

APPENDICES

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Description of Projection Scenarios

Case 1: 1988 Expenditures at \$191.7 million; Property taxes at \$90.3 million. Capital Expenditures -- Proposed 1988 Capital Improvement Budget (including \$21 million new bonds) plus projects already underway (e.g., Performing Arts Center). No additional bonds or new grant funded projects 1989-1993.

Case 2: 1988 Expenditures at 191.7 million; Property taxes at \$90.3 million. Capital expenditures -- Proposed 1988 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 1989-1993. 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 approximately \$20 million capital funding per year from state, federal and local sources.

Both cases assume no inflation in 1987, and 3% per year thereafter. Official projections for population and assessed valuation are not yet available. The numbers used for modeling purposes only are shown as appendix A-2.

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Summary of Model Assumptions

Year	AREAWIDE ASSESSED VALUATION \$ Millions	
	<u>New Construction</u>	<u>Total</u>
1988	155.0	9,820 - 12,240
1989	200.0	10,310 - 12,810
1990	206.0	10,830 - 13,400
1991	212.2	11,370 - 14,010
1992	218.5	11,930 - 14,650
1993	225.1	12,510 - 15,310

*These numbers are assumed for purposes of the Fiscal Model only. Official projections will be produced after full examination of sales and other data.

MUNICIPALITY OF ANCHORAGE AREAWIDE POPULATION			CONSUMER PRICE INDEX	
Year	Estimate/ Projection	Five Year Average % Change	Year	CPI
			1978	187.5
			1979	207.0
			1980	228.2
1982	204,216		1981	246.5
1983	230,846		1982	260.1
1984	244,030	5.01	1983	264.8
1985	248,263	6.10	1984	275.6
1986	248,263	4.39	1985	282.3
			1986	287.7
1987*	230,000	6.69		
1988	220,000	2.63	1987	287.7
1989	230,000	-0.85	1988	296.3
1990	232,000	-1.08	1989	305.2
1991	234,000	-1.26	1990	314.4
1992	239,800	-1.09	1991	323.8
1993	246,200	0.88	1992	333.5
			1993	343.5

Source: Department of Community Planning Municipality of Anchorage, 1982-1986.

*Official projections 1987-1993, not yet available; numbers shown here for modeling purposes only.

1978-1986: Consumer Price Index of All Urban Consumers, Anchorage, Alaska, Annual Average per Bureau of Labor Statistics, U.S. Department of Labor. 1987 - 1993: assumption for fiscal model - 0% in 1987, 3% per year thereafter.

Change in State Revenue Sharing Payment Schedule

A state law passed in 1987 (HB 90) changes the distribution schedule of the State Revenue Sharing payment to July, the beginning of the state fiscal year, rather than October and April, several months into the state fiscal year which runs from July 1 to June 30. Early receipt of funds will provide a one-time boost to communities on calendar fiscal years.

Due to overlapping fiscal years, each MOA fiscal year now contains Revenue Sharing payments from two state fiscal year appropriations. 1988 will be a transition year in which the MOA will receive 50% of its allocation from the FY88 State Budget (April payment) and 100% of its allocation from the FY89 State Budget (July payment). Each following year, MOA will receive the 100% allocation of the state fiscal year. For example, we will receive our state FY 1990 allocation in July 1989. The different payment streams are shown below.

State Revenue Sharing
(millions \$)

<u>MOA Year</u>	<u>Old Payment Schedule</u>	<u>New Payment Schedule</u>	<u>Change</u>
1986	\$19.8	N/A	N/A
1987 (Actual)	14.8	N/A	N/A
1988 (Projected)	12.6	\$18.8	\$6.2
1989	12.6	12.6	0
1990	12.6	12.6	0
1991	12.6	12.6	0
1992	12.6	12.6	0
1993	12.6	12.6	0

The large positive difference in 1988 results from the 150% payment. If there are no further declines in state appropriation levels for this program, the two schedules would yield identical results except for the "windfall" in 1988. If revenue sharing payments decline sharply, the impact will be felt more rapidly since under the new schedule, there is no longer a "cushioning" effect resulting from spreading reductions over a two year period.

Summary of Anchorage's Charter Tax Limitation

- * Tax limitation was established by charter amendment, through the initiative process, October 1983.
- * The limitation covers revenues from all taxes, not just property taxes. This has been interpreted to mean personal and real property taxes, MUSA, payment in lieu of property taxes by the state and federal governments, and automobile taxes.
- * Tax revenues are limited, not tax rates. The tax (or mill) rates result from the division of allowable taxes by the size of the tax base (the value of the property against which the tax is levied).
- * Allowable taxes are based on the amount of taxes collected in the prior year adjusted for debt service, changes in prices (Consumer Price Index for Anchorage) and changes in population (5 year average based on population as certified by the Alaska Department of Community and Regional Affairs).
- * The charter provides exceptions to the limit (i.e., additions to the level of allowable taxes) for taxes on new construction and property improvements, taxes required to pay judgments against the Municipality, and debt service on bonds.
- * The level of allowable taxes can also be adjusted by voter approval for service or program expansions, new taxes, operation and maintenance costs of capital projects.
- * By interpretive ordinance, the Assembly provided for adjustment of the level of allowable taxes for projects which received voter approval prior to institution of the charter limit. The 1988 tax limit calculation includes the last of these "transition" projects.
- * The level of allowable taxes is calculated separately for the School District and General Government.
- * The basis for the next year's tax limit calculation (allowable taxes) is the revenue actually collected in a particular year, NOT the allowable level for that year. Thus, if the tax level is set lower than the allowable level, or if collections are less than what was expected, the lower level becomes the base for subsequent year calculations.

PROJECTIONS—GENERAL GOVERNMENT OPERATING EXPENDITURE TRENDS
 Case 1: No capital expansion after 1988
 (millions of dollars)

EXPENDITURES	1987	1988	1989	1990	1991	1992	1993
Existing Services & Programs	196.4	183.9	172.3	173.8	176.8	179.6	184.7
Capital Costs of New Facilities							
Operation & Maintenance		1.5	2.9	3.0	3.1	3.2	3.3
Debt Service (Oct. 86-87 Bonds)		0.0	3.6	3.6	3.6	3.6	3.6
Debt Service (88-93 Bonds)		0.0	0.0	0.0	0.0	0.0	0.0
New Requirements 1988		6.3	6.3	6.3	6.3	6.3	6.3
TOTAL DIRECT COSTS	196.4	191.7	185.1	186.7	189.8	192.7	197.9
Reduction in Existing Services		12.6					
REVENUES	1987	1988	1989	1990	1991	1992	1993
Federal Revenues	1.0	1.0	1.0	1.0	1.0	1.0	1.0
State Revenues	44.9	46.2	38.2	38.2	38.2	38.2	38.2
Local (Non-property tax) Rev.	33.3	28.2	29.2	29.8	30.6	31.4	32.0
Utility Revenue Distribution	7.0	5.0	4.0	4.0	4.0	4.0	4.0
Property Taxes (actual or allowed)	86.5	90.3	97.8	99.5	102.4	105.0	110.2
Fund Balance Applied	8.0	7.2	1.8	1.8	1.8	1.8	1.8
Intra-Governmental Charges	15.8	13.8	13.1	12.5	11.8	11.2	10.7
TOTAL REVENUES	196.4	191.7	185.1	186.7	189.8	192.7	197.9
OVER/UNDER(-) TAX LIMIT	-9.9	-0.2	0	0	0	0	0
Implied Mill Rate							
General Government (mills)	7.16	8.19	8.46	8.22	8.07	7.90	7.92
Assessed Valuation (millions \$)	12,083.0	11,030.0	11,560.0	12,110.0	12,690.0	13,290.0	13,910.0

Assumptions include property tax at charter limit after 1988; no further decline in state revenue sharing or municipal assistance. Inflation at 3% per year 1988-1993. Official projections for assessed valuation not yet available. For purposes of modeling only, 10% decline in existing property shown for 1988, 3% growth thereafter. See appendix A-1 and A-2 for further explanation of assumptions and Case 1 and Case 2.

PROJECTIONS—GENERAL GOVERNMENT OPERATING EXPENDITURE TRENDS
 Case 2: Includes moderate capital program
 (millions of dollars)

EXPENDITURES	1987	1988	1989	1990	1991	1992	1993
Existing Services & Programs	196.4	183.9	172.3	173.6	176.5	179.1	184.0
Capital Costs of New Facilities							
Operation & Maintenance		1.5	3.2	4.7	5.6	6.6	7.7
Debt Service (Oct.86-87 Bonds)		0.0	3.6	3.6	3.6	3.6	3.6
Debt Service (88-93 Bonds)		0.0	0.0	1.0	2.0	3.1	4.1
New Requirements 1988		6.3	6.3	6.3	6.3	6.3	6.3
TOTAL DIRECT COSTS	196.4	191.7	185.4	189.3	194.1	198.7	205.7
Reduction in Existing Services =====		12.6					
REVENUES	1987	1988	1989	1990	1991	1992	1993
Federal Revenues	1.0	1.0	1.0	1.0	1.0	1.0	1.0
State Revenues	44.9	46.2	38.2	38.2	38.2	38.2	38.2
Local (Non-property tax) Rev.	33.3	28.2	29.2	29.8	30.6	31.4	32.0
Utility Revenue Distribution	7.0	5.0	4.0	4.0	4.0	4.0	4.0
Property Taxes (actual or allowed)	86.5	90.3	98.2	102.1	106.7	111.0	118.0
Fund Balance Applied	8.0	7.2	1.8	1.8	1.8	1.8	1.8
Intra-Governmental Charges	15.8	13.8	13.1	12.5	11.8	11.2	10.7
TOTAL REVENUES	196.4	191.7	185.4	189.3	194.1	198.7	205.7
OVER/UNDER(-) TAX LIMIT	-9.9	-9.2	0	0	0	0	0
Implied Mill Rate							
General Government (mills)	7.16	8.19	8.49	8.43	8.41	8.35	8.48
Assessed Valuation (millions \$)	12,083.0	11,030.0	11,560.0	12,110.0	12,690.0	13,290.0	13,910.0

Assumptions include property tax at charter limit after 1988; no further decline in state revenue sharing or municipal assistance. Inflation at 3% per year 1988-1993. Official projections for assessed valuation not yet available. For purposes of modeling only, 10% decline in existing property shown for 1988, 3% growth thereafter. See appendix A-1 and A-2 for further explanation of assumptions and Case 1 and Case 2.

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ANCHORAGE SCHOOL DISTRICT

EXPENDITURES
(\$ Millions)

Budgeted/Projected Expenditures	FY	83-84	84-85	85-86	86-87	87-88	88-89	89-90	90-91	91-92	92-93
Operating Funds:											
General Fund		185.8	203.4	221.7	201.3	198.0	205.5	210.0	218.0	226.5	235.0
Food Service Fund		6.3	7.0	7.2	6.8	6.2	6.2	6.5	6.7	7.0	7.3
State & Federal Projects		<u>7.1</u>	<u>8.4</u>	<u>9.6</u>	<u>9.6</u>	<u>6.9</u>	<u>7.3</u>	<u>7.5</u>	<u>7.8</u>	<u>8.0</u>	<u>8.2</u>
Total - Operating		199.2	218.8	238.5	217.7	211.1	219.0	224.0	232.5	241.5	250.5
Debt Service Fund		20.2	20.1	20.1	23.5	26.4	28.1	28.1	29.3	29.3	28.6
Total Expenditures Projected		<u>219.4</u>	<u>238.9</u>	<u>258.6</u>	<u>241.2</u>	<u>237.5</u>	<u>247.1</u>	<u>252.1</u>	<u>261.8</u>	<u>270.8</u>	<u>279.1</u>
Total Expenditures Adjusted to FY 1987-88 Base Year Dollars		<u>242.7</u>	<u>259.6</u>	<u>269.9</u>	<u>245.8</u>	<u>237.5</u>	<u>247.1</u>	<u>244.8</u>	<u>246.8</u>	<u>247.9</u>	<u>248.0</u>

REVENUES
(\$ Millions)

Budgeted/Projected Revenues	FY	83-84	84-85	85-86	86-87	87-88	88-89	89-90	90-91	91-92	92-93
Federal		5.5	6.1	6.0	7.2	7.5	7.9	8.0	8.3	8.7	8.9
State		158.2	169.3	180.0	156.8	159.3	163.0	164.2	170.4	175.1	178.2
Sales, Interest, Other Local and Fund Balance		9.1	6.7	10.9	13.4	10.0	10.2	7.2	9.3	7.3	7.9
Property Taxes		<u>46.6</u>	<u>56.8</u>	<u>61.7</u>	<u>63.8</u>	<u>66.9</u>	<u>66.0</u>	<u>72.7</u>	<u>73.8</u>	<u>76.3</u>	<u>78.2</u>
Total Revenues Projected		<u>219.4</u>	<u>238.9</u>	<u>258.6</u>	<u>241.2</u>	<u>243.7</u>	<u>247.1</u>	<u>252.1</u>	<u>261.8</u>	<u>267.4</u>	<u>273.2</u>
Calendar Year		<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
Mill Rate		3.66	4.27	4.00	4.04	5.41	6.03	5.98	6.02	5.89	5.79

Anchorage School District
Student Enrollment

<u>Year</u>	<u>Full Count/ Projection</u>	<u>Full Time Equivalent</u>
FY 83-84	40,427	38,706
FY 84-85	42,063	39,980
FY 85-86	42,426	40,220
FY 86-87	41,997	39,777
FY 87-88	40,800	38,617
FY 88-89	39,500	37,750
FY 89-90	39,700	37,550
FY 90-91	40,200	38,050
FY 91-92	40,600	38,550
FY 92-93	41,200	39,200