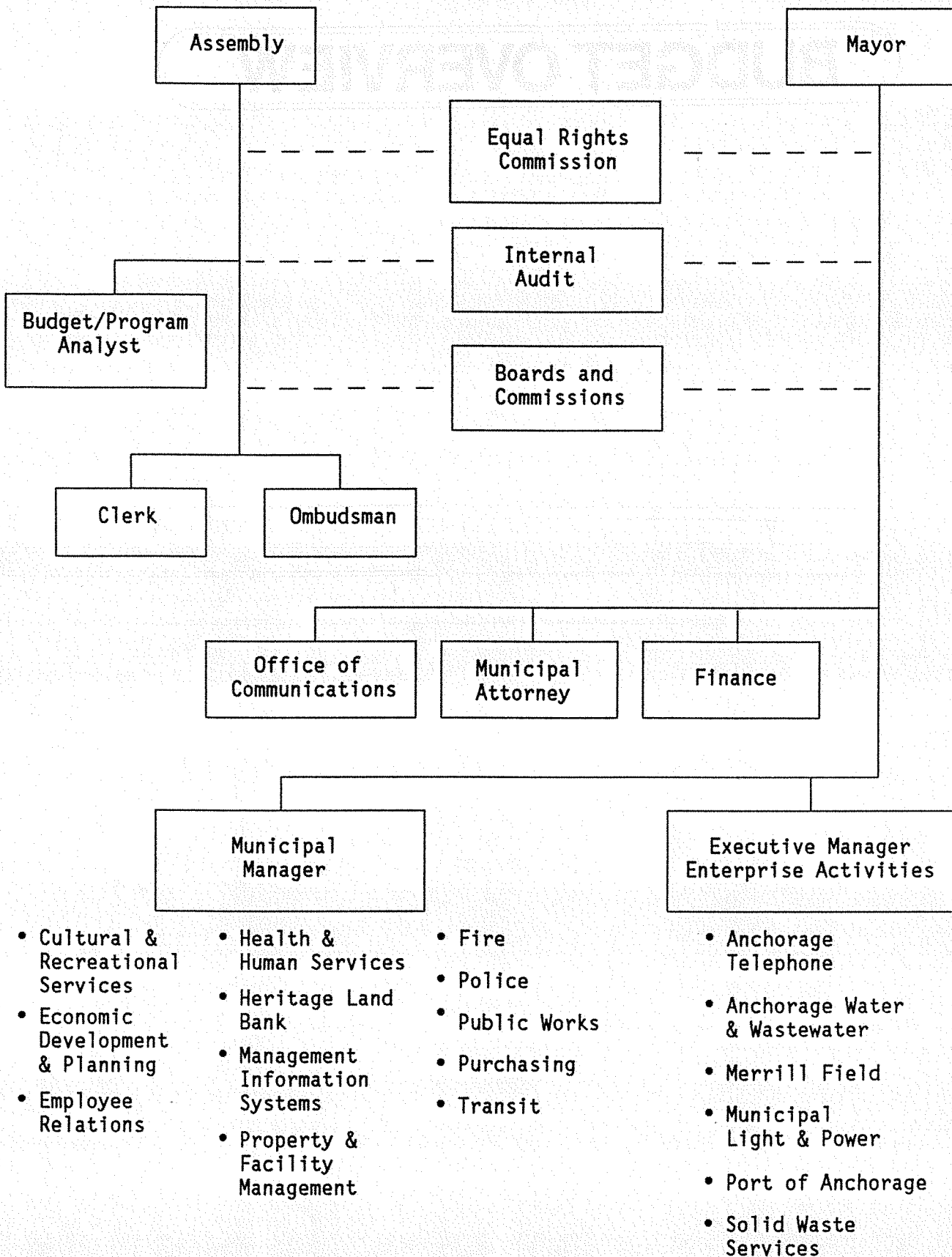


# **BUDGET OVERVIEW**

**1991 GENERAL GOVERNMENT OPERATING BUDGET  
MUNICIPALITY OF ANCHORAGE  
ORGANIZATION**



**Note:** The public utilities publish a separate budget document.

## MUNICIPALITY OF ANCHORAGE

### OVERVIEW OF THE PROPOSED 1991 GENERAL GOVERNMENT OPERATING BUDGET

The 1991 proposed operating budget is \$4.7 million more than the 1990 revised budget. However, due to the inclusion of approximately \$14.3 million in new requirements/necessary increases, and the deletion of \$3.6 million in 1990 one-time costs, the budget proposal provides 1990 services in 1991 at a reduced cost of \$6.0 million.

The proposed budget is based on the following planning assumptions:

- \* No increase in 1990 levied property taxes except for taxes on 1990 new construction
- \* Tobacco tax does not continue in 1991
- \* ATU revenue distribution in 1991 of \$2.5 million
- \* Municipal assistance and state revenue reduced as forecast by the State
- \* General government will lapse at least \$3.6 million savings in 1990
- \* No additional significant fund balance use in 1990
- \* \$500,000 available for medical/dental expense offset
- \* Debt service level not to increase appreciably for bond propositions
- \* Other program revenues remain relatively constant
- \* Assembly/Administration obtain Municipal-wide compensation concessions (Savings: \$5.7 million from 1990 levels and \$7.5 million from those required if we don't receive concessions.)
- \* Any additional revenues from the State will be for non-operating budget programs

#### REVENUE NOTES

State Revenues: The \$21.2 million of Municipal Assistance included in this budget has already been appropriated by the State Legislature. The \$11.6 million of State Revenue Sharing will not be appropriated until the spring of 1991. No new State revenues are assumed in this budget; however, we will continue to propose greater State support and economic relief.

Fund Balance: To help cushion the negative economic effect on the community of major employee layoffs and to ensure adequate levels of public services, fund balances have been reduced as much as possible, consistent with cash flow needs, maintenance of bond ratings and types of contingencies which could require additional support from a particular fund, such as the 1989 flood damage and 1989-1990 winter snows.

User Fees: Fees have been reviewed. Some small adjustments have been made. We have been conservative in estimating program revenues due to continuing population and economic activity uncertainties.

Utility Revenue Distribution: This budget includes a \$2.5 million distribution of profits from Anchorage Telephone Utility to general government for tax relief and \$177,000 from the Port.

Property Taxes: The budget proposes holding taxes at the 1990 level plus new construction for the community as a whole.

## EXPENDITURE NOTES

Increased or New Expenses: This budget had to accommodate approximately \$14.3 million in new and higher costs for Police and Fire Retiree Medical Benefits, remediation of underground storage tank problems, building maintenance, road improvements, increased social services support, utility increases, some inflation adjustments, and other services.

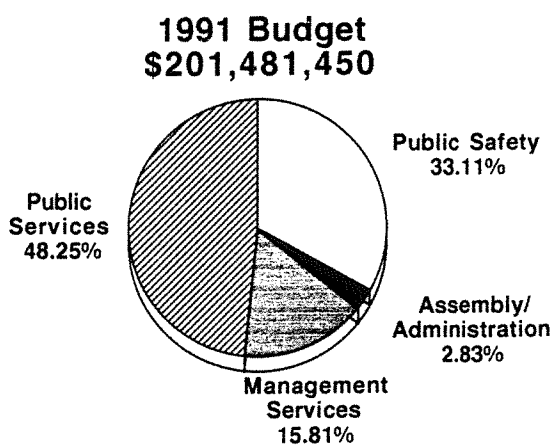
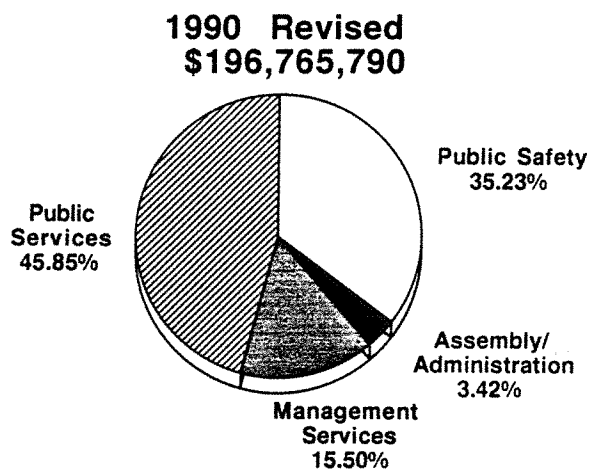
Employee Wages and Benefits: The Administration is in the process of providing the Assembly with a labor legislation package which will meet the goal of paying wages and benefits which are comparable to the private sector or where private sector comparisons don't exist, the Pacific Northwest plus cost-of-living. Municipal employees currently receiving less than these benchmarks would receive a salary increase. Overall the first year savings of this legislation would be \$5.7 million for general government. An additional \$1.8 million cost avoidance for 1991 Medical/Dental Benefit cost increases is also realized.

Ballot Initiatives: Funding for debt service for Anchorage Roads and Drains bonds will be included in the 1992 budget.

Department Data: Due to the complexity of department budgets and the different levels of program revenues, intragovernmental charges, debt service, and small service area requirements, the best way to analyze a department is through a review of service levels and all supporting schedules. Some of the data presented herein requires further research and interpretation before conclusions may be warranted. For example, Appendix A of this book is designed to provide only a quick comparison of department direct cost budgets -- reasons for variations will require additional information.

**1991 General Government Operating Budget  
DIRECT COST APPROPRIATION BY FUNCTIONAL AREA**

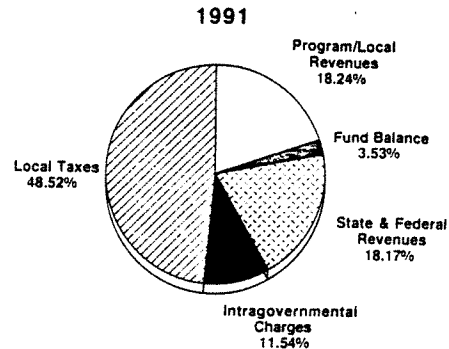
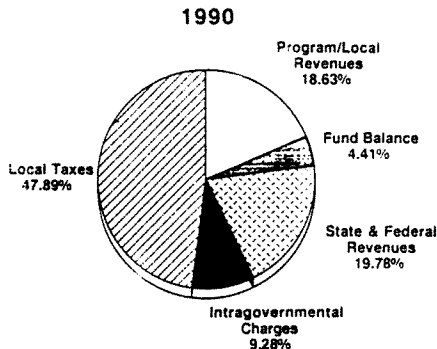
Public Services/ Transportation/ Neighborhoods		Public Safety		Management Services		Assembly Administration	
Public Works	\$38,177,740	Police	\$31,268,750	Municipal Manager	\$ 2,177,200	Assembly	\$1,803,240
Cultural & Recreational Services	17,381,680	Fire	25,062,360	Finance	13,720,230	Equal Rights Commission	462,910
Transit	8,442,010	Health & Human Services	10,382,120	Management Information Systems	12,543,120	Internal Audit	441,880
Economic Development & Planning	1,705,500			Employee Relations	2,503,850	Office of the Mayor	767,080
Property & Facility Management	15,841,910			Purchasing	902,360	Municipal Attorney	2,235,860
Non- Departmental	15,661,650						
<b>TOTAL</b>	<b>\$97,210,490</b>		<b>\$66,713,230</b>		<b>\$31,846,760</b>		<b>\$5,710,970</b>



# 1991 General Government Operating Budget

## SOURCES OF FUNDS

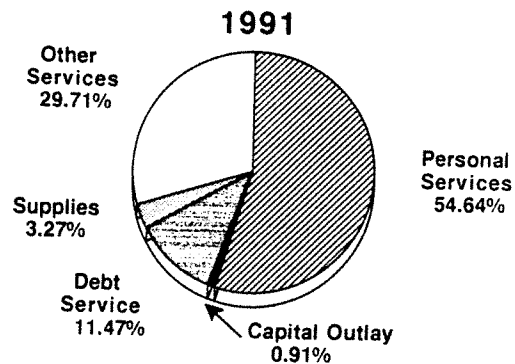
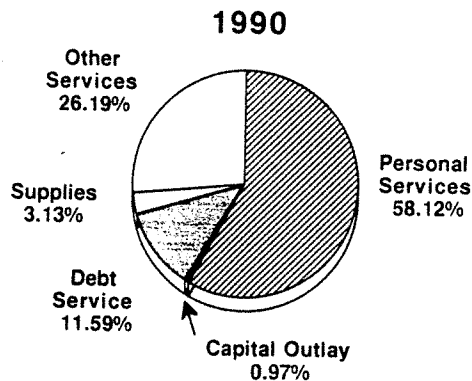
	<u>1990 Revised</u>	<u>1991 Budget</u>
State and Federal Revenues	\$ 38,922,950	\$ 36,603,860
Program Revenues	18,399,030	14,543,710
Local Taxes on Existing Property	91,645,370	91,645,370
Taxes on New Construction	-0-	437,200
Tobacco Tax	2,586,350	-0-
Intragovernmental Charges	18,259,540	23,258,100
Fund Balance	8,686,710	7,111,500
Other Local Revenues	18,265,840	22,208,770
Transfer of Local Taxes	-0-	5,672,950
<b>Total</b>	<b>\$196,765,790</b>	<b>\$201,481,460</b>



Estimated assessed valuation	1990: \$ 8.98 billion	1991: \$ 8.99 billion
Average mill rate	1990: 11.34 mills	1991: 10.87 mills

## DIRECT COST BY TYPE OF EXPENDITURE

	<u>1990 Revised</u>	<u>1991 Budget</u>
Personal Services	\$114,357,770	\$110,092,630
Supplies	6,162,080	6,585,070
Other Services	51,534,900	59,852,270
Debt Service	22,795,960	23,115,420
Capital Outlay	1,915,080	1,836,070
<b>Total</b>	<b>\$196,765,790</b>	<b>\$201,481,460</b>



# 1991 General Government Operating Budget

## SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1989 Revised	1990 Revised	1991 Budget
<b>FEDERAL REVENUES</b>			
9312 Federal in Lieu of Property Tax	\$ 351,070	\$ 358,150	\$ 358,150
9324 Mass Transportation	712,000	726,900	700,000
9331 Other Federal Grant Revenue	59,650	64,820	89,250
9357 National Forest Allocation	-0-	2,710	2,710
9376 Civil Defense	20,000	30,000	20,000
<b>Total Federal Revenues</b>	<b>\$ 1,142,720</b>	<b>\$ 1,182,580</b>	<b>\$ 1,170,110</b>
<b>STATE REVENUES</b>			
9342 Municipal Assistance	\$ 25,162,330	\$ 23,486,050	\$ 21,168,800
9344 Fisheries Tax	119,690	167,750	167,750
9346 Health Facilities	908,580	894,860	894,860
9347 Liquor Licenses	372,730	384,740	384,740
9348 Amusement Device Licenses	23,560	27,090	27,090
9349 Road Maintenance	1,121,770	1,022,520	1,022,520
9355 Electric Co-Op Allocation	659,700	660,640	660,640
9362 General State Revenue Sharing	11,026,360	9,752,620	9,752,620
9363 State Traffic Signal Reimbursement	1,126,000	1,311,600	1,311,600
9481 State of Alaska - 911	32,500	32,500	43,130
<b>Total State Revenues</b>	<b>\$ 40,553,220</b>	<b>\$ 37,740,370</b>	<b>\$ 35,433,750</b>
<b>LOCAL REVENUES</b>			
9003 Penalty/Interest on Delinquent Taxes	\$ 2,225,220	\$ 2,225,220	\$ 3,060,000
9004 Tax Cost Recoveries	25,000	67,800	67,800
9006 Auto Tax	3,088,550	3,007,090	3,007,090
9007 Delinquent Taxes	600,000	600,000	600,000
9008 Collection Service Fees	217,500	217,500	255,000
9011 Tobacco Tax	-0-	2,586,350	-0-
9021 Franchises	605,160	615,480	746,450
9022 Payment In Lieu of Taxes	85,210	1,416,550	1,416,550
9023 Hotel and Motel Taxes	3,935,140	4,386,220	5,230,090
9024 Penalty/Interest on Hotel/Motel Taxes	13,850	7,490	26,000
9111 Building and Trade Licenses	21,900	25,000	31,000
9112 Taxicab Permits	162,330	162,330	162,330
9113 Contractor Certificates and Examinations	2,200	2,500	3,000

**1991 General Government Operating Budget**

**SUMMARY OF ALL REVENUE ACCOUNTS**

<u>Revenue Source</u>	<u>1989 Revised</u>	<u>1990 Revised</u>	<u>1991 Budget</u>
9114 Chauffeur Licenses	\$ 10,500	\$ 10,500	\$ 10,500
9115 Taxicab Permit Revisions	10,630	10,630	10,630
9116 Local Business Licenses	52,000	60,000	63,000
9117 Chauffeur License Renewal	17,500	17,500	17,500
9118 Bicycle Licenses	100	100	100
9131 Plan Checking Fees	356,660	323,900	330,000
9132 Building Permits	676,510	641,040	633,000
9133 Electrical Permits	144,150	135,700	138,000
9134 Gas and Plumbing Permits	183,450	172,750	174,000
9135 Moving Fence/Sign Fees	8,950	8,340	8,200
9136 Construction and Right-of-Way Permits	50,000	92,130	100,000
9137 Elevator Inspection Fees	78,600	74,100	73,000
9138 Mobile Home Inspection Fees	7,000	6,670	8,200
9139 Land Use Permits	27,000	18,500	24,000
9141 Amusement Surcharge	88,000	84,500	88,000
9143 Parking and Access Agreement Fees	550	350	400
9145 ACPA Ticket Surcharge	-0-	150,000	150,000
9191 Animal Licenses	55,000	45,000	50,000
9199 Miscellaneous Permits	20,000	23,450	22,250
9211 Court Fines and Forfeitures	1,571,350	1,598,930	1,398,700
9213 Library Book Fines	77,680	107,670	138,400
9215 Other Fines and Forfeitures	2,870	50,000	49,900
9216 Pre-Trial Diversion	-0-	14,000	14,000
9411 Platting Fees	22,000	40,000	45,000
9412 Zoning Fees	24,500	37,500	36,000
9413 Sale of Publications	88,000	59,500	48,500
9415 Miscellaneous Map Sales	17,000	13,500	10,000
9416 Rezoning Inspections	2,500	1,200	870
9417 Zoning Inspection	1,000	-0-	-0-
9418 Emission Certificate Fee	1,176,000	1,190,000	1,190,000
9419 Emission Inspection Test Fee	20,000	10,000	10,000
9423 Family Planning Fees	55,000	65,000	60,000
9424 Community Health Fees	1,200	-0-	55,250
9425 Dispensary Fees	32,750	35,000	50,000
9426 Sanitary Inspections Fees	511,200	540,480	529,000
9428 Cook Inlet Air Pollution	7,800	7,800	11,000
9431 Public Transit Fees	1,162,120	1,312,020	1,392,000
9441 Recreational Activities	330,800	372,800	362,000
9443 Swim Fees	705,100	824,800	961,860
9445 Cemetery Fees	54,000	56,000	61,000
9446 Ski Fees	3,200	10,000	10,000
9447 Golf Fees	45,000	48,000	48,000
9448 Camper Park Fees	81,000	66,430	65,430
9451 Ambulance Service Fees	824,600	1,050,000	1,050,000
9452 Fire Training Center	14,800	18,000	20,000



# 1991 General Government Operating Budget

## SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1989 Revised	1990 Revised	1991 Budget
9453 Fire Alarm Fees	\$ 13,200	\$ 13,200	\$ 13,200
9456 Admission Fees	246,300	226,300	231,300
9457 Typewriter User Fees	-0-	1,010	4,270
9462 Subdivision Inspection Fees	50,000	50,000	50,000
9463 Mapping Fees	40,000	35,000	52,500
9467 Address Fees	7,500	7,500	7,500
9468 Computer Time Fees	20,000	36,000	21,000
9471 Building Rental	24,000	28,000	32,000
9472 Concessions (0161)		27,600	-0-
9478 Parking Authority Income	390,000	675,000	620,000
9484 Animal Shelter Fees	182,000	239,000	220,000
9492 Service Fees - School District	309,400	377,270	416,540
9493 Microfiche Sales	13,340	14,020	14,700
9494 Clinic Fees	45,000	22,500	34,530
9495 Parking Authority Service Fees	53,510	65,000	68,600
9498 Unbilled Revenue (Flex-Benefits)	11,500	10,000	10,000
9499 Reimbursed Costs	473,770	309,700	354,000
9532 Miscellaneous Non-operating Income	20,000	5,000	5,000
9601 Contributions from Other Funds	657,370	278,230	184,660
9602 Utility Revenue Distribution from ATU	2,200,000	4,000,000	2,500,000
9612 Loans from Other Funds		50,000	-0-
9613 Loan Recovery	13,650	7,000	5,000
9614 Contribution of Interest from G.O. Bonds	738,130	671,380	1,155,130
9711 Assessments	890,000	762,600	654,000
9712 Penalty/Interest on Assessments	564,000	694,520	856,000
9731 Lease & Rental Revenues	412,600	427,500	412,780
9732 Lease State Land Conveyance	44,900	32,040	32,040
9741 State Land Sales	500,000	486,230	390,560
9742 Other Property Sales	7,500	22,500	22,500
9752 Parking Garages and Lots	60,000	52,000	52,000
9761 Cash Pool Short-Term Interest	3,155,750	3,865,570	3,398,450
9762 Other Short-Term Interest	516,530	913,700	666,550
9782 Lost Book Reimbursement	8,880	13,040	10,730
9783 Library Fees	6,510	1,000	1,200
9785 Sale of Books		7,260	-0-
9793 Liquor Licenses	1,000	1,000	1,500
9794 Appeal Receipts	6,600	6,200	4,000
9795 Sale of Contractor Specifications	14,000	14,000	14,000
9796 Transit Advertising Fees	45,000	35,000	40,000
9797 Copier Fees	78,920	40,880	63,740
9798 Miscellaneous Revenue	44,500	4,150	9,500
<b>Total Local Revenues</b>	<b>\$ 31,465,490</b>	<b>\$ 39,251,220</b>	<b>\$ 36,752,480</b>

**1991 General Government Operating Budget**

**SUMMARY OF ALL REVENUE ACCOUNTS**

<b>Revenue Source</b>	<b>1989 Revised</b>	<b>1990 Revised</b>	<b>1991 Budget</b>
<b>OTHER REVENUES</b>			
Intragovernmental Revenues	\$ 16,160,530	\$ 18,259,540	\$ 23,258,100
Fund Balance Applied	5,115,900	8,798,100	7,423,630
Restricted Profits	(543,260)	(111,390)	(312,130)
Property Taxes	90,502,240	91,645,370	92,082,570
Transfer of Local Taxes	-0-	-0-	5,672,950
<b>Total Other Revenues</b>	<b>\$111,235,410</b>	<b>\$118,591,620</b>	<b>\$128,125,120</b>
<b>TOTAL REVENUES</b>	<b>\$184,396,840</b>	<b>\$196,765,790</b>	<b>\$201,481,460</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 34 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 26 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 (ERRRSA), 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 program operations (equipment maintenance, Heritage Land Bank) or particular expenses (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, by object (category) 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 the executive managers and the chief fiscal officer. They then make 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 Facility Maintenance Division maintains all general government buildings. Maintenance costs are budgeted in Facility Maintenance 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 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:

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

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; and personnel summary.

### 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 and emergency medical portions of the municipal public safety program.	
MAJOR PROGRAMMING HIGHLIGHTS	<ul style="list-style-type: none"><li>- Fire Suppression crews will operate 11 fire stations, respond to over 7,000 emergencies with an average response time of 4.5 minutes, conduct 7,200 Community Right-to-Know (CRTK) surveys, and pre-fire plans.</li><li>- Emergency Medical Services units at 5 stations will respond to 10,500 requests for medical assistance providing basic or advanced life support and transporting all patients requiring medical care to the nearest medical facility.</li><li>- Fire Prevention personnel will review 2,100 commercial, multi-family and other new construction plans; make over 2,700 fire safety inspections; respond to nearly 5,000 citizen complaints/requests relative to fire safety; conduct 250 public fire education lectures and training sessions; investigate all fires of suspicious cause, arson fires, and fires resulting in injury or death; and conduct 600 Community Right-to-Know (CRTK) inspections.</li><li>- Fire Training Center will provide manipulative and academic training for line personnel, college level and continuing education courses in fire science, and fire brigade training for local organizations.</li></ul>	
RESOURCES	1990	1991
Direct Costs	\$25,721,780	\$25,062,360
Program Revenues	\$ 1,229,100	\$ 1,233,700
Personnel	268FT	268FT
Grant Budget	\$ 2,500	\$ 0
Grant Personnel	0	0

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## 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.

1991 RESOURCE PLAN										
DEPARTMENT: FIRE										
DIVISION	FINANCIAL SUMMARY				PERSONNEL SUMMARY					
	1990 REVISED	1991 BUDGET	1990 REVISED		1991 BUDGET					
			FT	PT	T	TOTAL	FT	PT	T	TOTAL
FIRE ADMINISTRATION	761,890	880,060	7			7	7			7
FIRE SUPPORT SERVICES	1,243,960	1,150,090	16			16				16
EMERGENCY MEDICAL SERVICE	3,477,440	3,305,350	39			39	39			39
FIRE & RESCUE OPERATIONS	18,774,820	18,300,280	190			190	190			190
FIRE PREVENTION	901,130	995,530	13			13	13			13
FIRE TRAINING CENTER	223,540	243,510	3			3	3			3
OPERATING COST	25,382,780	24,874,820	268			268	268			268
ADD DEBT SERVICE	339,000	187,540								
DIRECT ORGANIZATION COST	25,721,780	25,062,360								
ADD INTRAGOVERNMENTAL CHARGES FROM OTHERS	5,553,910	7,149,960								
TOTAL DEPARTMENT COST	31,275,690	32,212,320								
LESS INTRAGOVERNMENTAL CHARGES TO OTHERS	4,898,130	3,241,150								
FUNCTION COST	26,377,560	28,971,170								
LESS PROGRAM REVENUES	1,229,100	1,233,700								
NET PROGRAM COST	25,148,460	27,737,470								
=====										
1991 RESOURCES BY CATEGORY OF EXPENSE										
DIVISION	PERSONAL SERVICES	SUPPLIES	OTHER SERVICES	CAPITAL OUTLAY	TOTAL DIRECT COST					
FIRE ADMINISTRATION	449,680	12,020	416,010	2,350	880,060					
FIRE SUPPORT SERVICES	1,075,680	29,430	21,780	23,200	1,150,090					
EMERGENCY MEDICAL SERVICE	3,112,140	102,680	57,980	32,550	3,305,350					
FIRE & RESCUE OPERATIONS	14,603,570	309,550	3,402,360	117,160	18,432,640					
FIRE PREVENTION	909,640	27,300	15,140	43,450	995,530					
FIRE TRAINING CENTER	196,520	11,510	20,620	14,860	243,510					
DEPT. TOTAL WITHOUT DEBT SERVICE	20,347,230	492,490	3,933,890	233,570	25,007,180					
LESS VACANCY FACTOR	132,360				132,360					
ADD DEBT SERVICE					187,540					
TOTAL DIRECT ORGANIZATION COST	20,214,870	492,490	3,933,890	233,570	25,062,360					

## Department Reconciliation

The Department Reconciliation shows how the department's budget differs from the current year to the budget year. Program changes are noted with their associated funding and staffing levels.

RECONCILIATION FROM 1990 REVISED TO 1991 BUDGET
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DEPARTMENT: FIRE

	DIRECT COSTS	POSITIONS		
		FT	PT	T
1990 REVISED BUDGET:	\$25,721,780	268	FT	
Amount Required to Continue Existing Programs in 1991:	(144,220)			
REDUCTIONS TO EXISTING PROGRAMS:				
- None				
EXPANSIONS IN EXISTING PROGRAMS:				
- Baseline physical/hazmat exposure for hazardous material incidents	70,050			
NEW PROGRAMS:				
- None				
MISCELLANEOUS INCREASES (DECREASES):				
- Retiree Medical Insurance Increase	120,460			
- AWWU Water Hydrant Contract Increase	683,490			
- Debt Service Decreases	(151,460)			
- Decrease in Personal Services Accounts	(199,110)			
- Increase in Capital Outlay Accounts	65,240			
- Increase in Supplies Accounts	72,670			
- Increase in Other Services Accounts	68,110			
- Allowance for Inflation	(52,660)			
- Projected 2% Contract Reduction	(9,020)			
- Projected Benefit Reduction	(559,830)			
- Projected Wage Adjustment	(623,140)			
1991 BUDGET	\$25,062,360	268	FT	

**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.

**1991 PROGRAM PLAN**

DEPARTMENT: FIRE    DIVISION: FIRE & RESCUE OPERATIONS  
PROGRAM: Fire/Rescue Operations

**PURPOSE:**

Operate 11 fire stations staffed with full-time firefighters, 1 station and a facility staffed by auxiliaries, and 4 stations staffed by volunteers to provide an acceptable level of fire and rescue services to the people of Anchorage, Eagle River, South Fork, Chugiak and Girdwood.

**1990 PERFORMANCES:**

- Respond to and arrive at all emergencies in Anchorage and Eagle River areas in less than an average of 4.5 minutes.
- Respond to over 7,700 requests for emergency services.
- Conduct 7,200 Community Right-to-Know (CRTK) inspections.
- Conduct 120 pre-fire plan inspections.
- Provide 48 hours of training per volunteer and 200 hours of training per auxiliary firefighter.
- Respond to all structure fires in Girdwood within seven (7) minutes.

**1991 OBJECTIVES:**

- Respond to and arrive at all emergencies in the Anchorage and Eagle River areas in less than an average of 4.5 minutes.
- Respond to all structure fires in Girdwood within seven (7) minutes.
- Respond to over 7,850 requests for emergency services.
- Conduct 7,200 Community Right-to-Know inspections.
- Conduct 120 pre-fire plan inspections.
- Provide 48 hours of training per volunteer and 200 hours of training per auxiliary.
- Provide automatic defibrillator service in the Anchorage and Eagle River areas within an average of 4.5 minutes.

**RESOURCES:**

	1989 REVISED			1990 REVISED			1991 BUDGET		
	FT	PT	T	FT	PT	T	FT	PT	T
<b>PERSONNEL:</b>	178	0	0	190	0	0	190	0	0
PERSONAL SERVICES				\$14,548,640			\$15,800,290		
SUPPLIES				263,520			256,840		
OTHER SERVICES				2,295,050			2,629,290		
DEBT SERVICE				491,170			322,240		
CAPITAL OUTLAY				125,720			88,400		
<b>TOTAL DIRECT COST:</b>				<b>\$17,724,100</b>			<b>\$19,097,060</b>		

**PERFORMANCE MEASURES:**

- Total alarms		7,040		7,700		7,850
- Training hours per volunteer		48		48		48
- Training hours per auxiliary		200		200		200
- Community Right-to-Know inspections conducted		3,420		7,200		7,200
- Fire cause/origin investigations		1,500		1,500		1,530

25 SERVICE LEVELS ARE FUNDED FOR THE DEPARTMENT. THIS PROGRAM HAS LEVELS: 1, 5, 6, 11, 22, 25

## HOW TO USE THE APPENDICES

The Appendices contain summaries of expenditures, revenues, assessed valuation and mill levies. 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.
- B. **Tax Limit Allocation 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. **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.
- D. **Personnel Summary:** Indicates personnel positions by type (full time, part-time, temporary) and department. Three years' information is included for comparison.
- E. **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.
- F, G, H and I. **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.
- J. **Debt Service Summary by Program:** Provides detailed information regarding the outstanding debt and the principal and interest payments for the budget year.
- K. **Function Cost Comparison by Fund:** Compares operating budget function costs (direct costs with intragovernmental charge additions and subtractions) by fund.
- L. **Revenue Distribution Summary:** Shows the source and the authorization for each allocated revenue and the distribution to service areas. Each program revenue is distributed by budget unit. There is also a description of each revenue account and an explanation of how the revenue is generated and/or estimated.

- 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. **Calculation of Average Mill Levy:** Shows the computation of the overall mill levy for the Municipality of Anchorage without regard to service area. Compares to previous year and shows the net change for the computations. Also shows the average mill levy trend.
- 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 Taxing District:** Shows each taxing district's anticipated change in mill levy, indicating what service is causing the change.
- Q. **1991 Preliminary Mill Levies:** Shows each taxing district's anticipated total mill levy by service area, including the assumed mill levy for the Anchorage School District.
- R. **Mill Levy Trends:** Shows the ten-year mill levy trend by taxing district. Included is the mill levy for school district operations.
- S. **Mill Levy Comparisons by Fund:** Displays the proposed mill levies by fund (service area). Included for comparison are the approved mill levies for the previous two years.
- T. **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 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 (programs 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.
- 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.
- Average Mill Rate** The average tax rate (mill levy) computed by:
- $$\frac{\text{Total Property Tax Required}}{\text{Total Areawide Assessed Valuation}} \times 1,000 = \text{Average Mill Rate}$$
- 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.

<b>Charter</b>	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.
<b>Code</b>	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.
<b>Debt Service</b>	Principal and interest payments on debt incurred (bonds sold) by the municipality.
<b>Direct Costs</b>	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.
<b>Expense</b>	General government expenses include salaries, wages, supplies, contracts, debt service, purchases of machinery and equipment.
<b>Fiscal Year</b>	An accounting term for the budget year. The fiscal year of the municipality is January through December 31.
<b>Function Cost</b>	The appropriation level for funds (or service areas). Function cost is calculated as follows:  $\begin{array}{r} \text{Direct} + \text{Intragovernmental} - \text{Intragovernmental} = \text{Function} \\ \text{Cost} \quad \text{Charges From} \quad \text{Charges to Others} \quad \text{Cost} \\ \text{Others} \end{array}$ <p>The function cost of a particular fund is the sum of the function costs of all budget units assigned to the fund.</p>
<b>Fund</b>	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.
<b>Fund Balance</b>	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.
<b>Intragovernmental Charge</b>	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:

$$\begin{aligned} &\text{Direct Cost} + \text{Intragovernmental Charges From Others} - \text{Intragovernmental Charges to Others} \\ &\quad - \text{Program Revenues} = \text{Net Program Cost} \end{aligned}$$

**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:

$$\begin{aligned} &\text{Net Program Costs for all Budget Units in a Particular Fund} - \text{Allocated Revenues Assigned to the Fund and Fund Balance} = \text{Property Tax Required for the Fund to Meet the Budget} \end{aligned}$$

**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

<b>Service Level</b>	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.
<b>Spending Limitation</b>	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.
<b>Tax Limitation</b>	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.
<b>Tax Requirement</b>	The amount of property tax allowed and necessary to fund the budget.
<b>Tax-supported</b>	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.
<b>Vacancy Factor</b>	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.
<b>Zero-base Budgeting (ZBB)</b>	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.