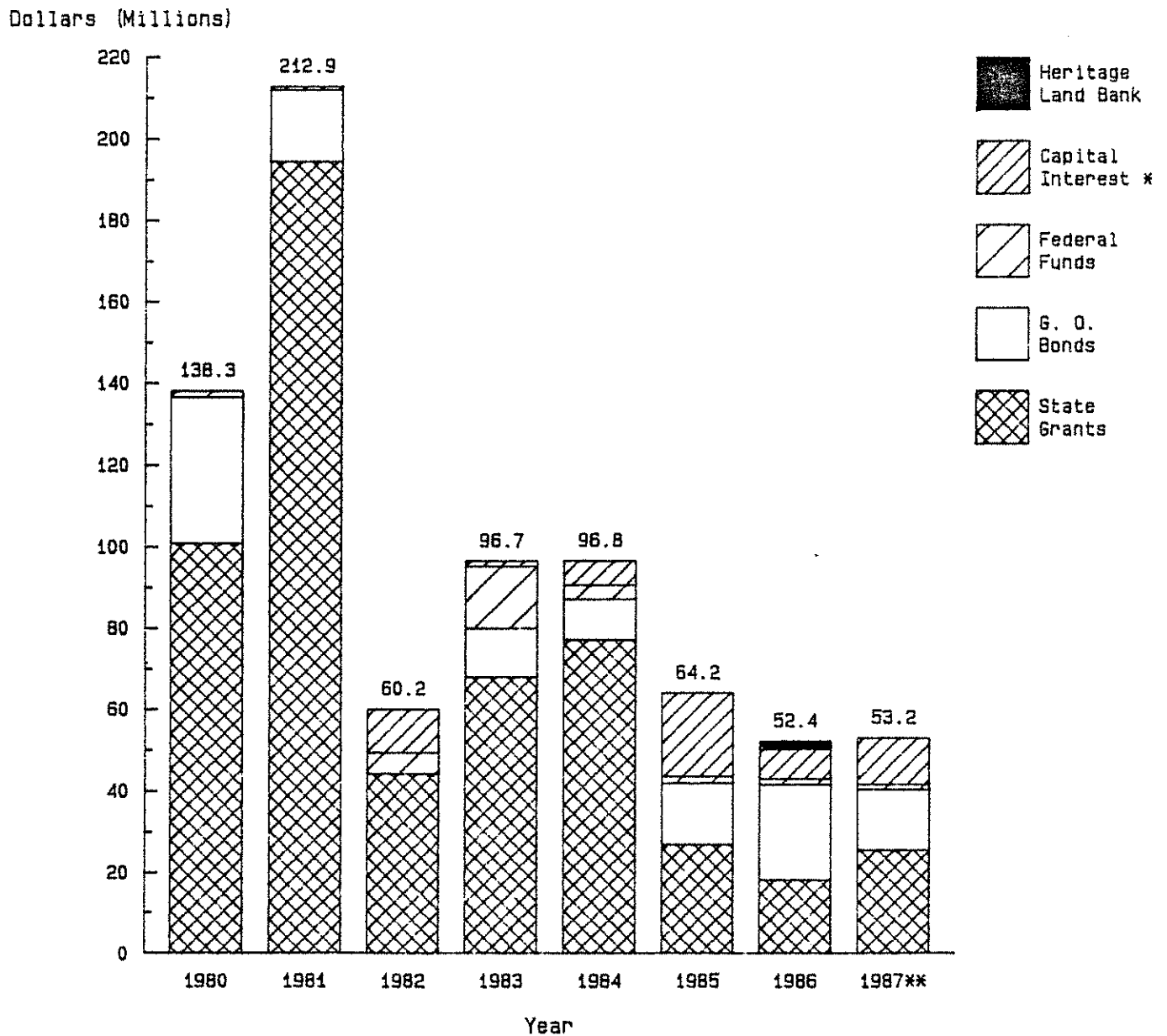
\* Interest earned on General Government and Port of Anchorage state capital grants.

\*\*As of August 30, 1987.

Figure 3-20 gives an overall summary of general government capital funding by source of funds. Here general obligation bonds are shown in the year following their October approval.

Figure 3-20

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



\* Interest earned on General Government and Port of Anchorage state capital grants.

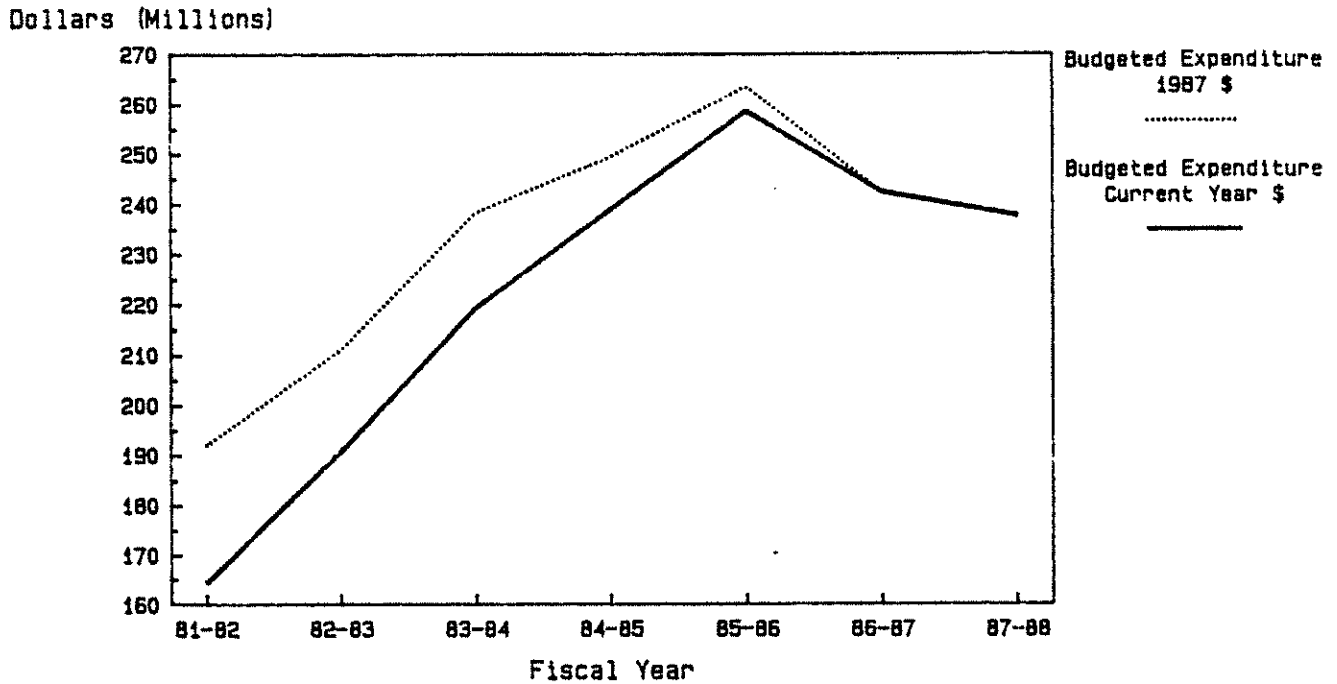
\*\*As of August 30, 1987

## ANCHORAGE SCHOOL DISTRICT

The Anchorage School District has similarly experienced fiscal changes over the last several years. Although not treated in detail here, figures 3-21 through 3-23 give a brief overview of some of these changes.

Figure 3-21

### Anchorage School District Budgeted Expenditures (Millions of Dollars)










Budgeted Expenditures through FY86 based on Adopted Financial Plans:  
FY87 based on Revised Financial Plan; FY88 Approved Expenditures.

School District expenditures have relied heavily on funding by the State of Alaska. Figure 3-22 shows the distribution of revenue sources.




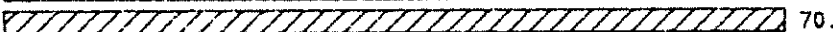
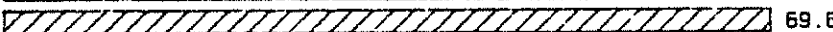


Figure 3-22

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
FY 87-88		3.2





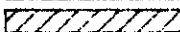

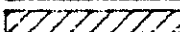
State Revenues (% of Total)

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
FY 87-88		65.3

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
FY 87-88		4.1

Property Taxes (% of Total)

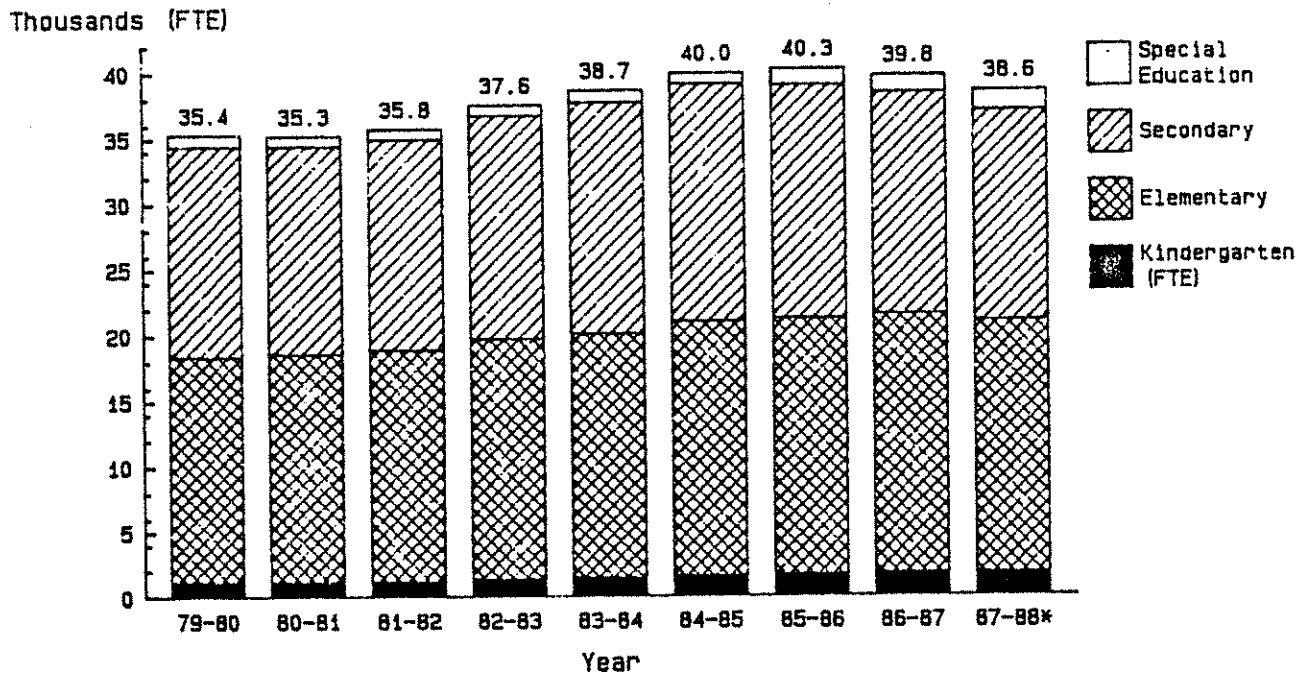
FY 81-82		15.9
FY 82-83		15.5
FY 83-84		21.2
FY 84-85		23.8
FY 85-86		23.9
FY 86-87		26.5
FY 87-88		27.4



The expenditures shown in Figure 3-21 have been driven, in part, by enrollments shown below.

Figure 3-23

### Anchorage School District Student Enrollment (as of September 30th each year)



\* Projected as of August 1987.

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.