

III. FISCAL PROFILE

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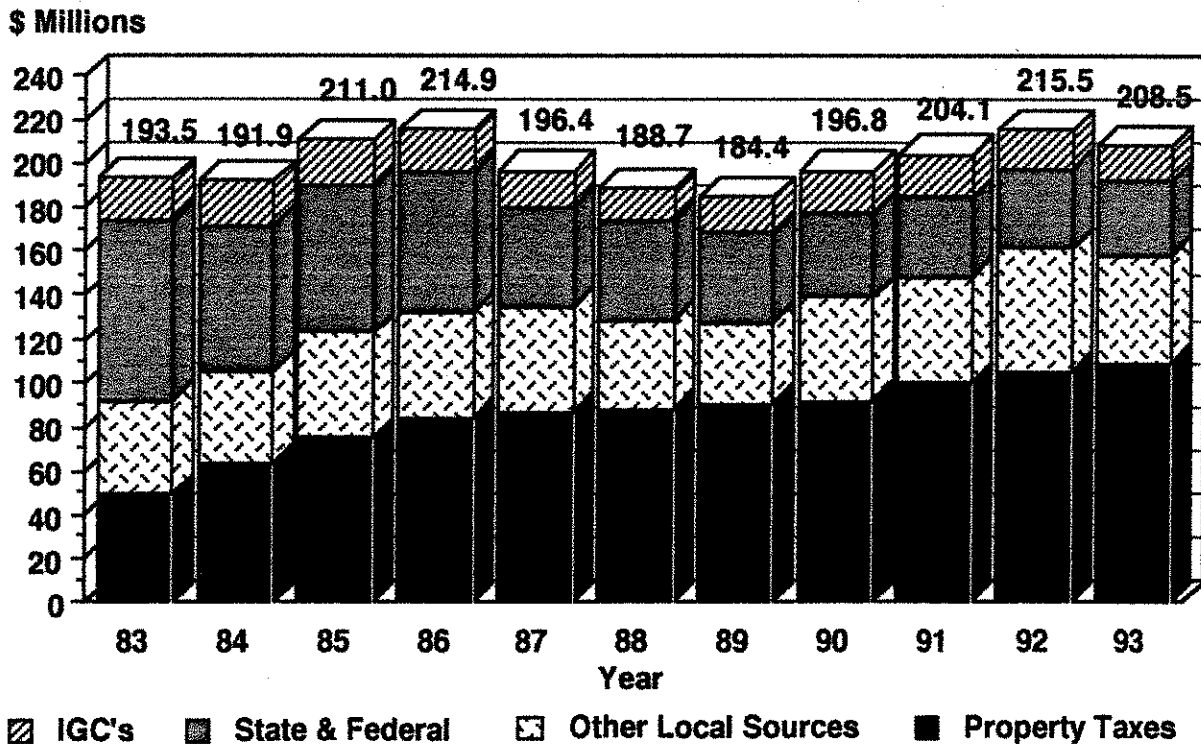
This section provides historical information on some important aspects of the Municipality of Anchorage's fiscal structure. Trends in this data give an indication of how the fiscal situation has changed over the last several years, and may lend perspective to current choices and projections of the future.

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
1983 - 1993 ***

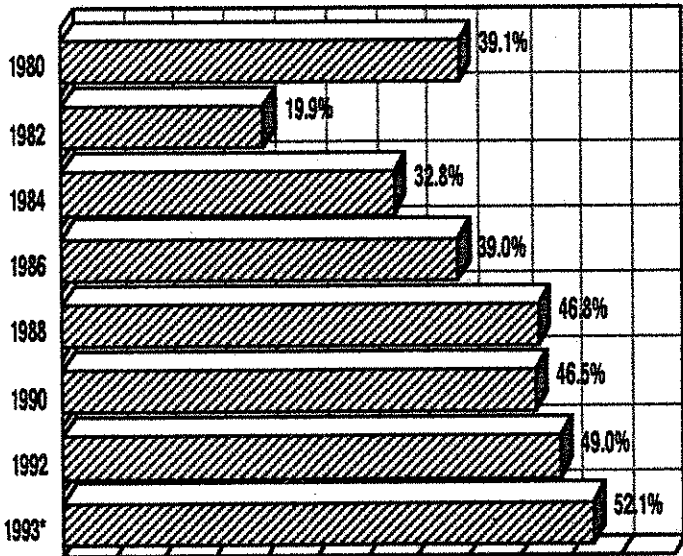


* 1983 - 1992 Revised Budgets; 1993 Proposed Budget.

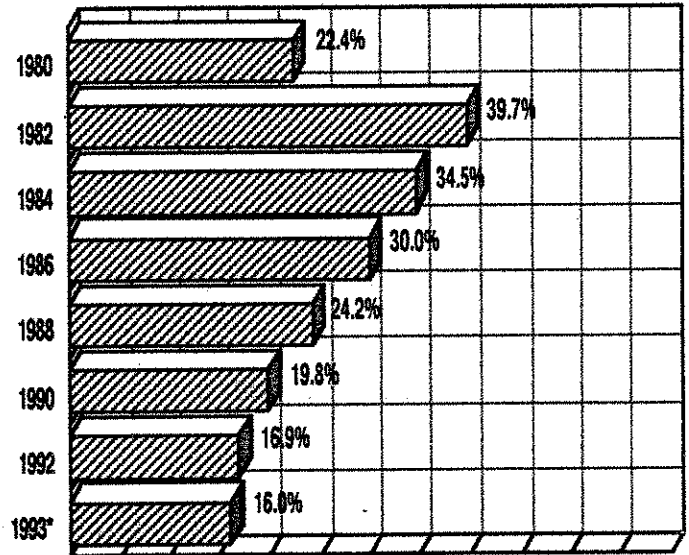
Figure 3-2

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

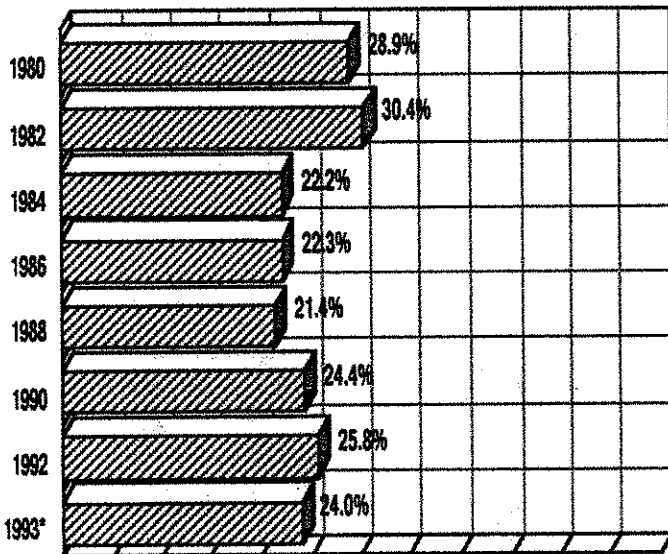
Property Taxes



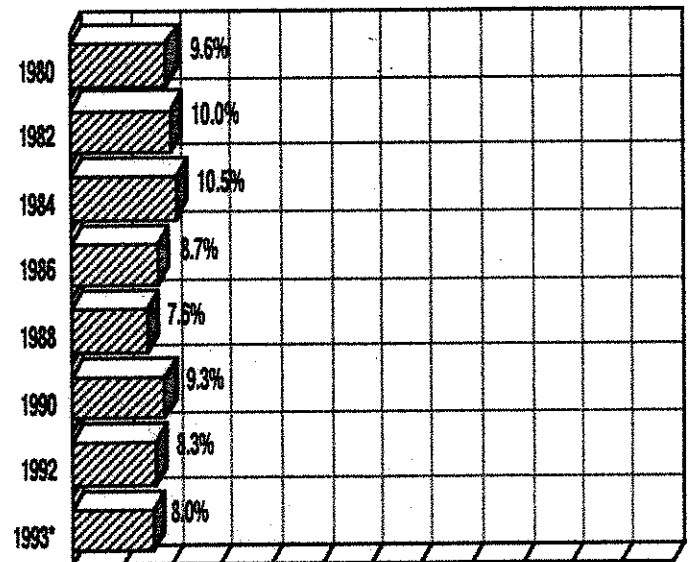
State and Federal Revenues



Other Local Sources **



Intragovernmental Charges



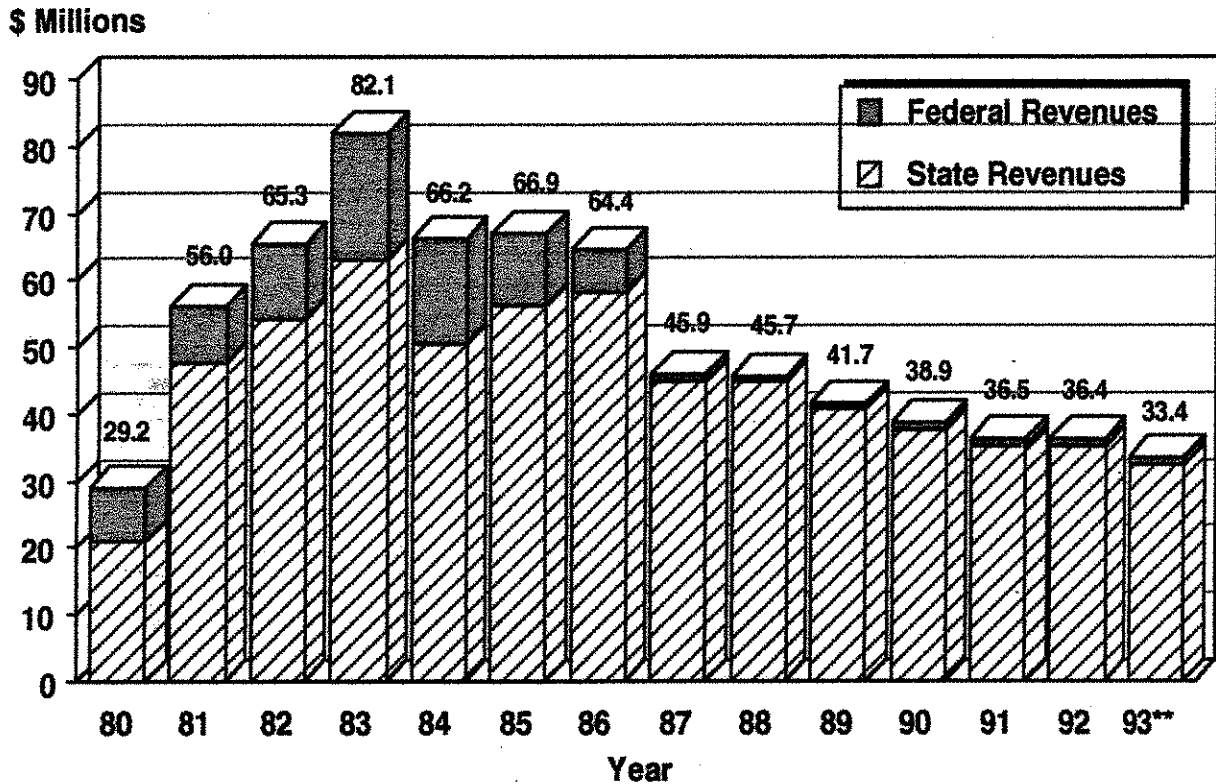
* 1980-1992 Revised Budgets; 1993 Proposed Budget.

** 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 3-9 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 3-9 provide more detailed information on these sources.

Figure 3-3

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



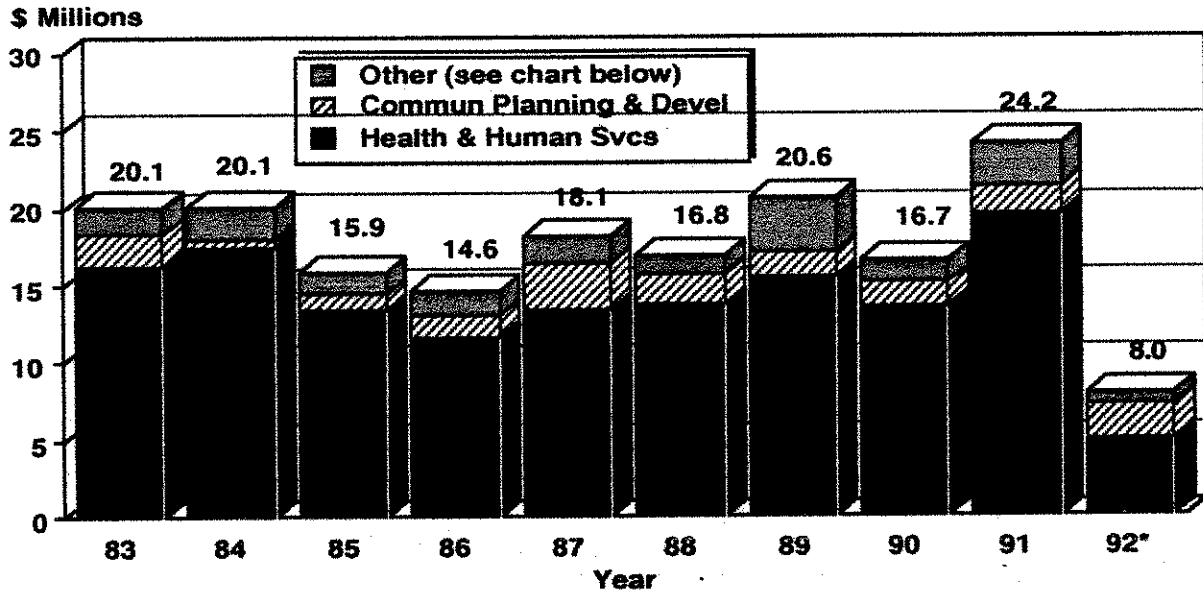
* Includes revenue sharing programs and Urban Mass Transit grants but not special categorical grants which are not part of the operating budget (see next page).

** 1980-1992 Revised Budgets; 1993 Proposed Budget.

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 **

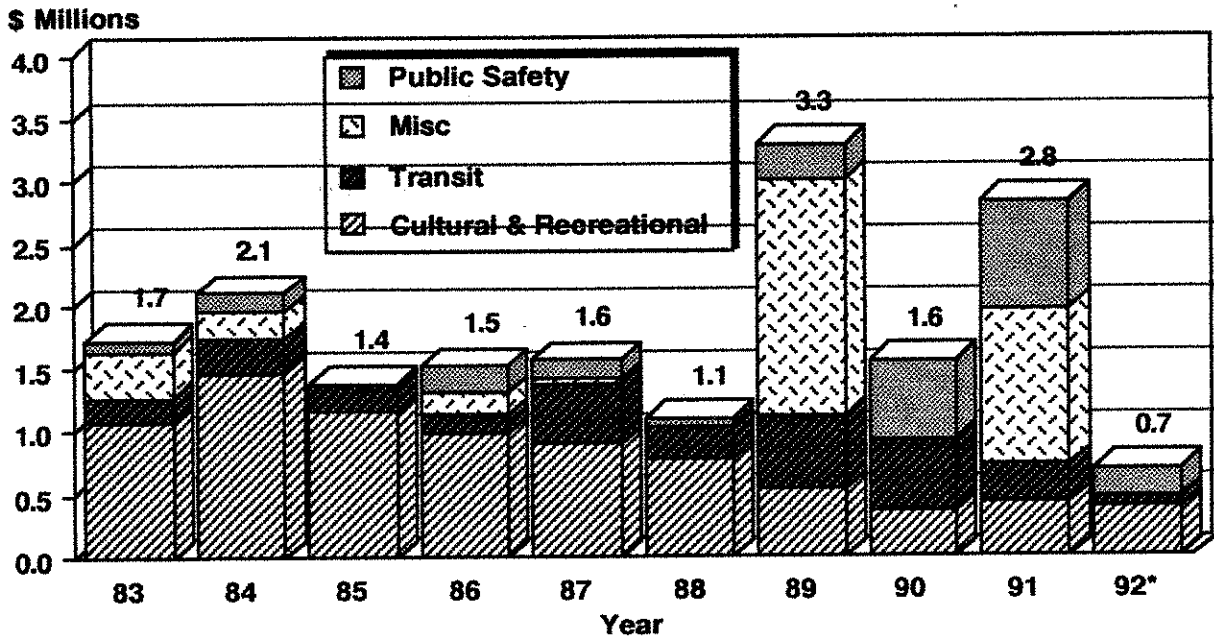


* As of September, 1992.

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

Figure 3-5

Detail on "Other" Category Categorical Grants

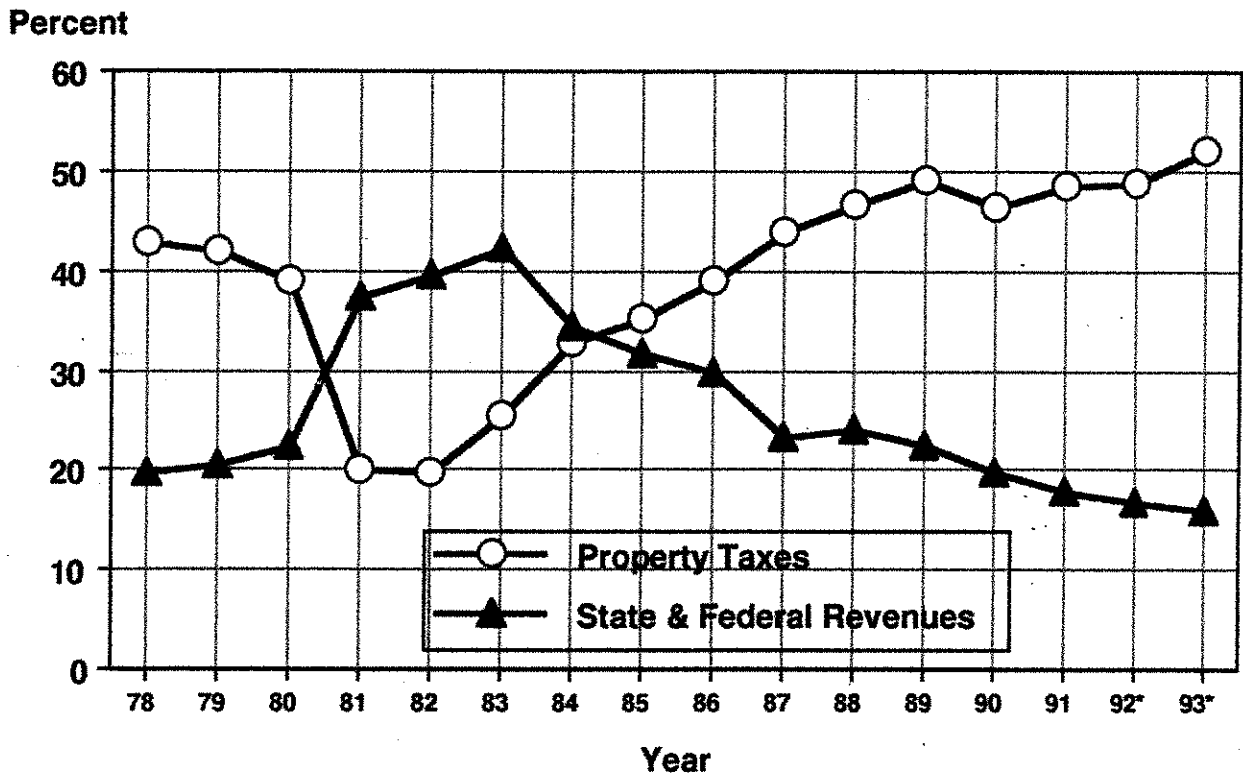


* As of September, 1992.

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

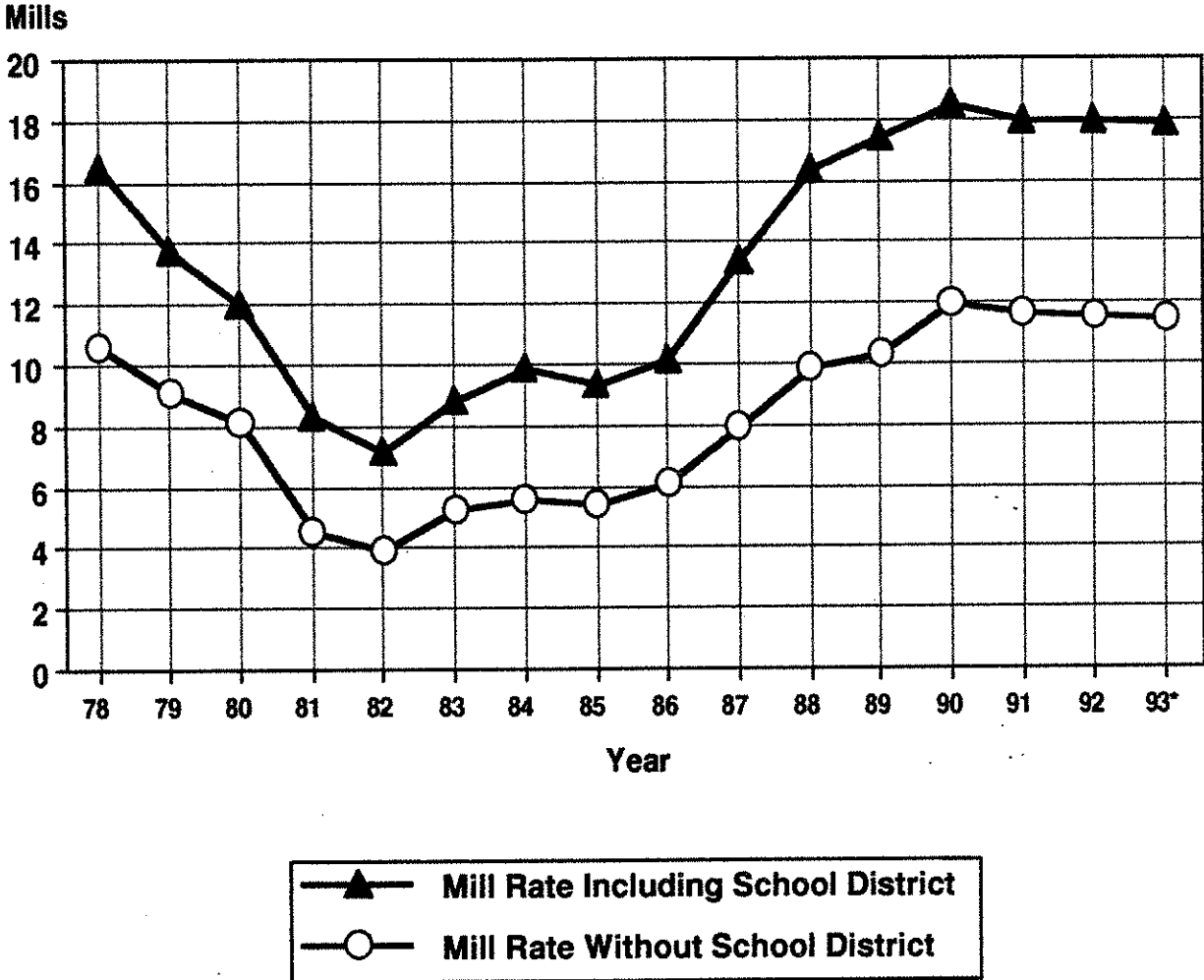
**Property Taxes and State/Federal Revenues
As Percentage of General Government Operating Revenues ***



* 1978-1992 Revised Budgets; 1993 Proposed Budget.

Figure 3-7

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



* 1978-1992 Revised Budgets; 1993 Proposed Budget.

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

Figure 3-8 shows the level of property taxes allowed under the charter tax limitation vis-a-vis the amount in the 1987-1992 revised budgets and in the 1993 proposed budget.

Figure 3-8

**Property Taxes Under Charter Limitation
(Millions of Dollars) ***

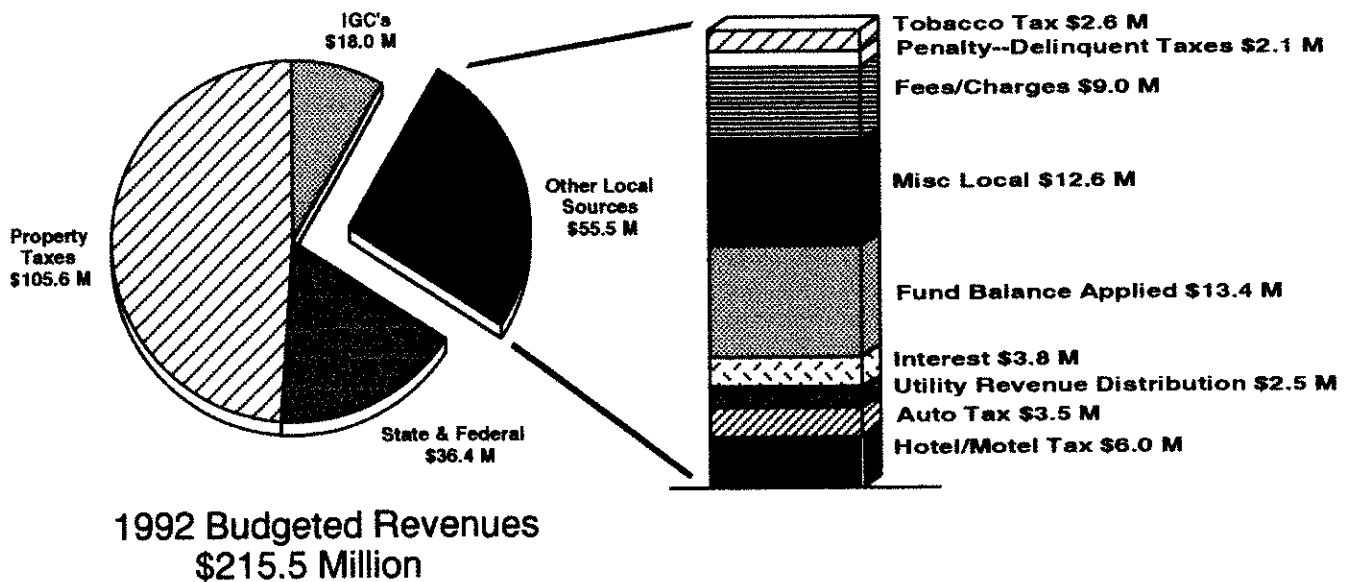
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Property Taxes Allowed by Tax Limit	\$96.4	\$90.6	\$91.6	\$91.8	\$101.0	\$106.3	\$111.7
Budgeted	<u>86.5</u>	<u>88.3</u>	<u>90.5</u>	<u>91.6</u>	<u>97.8</u>	<u>105.6</u>	<u>108.6</u>
Under Tax Limit	\$ 9.9	\$ 2.2	\$ 1.1	\$ 0.2	\$ 3.2	\$ 0.7	\$ 3.1

* 1987-1992 Revised Budgets; 1993 Proposed Budget.

As state revenues decline, the revenue category labeled "Other Local Sources" becomes more important. Figure 3-9 shows some detail for this grouping based on the revised 1992 budget.

Figure 3-9

**Local Sources -- Detail
1992 Revenues ***



* Revised Budget as of June 30, 1992.

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. As the data indicate, effective rates range from a high of \$4.40 per \$100 of assessed value in Detroit to 48 cents per \$100 of assessed value in Honolulu, Hawaii.

Figure 3-10

**Residential Property Tax Rates in
Selected Large Cities; 1990
(Ranked from Highest to Lowest Effective Rates)**

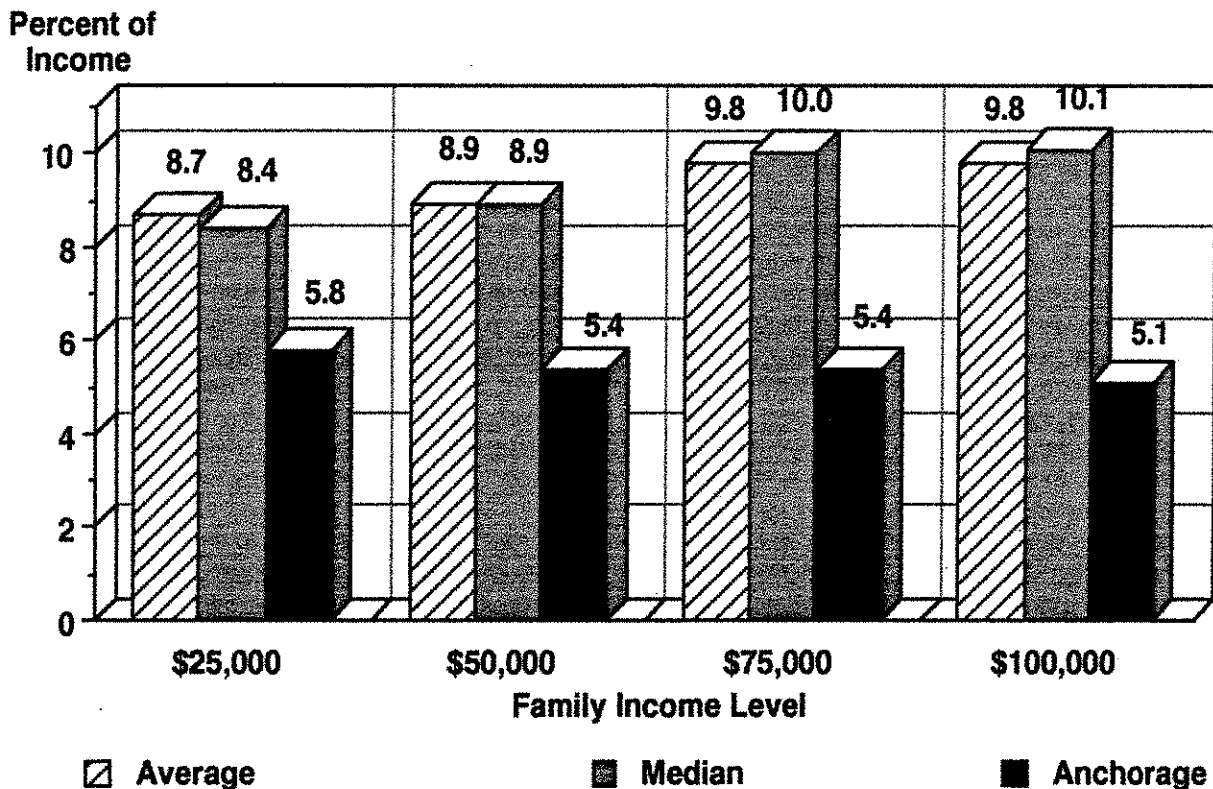
<u>City</u>	<u>Rank</u>	<u>Tax Per \$100,000</u>	<u>City</u>	<u>Rank</u>	<u>Tax Per \$100,000</u>
Detroit, MI	1	\$4,400	New Orleans, LA	26	\$1,460
Milwaukee, WI	2	3,780	Billings, MT	27	1,440
Portland, OR	3	3,320	Wilmington, DE	28	1,310
Des Moines, IA	4	3,100	Phoenix, AZ	29	1,310
Newark, NJ	5	2,960	Seattle, WA	30	1,300
Philadelphia, PA	6	2,640	Columbia, SC	31	1,260
Omaha, NE	7	2,630	Norfolk, VA	32	1,240
Providence, RI	8	2,550	Louisville, KY	33	1,200
Baltimore, MD	9	2,460	Wichita, KS	34	1,170
Manchester, NH	10	2,360	Charlotte, NC	35	1,150
Sioux Falls, SD	11	2,270	St. Louis, MO	36	1,150
Houston, TX	12	2,190	Denver, CO	37	1,120
Jacksonville, FL	13	2,180	Minneapolis, MN	38	1,110
Bridgeport, CT	14	2,100	Salt Lake City, UT	39	1,080
Atlanta, GA	15	2,080	Oklahoma City, OK	40	1,040
Cleveland, OH	16	2,000	Albuquerque, NM	41	1,040
Boise City, ID	17	1,920	Washington, DC	42	960
Fargo, ND	18	1,780	Little Rock, AR	43	950
Memphis, TN	19	1,770	Las Vegas, NV	44	880
Anchorage, AK	20	1,760	Boston, MA	45	850
Portland, ME	21	1,740	New York City, NY	46	790
Burlington, VT	22	1,650	Casper, WY	47	710
Chicago, IL	23	1,630	Birmingham, AL	48	700
Indianapolis, IN	24	1,620	Los Angeles, CA	49	630
Jackson, MS	25	1,470	Charleston, WV	50	610
			Honolulu, HI	51	480
		Unweighted Average			\$1,670
		Median			\$1,470

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 1991.

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. Figures 3-11 and 3-12 summarize some of their results.

Figure 3-11

**Estimated Burden of Major Taxes
For a Family of Four by Income Level
1990 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, 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 1991.

Figure 3-12

Estimated Burden of Major State and Local Taxes for a Family of Four, 1990

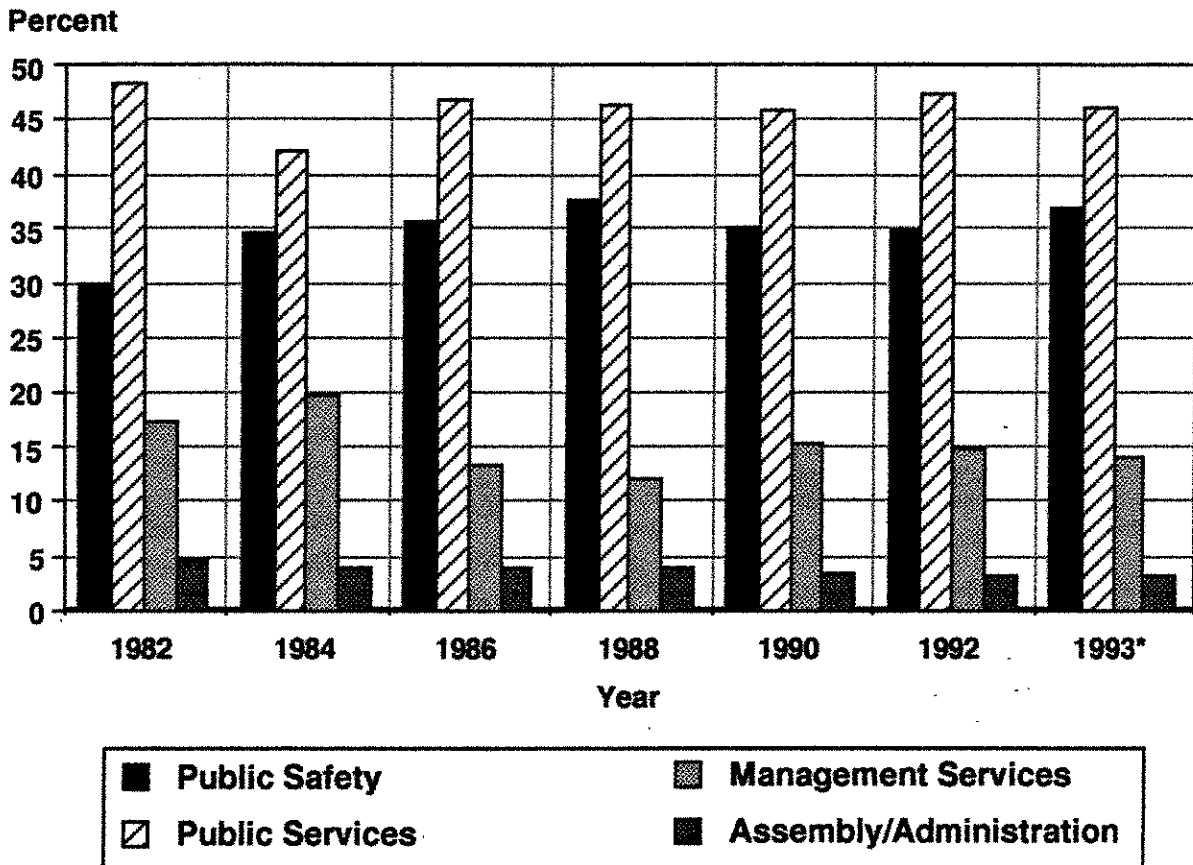
<u>Family Income Level</u>	<u>Rank</u>	<u>City</u>	<u>Percent of Income</u>	
\$ 25,000	Highest	1	Portland, OR	13.8%
		48	Anchorage, AK	5.8%
	Lowest	51	Casper, WY	4.6%
			51-City Average	8.7%
\$ 50,000	Highest	1	Milwaukee, WI	14.8%
		48	Anchorage, AK	5.4%
	Lowest	51	Casper, WY	3.8%
			51-City Average	8.9%
\$ 75,000	Highest	1	Portland, OR	15.3%
		49	Anchorage, AK	5.4%
	Lowest	51	Casper, WY	4.4%
			51-City Average	9.8%
\$100,000	Highest	1	Portland, OR	15.2%
		50	Anchorage, AK	5.1%
	Lowest	51	Casper, WY	4.1%
			51-City Average	9.8%

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 1991.

The following chart describes the distribution of general government budgeted expenditures since 1982.

Figure 3-13

**Distribution of Budgeted Expenditures
By Major Functions *
(As a Percentage of Total Expenditures)**



Public Safety includes Health and Human Services, Fire, and Police.

Public Services includes Public Works, Cultural and Recreational Services, Transit, Community Planning and Development, Property and Facility Management, and Non-Departmental.

Management Services includes the Municipal Manager, Finance, Information Systems, Employee Relations, and Purchasing. In 1990, the increase is mainly attributable to the transfer of ATU's Management Information System section to General Government.

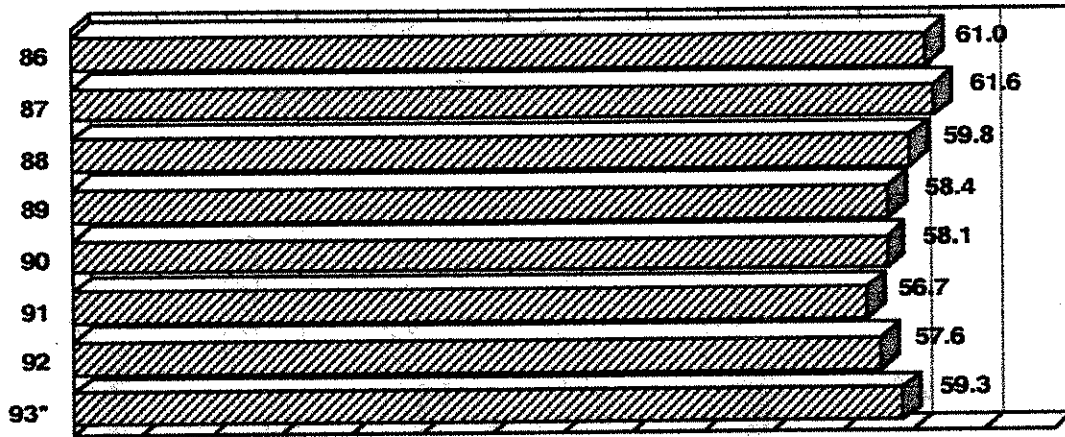
Assembly/Administration includes Assembly, Equal Rights Commission, Internal Audit, Office of the Mayor and Municipal Attorney.

* 1982-1992 Revised Budgets; 1993 Proposed Budget

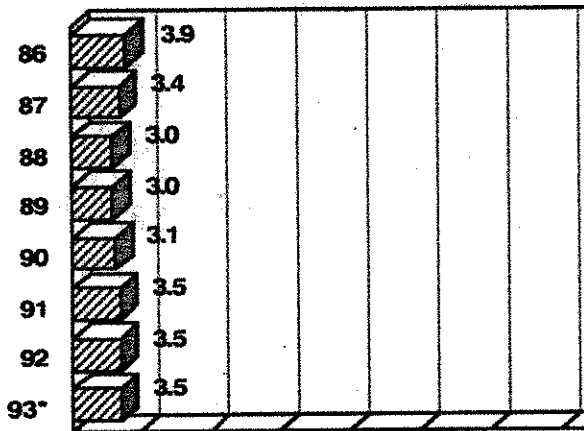
Figure 3-14

**General Government Budgeted Expenditures
Direct Cost By Type *
(Percentage Distribution)**

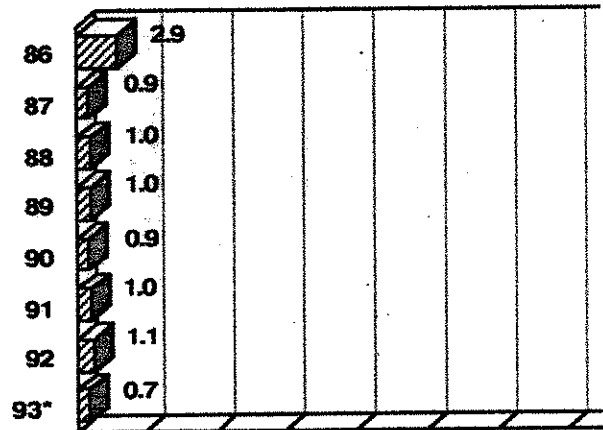
Personal Services (Percent of Total)



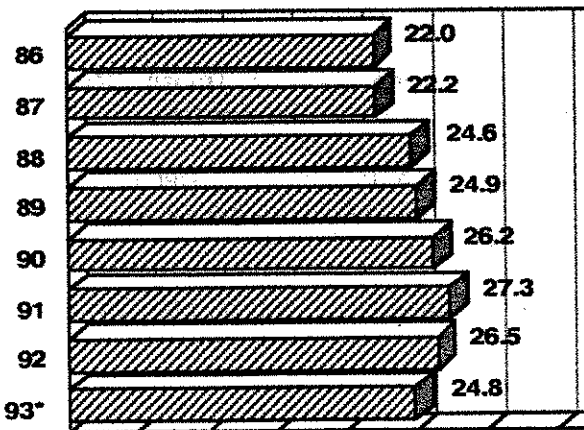
Supplies (Percent of Total)



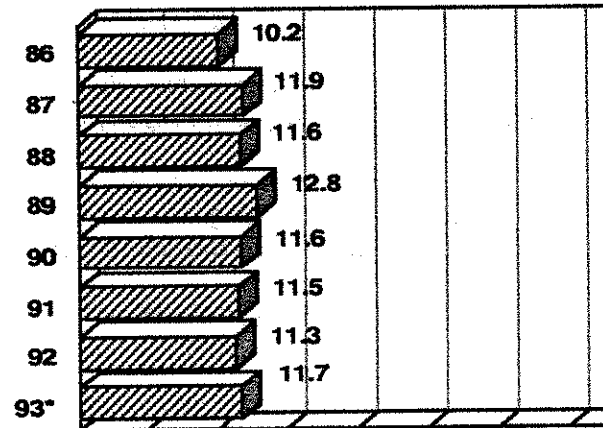
Capital Outlay (Percent of Total)



Other Services (Percent of Total)



Debt Service (Percent of Total)



* 1986 - 1992 Revised Budgets; 1993 Proposed Budget.

Capital Funding

The Municipality of Anchorage experienced substantial capital growth during the early 1980's with a substantial decrease during the last half of the decade. Figures 3-15 through 3-23 present historical information on the sources and uses of capital funds during this period.

Figure 3-15

**Categories of Capital Projects
Total Appropriations by MOA
1983-1992**

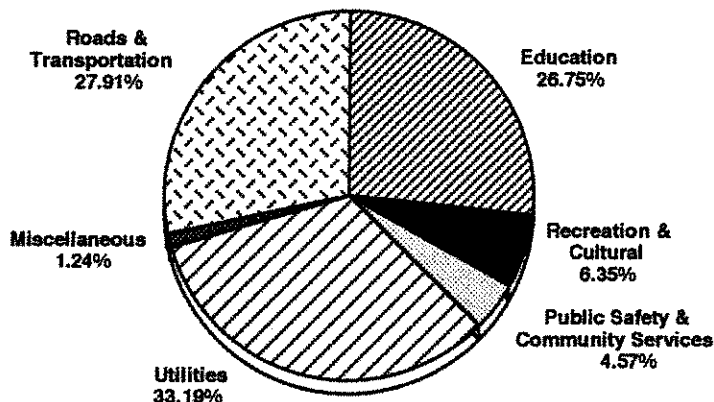
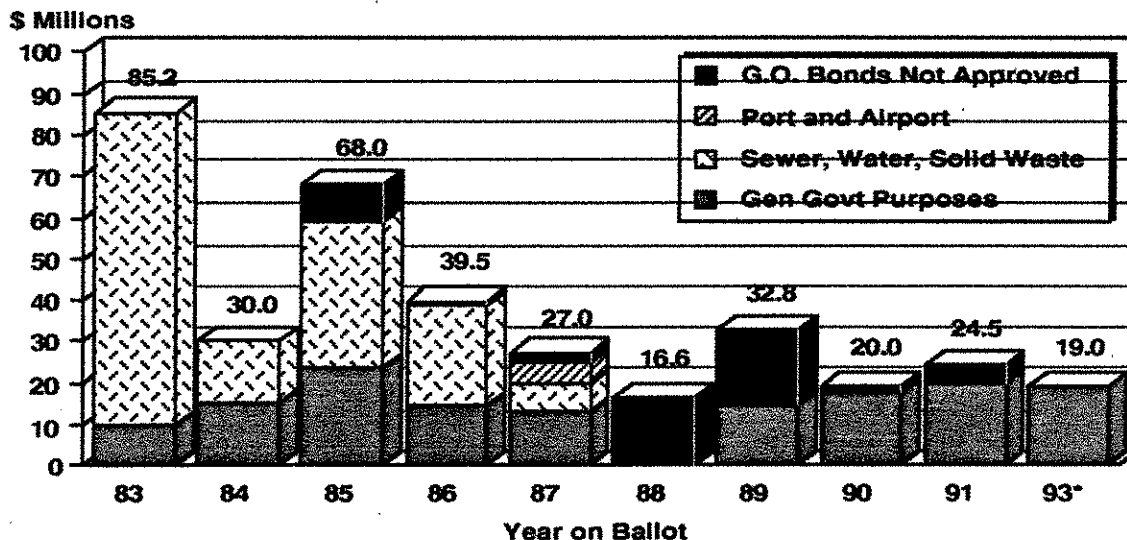


Figure 3-16

**General Obligation Bond Propositions
(Excluding School Bonds)
1983-1993**



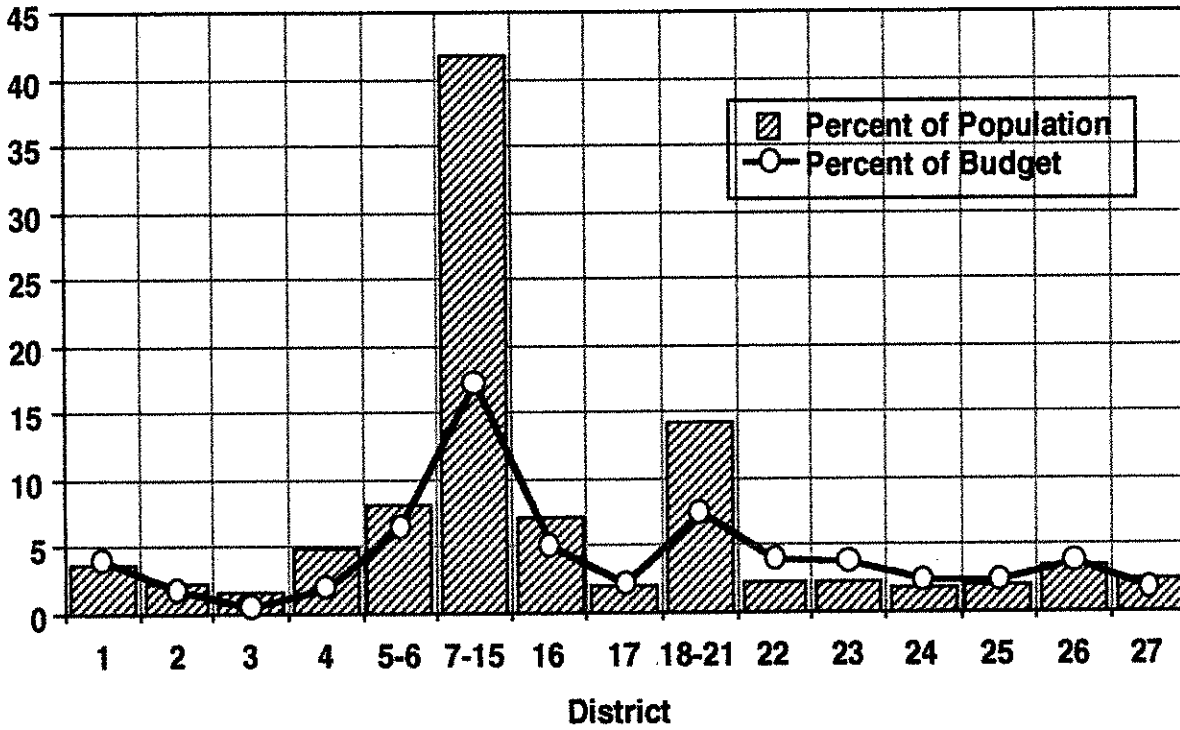
* Proposed on the April 20, 1993 ballot. 1991 was the last year to have an October ballot. There were no Municipal propositions in 1992.

General Government purposes include roads, parks, fire, police, library, etc. Wastewater, 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 V of this report.

Figure 3-17

District Comparison of Population to Percentage of Fiscal Year 1993 State Capital Budget

Percent



District	Population		Capital Budget	
	Amount	Percent	Amount	Percent
1 Ketchikan - Wrangell - Petersburg	20,043	3.6%	\$ 31.513 M	4.0%
2 Inside Passage	12,914	2.3%	14.175 M	1.8%
3 Baranoff - Chichagof	9,281	1.7%	4.942 M	0.6%
4 Juneau	26,751	4.9%	16.522 M	2.1%
5-6 Kenai - Cook Inlet - North Kenai - South Coast	44,287	8.1%	51.442 M	6.5%
7-15 Anchorage	229,843	41.8%	135.832 M	17.3%
16 Matanuska - Susitna	39,683	7.2%	40.349 M	5.1%
17 Interior Highways	11,028	2.0%	17.708 M	2.2%
18-21 S.E. Fairbanks N. Star Borough - Fairbanks	77,950	14.2%	60.000 M	7.6%
22 North Slope- Kotzebue	12,092	2.2%	32.032 M	4.1%
23 Norton Sound	11,836	2.2%	29.608 M	3.8%
24 Interior Rivers	10,226	1.9%	19.632 M	2.5%
25 Lower Kuskokwim	11,768	2.1%	18.706 M	2.4%
26 Bristol Bay - Aleutians	18,889	3.4%	29.526 M	3.8%
27 Kodiak - East Alaska Peninsula	13,452	2.4%	14.568 M	1.9%
99 Other			269.986 M	34.3%
TOTAL STATE	550,043		\$786.541 M	

SOURCE: "Alaska Population Overview: 1990 Census & Estimates" by the Alaska Department of Labor and "Election District Report: Fiscal Year 1993" by the Alaska Legislative Finance Division.

Local voters approved nearly \$500 million in general obligation bonds during the 1980's. Approximately 34% of these bonds were for utilities, 41% were for schools; and 25% for general government purposes such as roads, drainage, water quality and parks.

Figure 3-18

**General Obligation Bonds
Approved by Voters**

<u>Year</u>	<u>General Government Purposes</u>	<u>Utilities</u>	<u>School District</u>	<u>Total</u>
1982	\$12.0 M	\$ -0- M	\$ 69.9 M	\$ 81.9 M
1983	10.0	75.2	-0-	85.2
1984	15.0	15.0	-0-	30.0
1985	23.4	35.6	103.0	162.0
1986	14.8	23.7	-0-	38.5
1987	13.5	11.5	-0-	25.0
1988	-0-	-0-	-0-	-0-
1989	14.7	-0-	29.7	44.4
1990	17.9	-0-	-0-	17.9
1991	20.0	-0-	24.4	44.4
1993 *	19.0	-0-	**	-0-

* Proposed bonds on the April, 1993 ballot. NOTE: There was no bond ballot in October, 1992. The election/bond propositions will now be held in April of every year.

** The School District has not yet determined the amount of bonds they will place on the ballot in 1993.

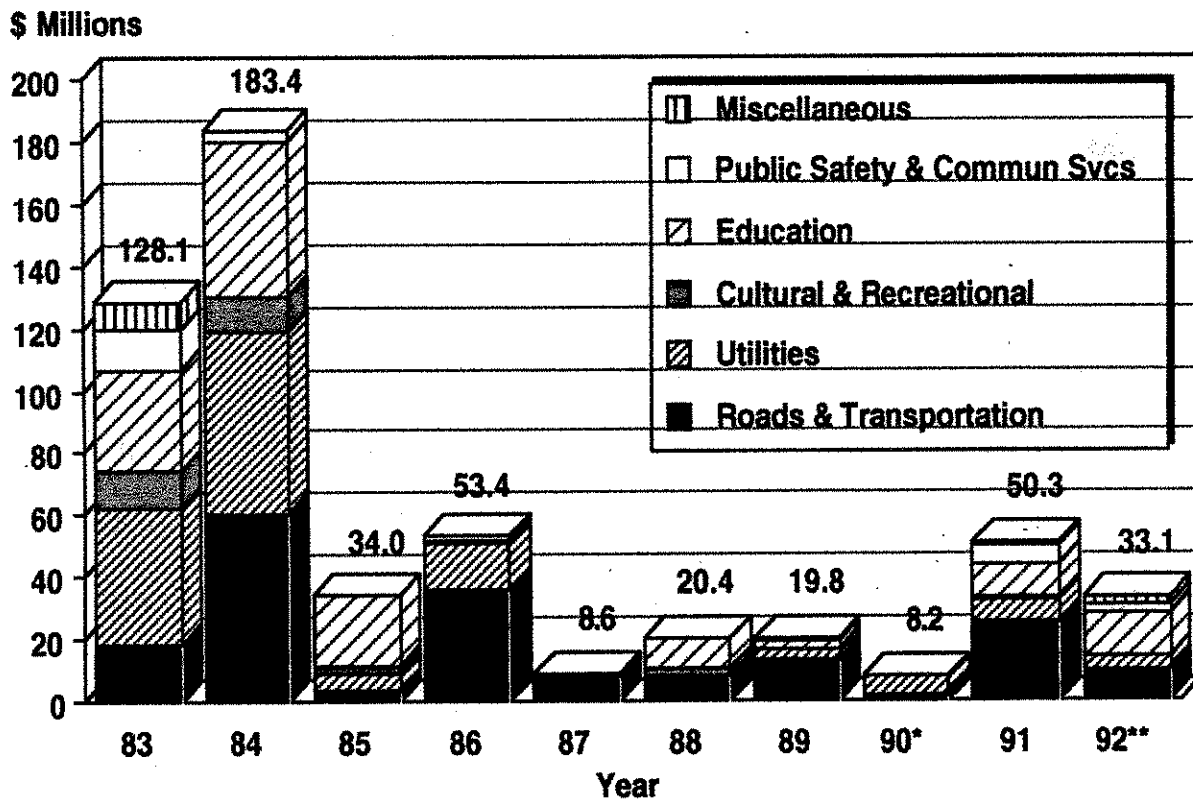
The \$19 million General Government bond propositions include the following:

- \$15 M Anchorage Roads and Drainage Service Area
- 3 M Major maintenance on Municipal facilities, underground storage tanks and ADA improvements
- 1 M Dempsey Anderson second indoor ice rink

Figure 3-19 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. Amounts shown are net of repeals and reappropriations.

Figure 3-19

**State Capital Grants
Appropriated by MOA
Net of Repeals**



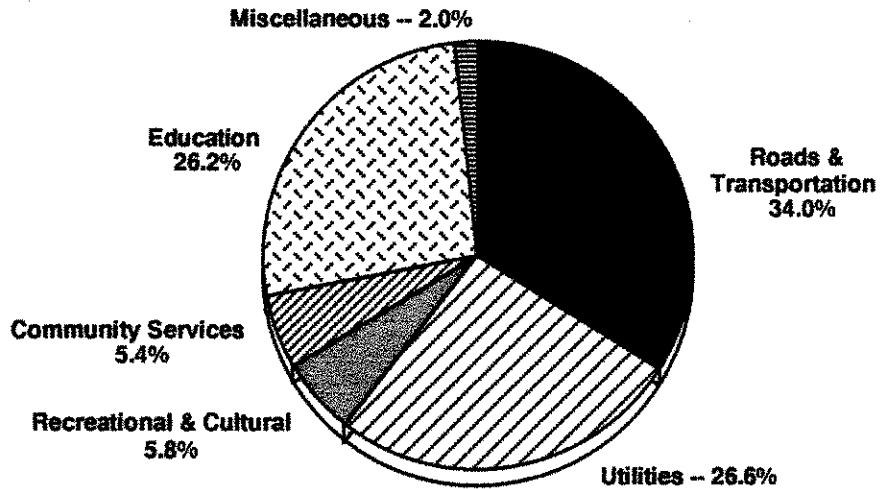
* The Governor's line item veto in July, 1990 resulted in net negative appropriations for the Anchorage School District and Department of Cultural and Recreational Services due to repeals of existing grants. Railbelt Energy Fund appropriations were composed of \$2.5 million for the Ship Creek Original Townsite Redevelopment Project and \$2.3 million to reconstruct and upgrade the Girdwood water system.

** As of August, 1992.

Figure 3-20 summarizes the purposes of State grants over this period.

Figure 3-20

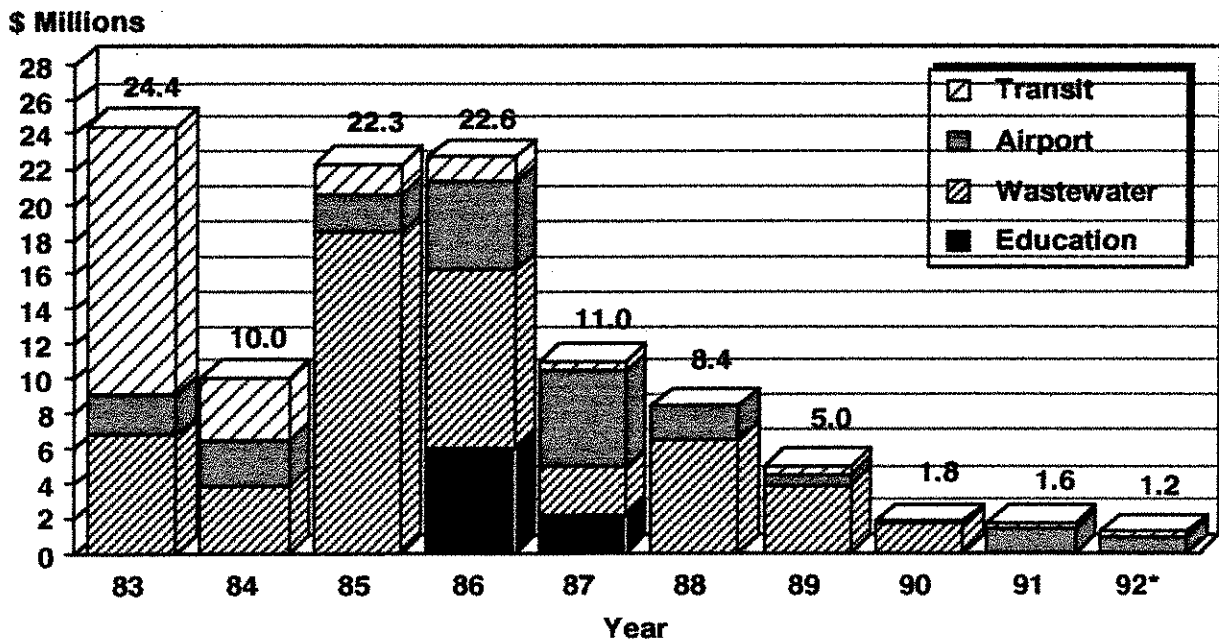
**State Capital Grants Appropriated by MOA
Total Distribution by Purpose 1983-1992 ***



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

Figure 3-21

**Major Federal Capital Grants
1983-1992**

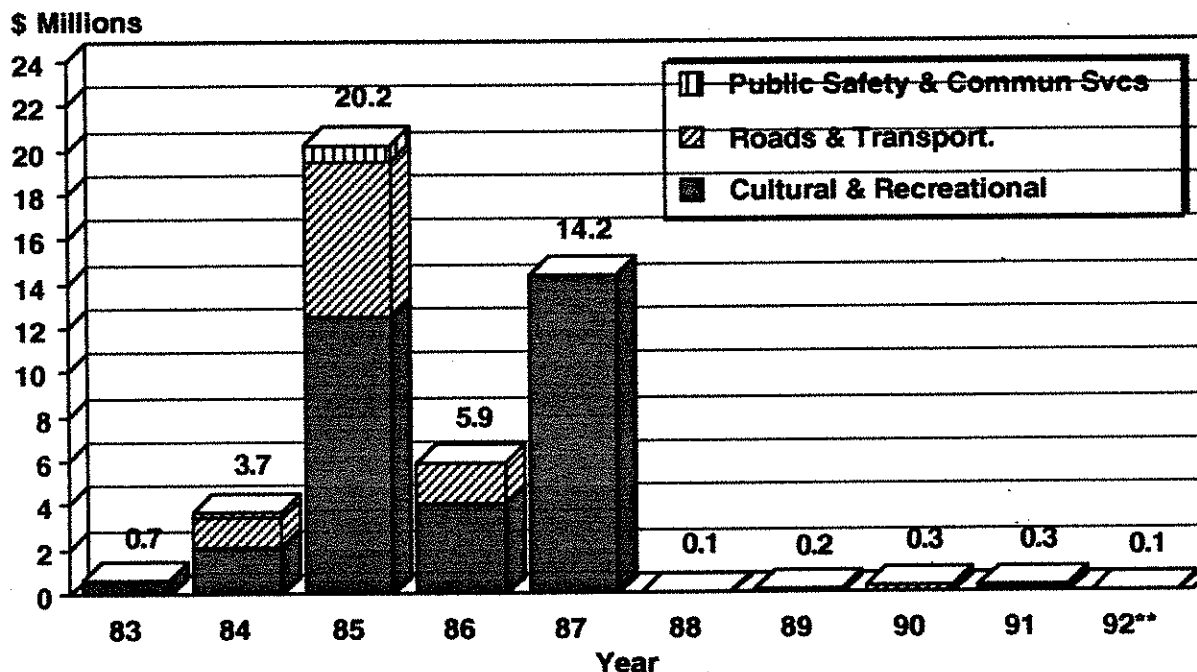


* As of August, 1992.

Through the mid 1980's, interest earned on capital grants was a funding source for capital projects. Figure 3-22 summarizes interest appropriation by broad program groupings. In prior years these interest earnings 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 has had substantially lower grant fund balances in recent years and lower interest earnings.

Figure 3-22

**Interest Appropriations
for General Government Capital Projects *
(1983-1992)**



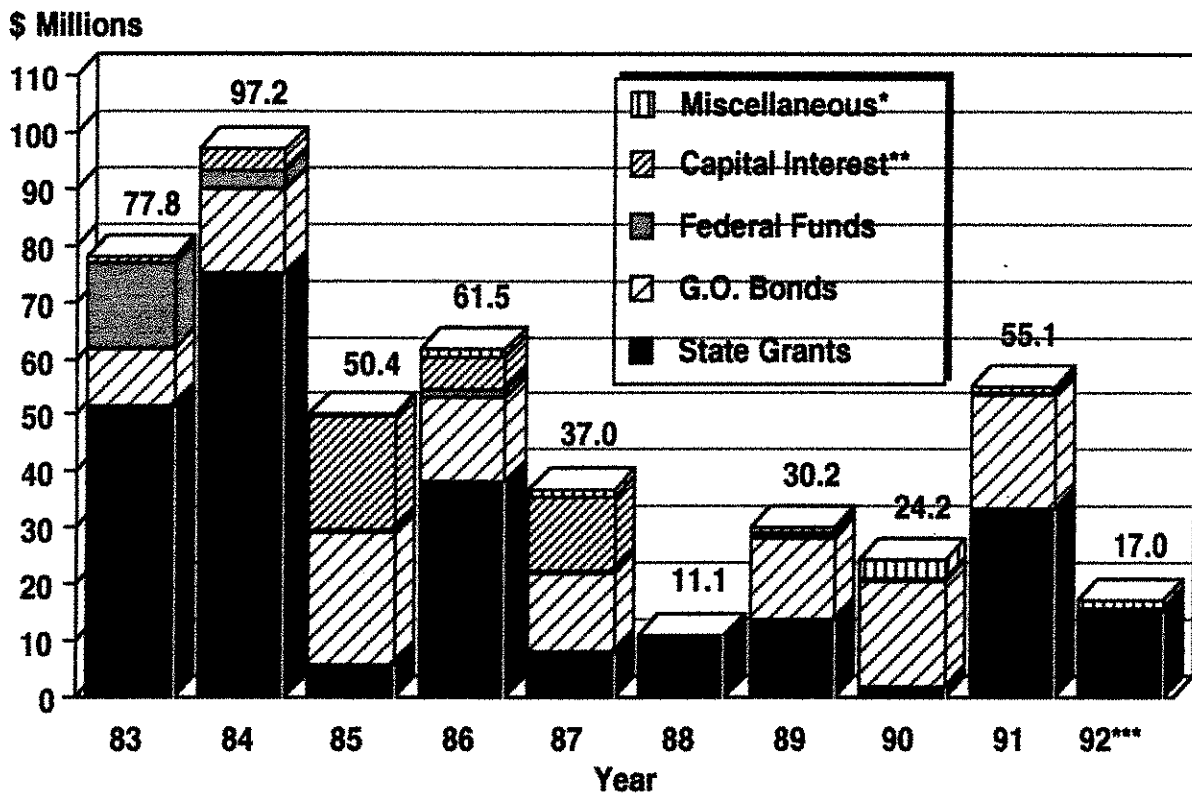
* Interest earned on General Government and Port of Anchorage State capital grants.

** As of August, 1992.

Figure 3-23 gives an overall summary of general government capital funding by source of funds. Here general obligation bonds are shown in the year of their voter approval.

Figure 3-23

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



* The Miscellaneous category consists of contributions from Heritage Land Bank, Anchorage School District, fund balance, assessment bonds, private donations, capital mill levy, miscellaneous revenues, etc. Figures prior to 1985 represent Heritage Land Bank contributions only.

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

*** As of August, 1992. No bond amount is represented as the next ballot will not go before the voters until April, 1993.

These tables depict the amount of taxes the Municipality collects each year and the ratio of tax collections to the tax levy. Keep in mind that tax collections will at times exceed the levy because of prior year collections.

Figure 3-24

Percent of Delinquent Taxes to Tax Levy

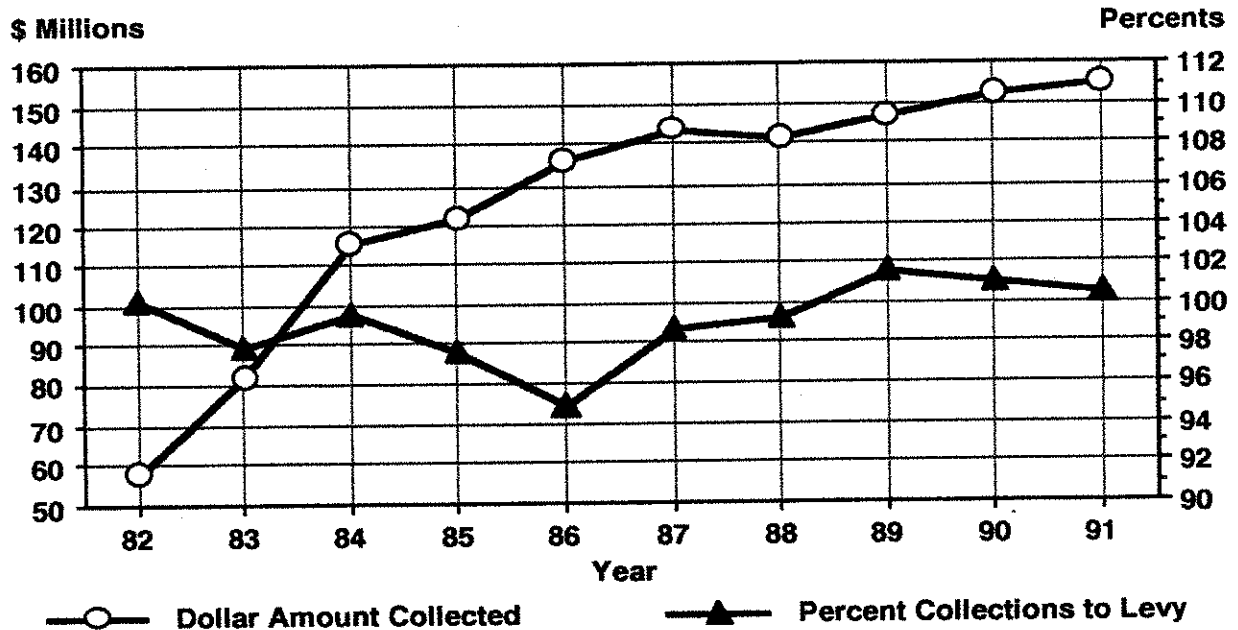
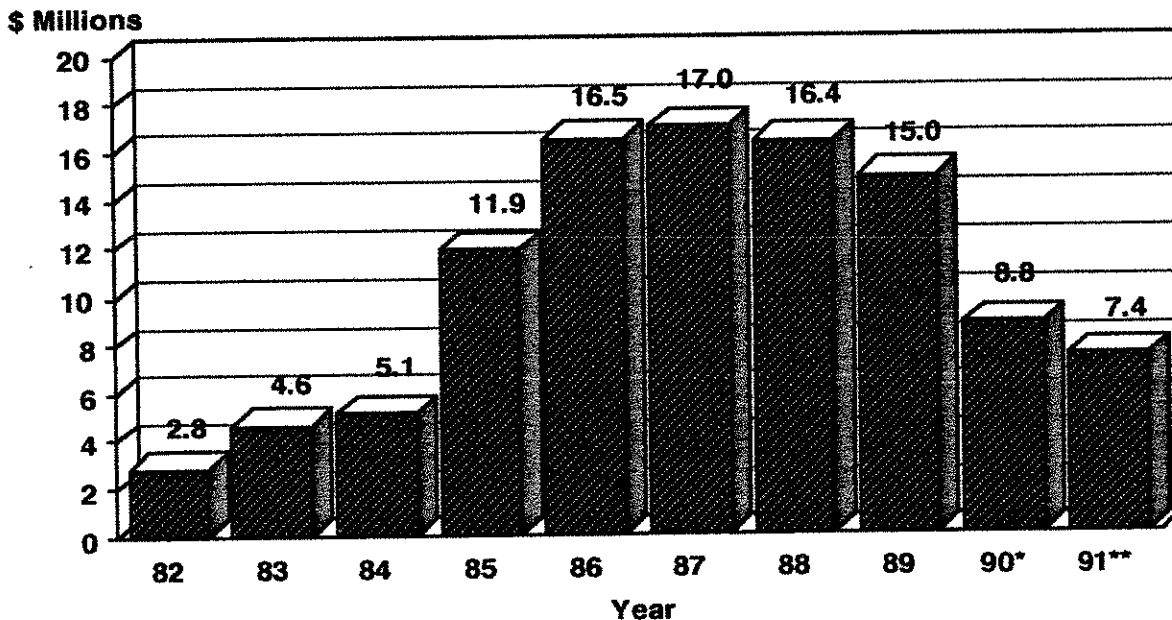


Figure 3 - 25

Outstanding Delinquent Taxes



* Restated to exclude Senior Tax Credit Receivable.
 ** Excludes Senior Tax Credit Receivable.