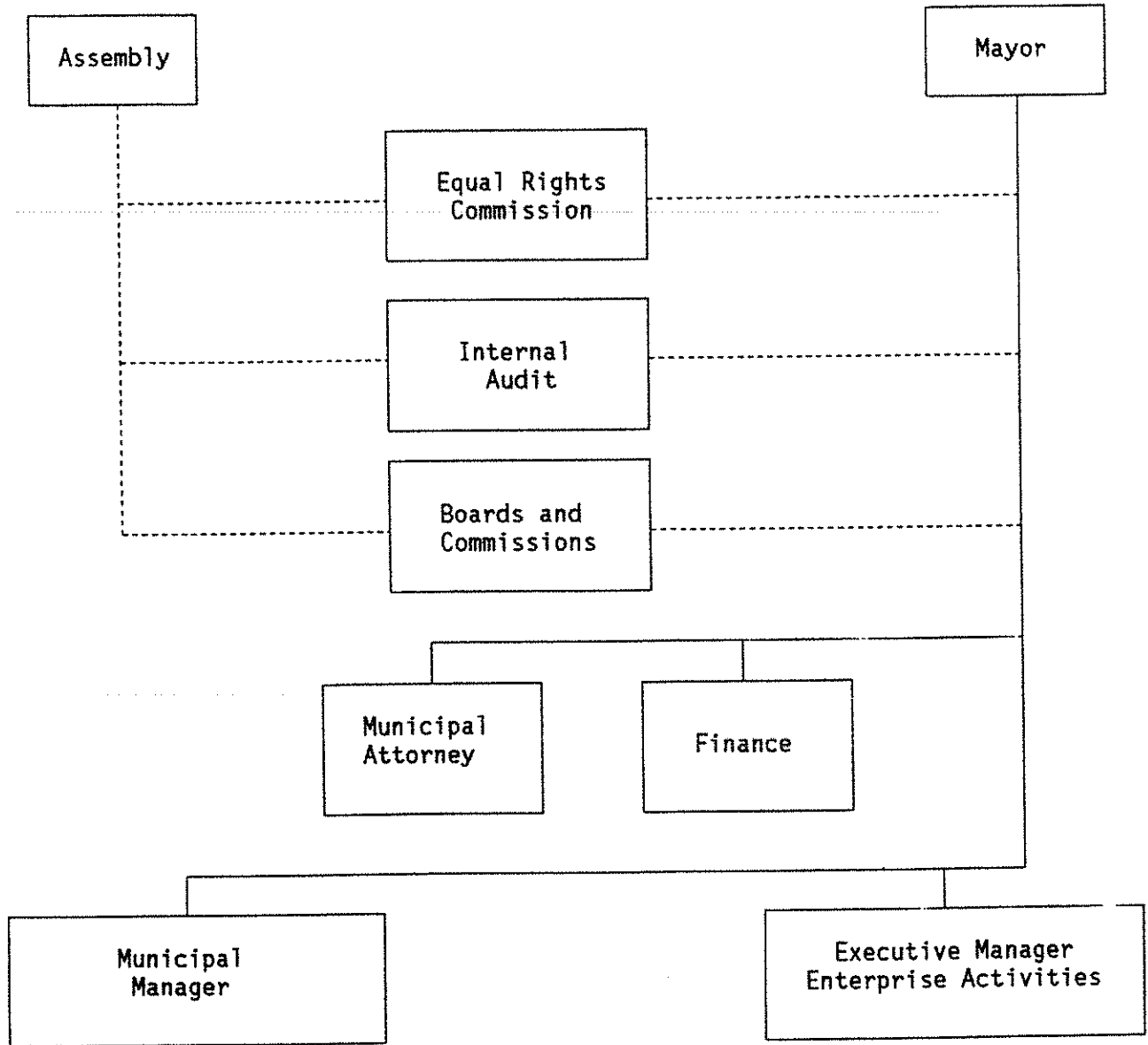


BUDGET OVERVIEW

**1994 GENERAL GOVERNMENT OPERATING BUDGET
MUNICIPALITY OF ANCHORAGE
ORGANIZATION**



Cultural & Recreational Services

Health & Human Services

Fire

Anchorage Water & Wastewater

Community Planning and Development

Management Information Systems

Police

Merrill Field Airport

Employee Relations

Property & Facility Management

Public Works

Purchasing

Municipal Light and Power

Transit

Port of Anchorage

Solid Waste Services

Note: The public utilities publish a separate budget document.

MUNICIPALITY OF ANCHORAGE
OVERVIEW OF THE APPROVED
1994 GENERAL GOVERNMENT OPERATING BUDGET

GOALS FOR THE MUNICIPALITY OF ANCHORAGE

The Municipality of Anchorage is committed to the goal of excellence in local government. We will endeavor to provide the highest possible level of service to the public within the budget constraints facing us in 1994.

In carrying out this mission, the Administration will focus on five general goals. The specific goals and objectives are:

- Economic Development

The Municipality shall strive to contribute to the long-term stable recovery and growth of the Anchorage economy.

- Fiscal Stability

The Municipality shall strive to maintain vital services to the public while adjusting to changing fiscal circumstances and assuring the long-term financial integrity of local government.

- Public Safety

The Municipality shall strive to provide services necessary to ensure a safe environment for its residents. These services include police, fire, emergency medical and emergency preparedness, public health and environmental services.

- Maintenance of Municipal Facilities

The Municipality shall strive to maintain existing facilities on a schedule that will allow our children to enjoy the benefits of these improvements for many years. We believe maintaining basic facilities, roads and public buildings, as well as parks, bike trails and cultural facilities should be a high priority.

- Balanced Community Values

The Municipality shall strive to achieve a balance in meeting expressed community needs despite diminished resources. Basic services will continue to be given the highest priority. The Municipality will continue to provide recreation and leisure activities and city beautification within funding constraints.

OPERATING BUDGET SERVICE PRIORITIES

- Priority 1: Maintain essential police, fire, emergency medical and road maintenance services at the 1993 levels of service.
- Priority 2: Minimize reductions in other 1993 high-priority services as funding permits.
- Priority 3: Provide for an increased level of street maintenance through development of an aggressive program to obtain state grant funding.
- Priority 4: Provide for an increased level of maintenance for other Municipal infrastructure needs through development of an aggressive program to obtain state grant funding.
- Priority 5: Obtain Assembly approval of a plan to resolve the level of support for potential unfunded liability in the Police and Fire Retiree Medical Program.

OPERATING BUDGET SUMMARY

The 1994 Approved General Government Operating Budget is \$215.6 million, or \$0.6 million higher than the 1993 revised budget of \$215.0 million.

REVENUE NOTES

State and Federal Revenues: The \$17.5 million of Municipal Assistance and \$0.8 million State Senior Property Tax Credit included in this budget have already been appropriated by the State Legislature; however, a recent court decision could place these funds in jeopardy. The \$9.8 million of State Revenue Sharing will not be appropriated until the spring of 1994 and is assumed to be the same amount as received in 1993. No new State revenues are assumed in this budget; however, we will continue to propose greater State support and economic relief. Federal revenues are forecast to be slightly less than in 1993.

Program and Local Revenues: User fees have been reviewed. Some small adjustments have been made to fee totals. Platting and Zoning fee rates were increased by the Assembly. Other rates remain unchanged and no new fees are being proposed. A \$4.0 million utility revenue distribution of profits from Anchorage Telephone Utility is included.

Property Taxes: The Assembly-approved property taxes for 1994 are \$5.9 million higher than for 1993, or \$3.4 million higher than the level recommended by the Mayor. The Mayor had recommended holding property taxes at the 1993 level for the community as a whole, allowing for tax on new construction, voter approved increases in services, and decreased debt service costs.

Intragovernmental Charges: The 1994 IGC's outside of the General Government Operating Budget (to the utilities, grants and capital) are based on continuation of existing service and management relationships. The IGC's to ATU are \$1.2 million less in 1994 than in 1993 (\$3.0 million vs. \$4.2 million); however, the Management Information Systems Department will continue to provide computer data processing services to ATU in 1994.

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 type of contingencies which could require additional support from a particular fund. There will be less available fund balance in 1994 than in 1993 because of anticipated smaller 1993 expenditure lapses. The Assembly also increased property taxes by \$2.5 million for 1994 rather than use a like amount of available fund balances.

EXPENDITURE NOTES

Employee Wages and Benefits: Salaries and benefits for 1994 were calculated using the General Government Automated Budget System using the benefit rates (including medical-dental insurance) shown in Appendix K. The 1994 benefit rates were developed by the Municipal Benefits Committee comprised of members of the Employee Relations Department, the Finance Department, and the Office of Management and Budget and approved by the Municipal Manager and the Mayor. The proposed budget assumes that no pay increases will be granted in 1994, except for applicable step and longevity increases.

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.

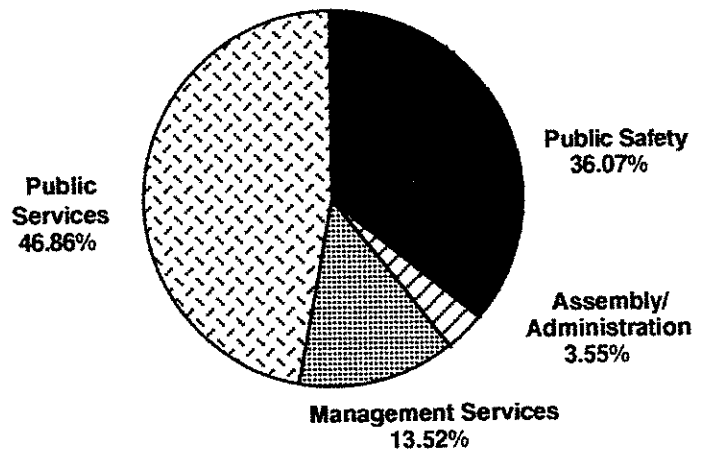
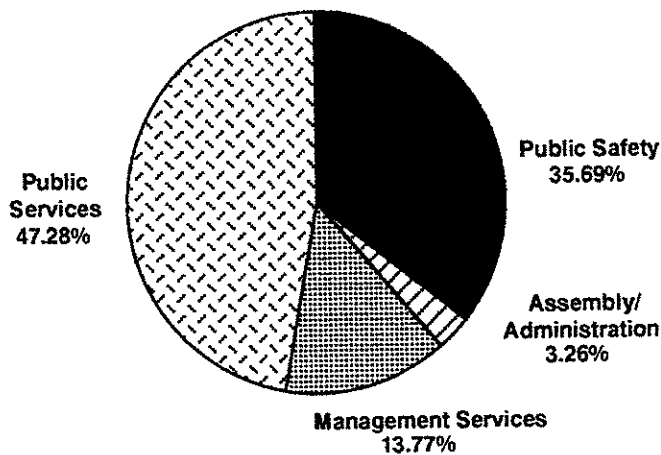
1994 General Government Operating Budget

DIRECT COST APPROPRIATION BY FUNCTIONAL AREA

Public Services/ Transportation/ Neighborhoods	Public Safety	Management Services	Assembly/ Administration
Public Works \$ 46,254,720	Police \$38,612,140	Municipal Manager \$ 1,622,850	Assembly \$2,173,290
Cultural & Recreational Services 18,457,410	Fire 27,650,850	Finance 14,407,130	Equal Rights Commission 406,650
Transit 8,896,230	Health & Human Services 11,507,020	Management Information Systems 9,539,890	Internal Audit 475,610
Community Planning & Development 2,228,740		Employee Relations 2,672,650	Office of the Mayor 806,290
Property & Facility Management 16,551,720		Purchasing 898,280	Municipal Attorney 3,801,720
Non-Departmental 8,643,930			
TOTAL \$101,032,750	\$77,770,010	\$29,140,800	\$7,663,560

**1993 Revised
\$215,022,860**

**1994 Budget
\$215,607,120**

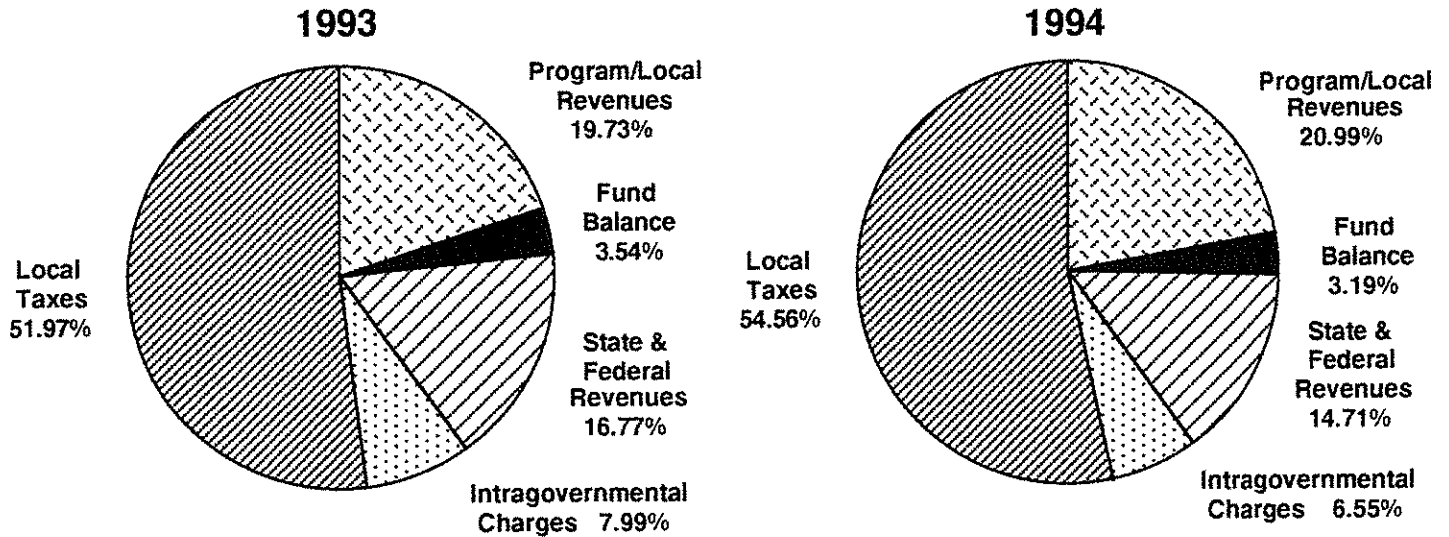


1994 General Government Operating Budget

SOURCE OF FUNDS

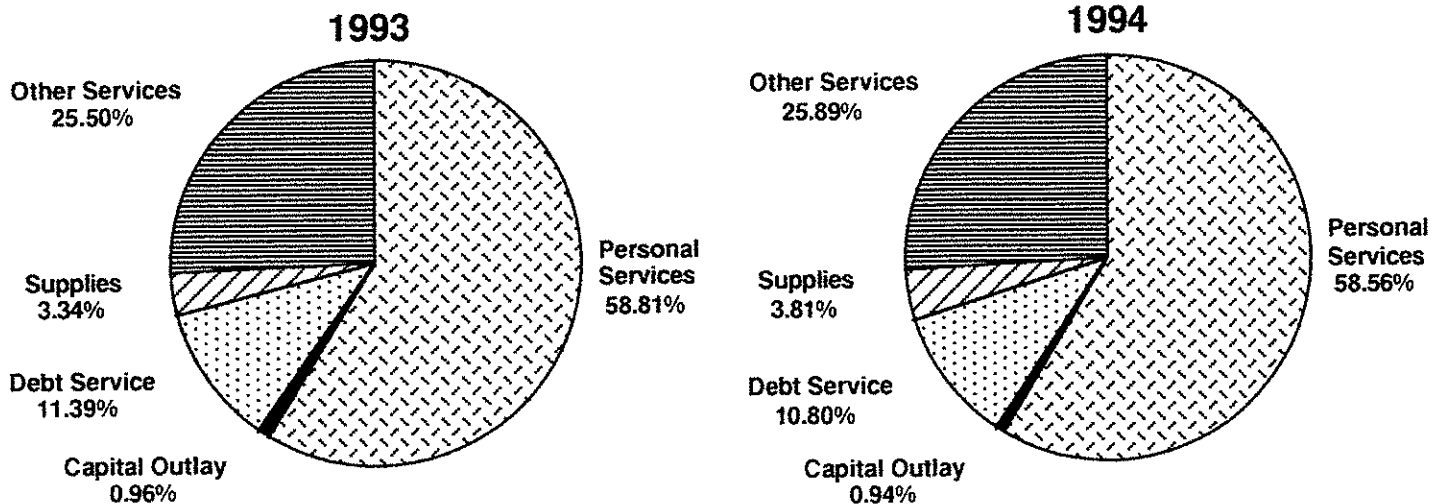
	<u>1993 Revised</u>	<u>1994 Budget</u>
State and Federal Revenues	\$ 36,064,960	\$ 31,720,110
Program/Local Revenues	42,414,750	45,254,180
Property Taxes	111,758,980 *	117,633,210
Intragovernmental Charges	17,179,340	14,113,640
Applied Fund Balance	<u>7,604,830</u>	<u>6,885,980</u>
TOTAL	\$215,022,860	\$215,607,120

* Does not include additional \$10,650 Property taxes levied by the Assembly by raising the Areawide (Fund 0101) mill rate beyond that required to fund the 1993 revised budget to the maximum allowable under the tax cap.



DIRECT COST BY TYPE OF EXPENDITURE

	<u>1993 Revised</u>	<u>1994 Budget</u>
Personal Services	\$126,469,880	\$126,258,990
Supplies	7,177,660	8,205,140
Other Services	54,829,590	55,829,800
Debt Service	24,491,600	23,285,030
Capital Outlay	<u>2,054,130</u>	<u>2,028,160</u>
TOTAL	\$215,022,860	\$215,607,120



1994 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1993 Revised	1994 Budget
FEDERAL REVENUES		
9312 Federal in Lieu of Property Tax	\$ 337,520	\$ 337,520
9324 Mass Transportation	760,000	700,000
9331 Other Federal Grant Revenue	43,080	43,120
9357 National Forest Allocation	2,630	2,630
9376 Civil Defense	20,000	20,000
Total Federal Revenues	\$ 1,163,230	\$ 1,103,270
STATE REVENUES		
9346 Health Facilities	\$ 806,500	\$ 750,050
9349 Road Maintenance	895,690	832,990
9362 Tax Equalization Entitlement	9,349,170	8,183,190
Total State Revenue Sharing	\$ 11,051,360 ^a	\$ 9,766,230
9022 State in Lieu of Taxes	91,600	91,600
9342 Municipal Assistance	18,811,480	17,494,680
9344 Fisheries Tax	93,280	93,280
9347 Liquor Licenses	363,610	363,610
9348 Amusement Device Licenses	30,480	30,480
9355 Electric Co-Op Allocation	663,680	663,680
9356 State Senior Tax Credit	1,484,690 ^b	801,730
9363 State Traffic Signal Reimbursement	1,311,550	1,311,550
9364 Ash Clean-up Reimbursement	1,000,000 ^c	-0-
Total State Revenues	\$ 34,901,730	\$ 30,616,840
LOCAL REVENUES		
ALLOCATED		
9003 Penalty/Interest on Delinquent Taxes	\$ 1,688,050	\$ 1,688,050
9004 Tax Cost Recoveries	48,670	48,670
9006 Auto Tax	3,534,000	3,764,640
9007 Delinquent Taxes	600,000	600,000
9011 Tobacco Tax	2,862,470	2,934,340
9021 Franchises	779,000	779,000
9023 Hotel and Motel Taxes	6,362,360	6,362,360
9024 Penalty/Interest on Hotel/Motel Taxes	21,020	21,020

^a 1993 Actual: \$9,766,228

^b 1993 Actual: \$1,470,937

^c 1993 Actual: \$ 180,000

ASSEMBLY REVISION 12/07/93

1994 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1993 Revised	1994 Budget
9601 Contributions From Other Funds	1,079,750	352,730
9602 Utility Revenue Distribution From ATU	3,000,000	4,000,000
9615 Contribution of Interest From G.O. Bonds	473,330	541,020
9737 Arena Loan Surcharge	150,000	150,000
9743 Gain/Loss-Sale-Property		300,000
9761 Cash Pool Short-Term Interest	1,946,410	2,224,750
9762 Other Short-Term Interest	594,940	680,020
Total Allocated Local Revenues	\$ 23,140,000	\$ 24,446,600
PROGRAM		
9008 Collection Service Fees	\$ 300,000	\$ 330,000
9111 Building and Trade Licenses	54,000	44,820
9112 Taxicab Permits	162,330	162,330
9113 Contractor Certificates and Examinations	3,000	1,640
9114 Chauffeur Licenses	10,500	10,500
9115 Taxicab Permit Revisions	10,630	10,630
9116 Local Business	59,000	56,800
9117 Chauffeur License Renewal	17,500	17,500
9131 Plan Checking Fees	1,080,000 *	952,620 *
9132 Building Permits	958,610 *	1,120,660 *
9133 Electrical Permits	240,000	275,000
9134 Gas and Plumbing Permits	360,000	335,000
9135 Moving Fence/Sign Fees	7,200	9,900
9136 Construction and Right-of-Way Permits	165,000	200,000
9137 Elevator Inspection Fees	111,000	88,000
9138 Mobile Home Inspection Fees	21,600	20,100
9139 Land Use Permits	33,000	60,000
9141 Subdivision Inspection Fees	58,000	50,000
9142 Site Plan Review Fees	16,000	14,000
9143 Parking and Access Agreement Fees	200	350
9151 Emission Certificate Fee	1,500,000	1,497,000
9152 Emission Inspection Test Fee	12,000	15,000
9191 Animal Licenses	95,000	95,000
9199 Miscellaneous Permits	45,500	46,800
9211 Court Fines and Forfeitures	1,861,460	1,935,510
9213 Library Book Fines	262,120	217,630
9215 Other Fines and Forfeitures	24,000	434,280
9216 Pre-Trial Diversion	54,500	54,500
9411 Platting Fees	160,000	181,300
9412 Zoning Fees	46,000	83,300
9413 Sale of Publications	130,000	41,400
9415 Miscellaneous Map Sales	19,500	9,500
9416 Rezoning Inspections	1,000	1,000
9421 Septic System Annual Permit	400,000	0

ASSEMBLY REVISION 12/07/93

1994 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1993 Revised	1994 Budget
9423 Family Planning Fees	65,000	90,000
9425 Dispensary Fees	55,000	63,000
9426 Sanitary Inspections Fees	669,100	864,490
9427 Clinic Fees	37,500	61,800
9428 Cook Inlet Air Pollution	14,300	14,300
9431 Public Transit Fees	1,604,000	1,670,000
9433 Transit Advertising Fees	42,000	42,000
9441 Recreational Activities	501,800	606,300
9443 Swim Fees	1,208,570	1,202,570
9445 Cemetery Fees	131,400	131,400
9446 Ski Fees	17,840	15,840
9447 Golf Fees	112,400	109,800
9448 Camper Park Fees	92,500	92,500
9449 Admission Fees	375,580	384,260
9451 Ambulance Service Fees	1,600,000	1,606,000
9452 Fire Training Center	20,000	0
9453 Fire Alarm Fees	38,700	38,700
9455 Hazardous Waste Fees	116,750	138,000
9463 Mapping Fees	33,000	33,000
9478 Parking Authority Income	400,000	400,000
9481 State of Alaska - 911	0	883,500
9484 Animal Shelter Fees	220,000	240,000
9485 Defensive Driving Fees	43,600	0
9491 Address Fees	7,500	8,000
9492 Service Fees - School District	442,450	462,420
9493 Microfiche Sales	13,000	10,000
9495 Parking Authority Service Fees	6,000	6,000
9496 Typewriter User Fees	4,170	0
9497 Computer Time Fees	5,000	5,000
9498 Unbilled Revenue (Flex-Benefits)	10,000	10,000
9499 Reimbursed Costs	326,000	429,750
9711 Assessments	872,640	872,640
9712 Penalty/Interest on Assessments	493,010	493,010
9723 Loan Proceeds	52,990	0
9731 Lease & Rental Revenues	462,790	443,590
9732 Lease State Land Conveyance	32,040	32,040
9733 Building Rental	53,000	55,360
9735 Amusement Surcharge	87,800	88,600
9736 Arena Loan Surcharge	221,070	167,500
9741 State Land Sales	217,990 *	262,030 *
9742 Other Property Sales	37,500	52,500
9752 Parking Garages and Lots	52,000	52,000
9763 State Land Sale Interest	53,990	53,990
9782 Lost Book Reimbursement	12,890	14,320
9783 Library Fees	26,610	800
9785 Sale of Books	0	30,000

ASSEMBLY REVISION 12/07/93

1994 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1993 Revised	1994 Budget
9793 Liquor Licenses	1,000	1,500
9794 Appeal Receipts	4,100	3,550
9795 Sale of Contractor Specifications	14,000	14,000
9797 Copier Fees	79,820	85,600
9798 Miscellaneous Revenue	7,700	93,850
Total Program Local Revenues	\$ 19,274,750	\$ 20,807,580
Total Local Revenues	\$ 42,414,750	\$ 45,254,180
OTHER REVENUES		
Intragovernmental Revenues	\$ 17,179,440	\$ 14,113,640
Fund Balance Applied	7,604,730	6,885,980
Property Taxes	111,758,980	** 117,633,210
Total Other Revenues	\$136,543,150	\$138,632,830
TOTAL REVENUES	<u>\$215,022,860</u>	<u>\$215,607,120</u>

* Does not include Funds 0181 (Building Safety) and 0221 (Heritage Land Bank) Profit.

** Does not include \$10,650 in taxes approved by the Assembly to take taxes to the cap.

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 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 and employee benefit costs.

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 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. A preliminary dollar amount (the funding line) is provided to each department. Those service levels above the funding line become the department's requested budget.

Department budgets are reviewed by the Office of Management and Budget and the Municipal Manager. The Municipal Manager then makes budget recommendations to the Mayor. In some cases, unfunded service levels which the Mayor feels are essential are exchanged for less critical service levels in other departments to keep the overall budget balanced. The amount established for each department is called the **direct cost budget**.

Intragovernmental Charges

When the departmental direct cost budgets and the total funding level are finalized, the budgets are entered into the Municipal computer and the **intragovernmental charges (IGCs)** are calculated. These are charges for services provided by one Municipal organization to another. For example, the 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:

Service Area Tax Requirement	÷	Service Area Assessed Valuation	x	1,000	=	Mill Levy
\$2,000,000	÷	\$10,000,000,000	x	1,000	=	.20 mills

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

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. For those departments that receive operating grants, a two-year grant comparison has been included. This comparison identifies the grant, number of positions in the grant, amount and the percentage that grants represent of the department's total budget.
- * **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 the budget document. This is the section studied most carefully by Assemblymembers 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 Department Summary states the major program highlights in the department's budget. A resource summary at the bottom compares direct costs, program revenues and number of personnel positions for the current year and budget year.

DEPARTMENT SUMMARY		
Department	PUBLIC WORKS	
Mission	<p>To plan, design, construct and maintain a street, traffic and drainage system in an environment of innovation and advanced technology; administer and enforce building codes and zoning and private development ordinances; administer use of public rights-of way by public agencies, utilities, and private entities; administer the function of the Anchorage Memorial Cemetery.</p>	
Major Programming Highlights	<ul style="list-style-type: none"> - Construct new streets, drainage structures, and other facilities in a timely, cost-effective manner to meet current and projected needs. - Operate streets and traffic control systems to assure fast, economical, and safe movement of traffic and pedestrians. - Maintain street and drainage facilities commensurate with the need of the public and demands of police, fire and emergency response agencies while lowering annual and total life cycle costs. - Provide effective administration and enforcement of codes and ordinances related to construction, zoning and private development in a manner that will assure public safety with the least cost and interference to residents and private developers. - Provide accurate coordination reference data for public and private development within the Municipality. - Manage all aspects of the Anchorage Memorial Cemetery. - Provide technical support to update/maintain the Public Works Automated Mapping System. - Provide management of the Anchorage Watershed and perform requirements of the Federal Storm Water NPDES (National Pollution Discharge Elimination System) permit. - Provide General Government Real Estate Acquisition support. 	
Resources	1993	1994
Direct Costs	\$46,625,720	\$46,254,720
Program Revenues	\$ 6,153,660	\$ 6,109,760
Personnel	241FT 7PT 16T	243FT 7PT 13T

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 costs 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.

1994 RESOURCE PLAN											
DEPARTMENT: PUBLIC WORKS											
DIVISION	FINANCIAL SUMMARY				PERSONNEL SUMMARY						
	1993 REVISED	1994 BUDGET	1993 REVISED				1994 BUDGET				
			FT	PT	T	TOTAL	FT	PT	T	TOTAL	
ADMINISTRATION	441,730	445,890	3	1		4	3	1		4	
ADMINISTRATIVE SUPPORT	205,490	206,920	3			3	3			3	
PROJECT MGMT/ENGINEERING	4,156,600	3,858,370	38	2	10	50	36	2	7	45	
STREET MAINTENANCE	17,007,190	17,026,560	107	2	2	111	107	2	2	111	
BUILDING SAFETY DIVISION	4,266,170	4,214,130	52	1	2	55	56	1	2	59	
TRAFFIC ENGINEERING	3,355,380	3,386,500	38	1	2	41	38	1	2	41	
STREET LIGHTING	159,240	109,240									
OPERATING COST	29,591,800	29,247,590	241	7	16	264	243	7	13	263	
ADD DEBT SERVICE	17,033,920	17,007,130									
DIRECT ORGANIZATION COST	46,625,720	46,254,720									
ADD INTRAGOVERNMENTAL CHARGES FROM OTHERS	13,510,390	12,769,950									
TOTAL DEPARTMENT COST	60,136,110	59,024,670									
LESS INTRAGOVERNMENTAL CHARGES TO OTHERS	11,206,680	10,456,880									
FUNCTION COST	48,929,430	48,567,790									
LESS PROGRAM REVENUES	6,153,660	6,098,640									
NET PROGRAM COST	42,775,770	42,469,150									
=====											
1994 RESOURCES BY CATEGORY OF EXPENSE											
DIVISION	PERSONAL SERVICES	SUPPLIES	OTHER SERVICES	CAPITAL OUTLAY	TOTAL DIRECT COST						
ADMINISTRATION	269,990	19,050	155,350	1,500	445,890						
ADMINISTRATIVE SUPPORT	203,680	2,240	980		206,920						
PROJECT MGMT/ENGINEERING	2,845,850	58,530	934,080	84,010	3,922,470						
STREET MAINTENANCE	7,545,860	1,928,390	7,699,370		17,193,620						
BUILDING SAFETY DIVISION	3,823,680	98,090	357,670	7,600	4,287,040						
TRAFFIC ENGINEERING	3,116,110	227,390	88,830	19,200	3,451,530						
STREET LIGHTING			109,240		109,240						
DEPT. TOTAL WITHOUT DEBT SERVICE	17,825,170	2,333,710	9,345,520	112,310	29,616,710						
LESS VACANCY FACTOR	369,120				369,120						
ADD DEBT SERVICE					17,007,130						
TOTAL DIRECT ORGANIZATION COST	17,456,050	2,333,710	9,345,520	112,310	46,254,720						

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 1993 REVISED BUDGET TO 1994 BUDGET				
DEPARTMENT: PUBLIC WORKS				
	<u>DIRECT COSTS</u>	<u>POSITIONS</u>		
		FT	PT	T
1993 REVISED BUDGET:	\$46,625,720	241	7	16
1993 ONE-TIME REQUIREMENTS:				
- 1993 Construction Program	(209,240)			
- K-Mart Subdivision Recording Fees	(8,000)			
- Building Safety Permit System	(15,000)			
- ICBO Plan Review Contract	(300,000)			
- CBERRRSA Summer Work	(150,000)			
- Eagle River Street Light Repairs	(50,000)			
AMOUNT REQUIRED TO CONTINUE EXISTING PROGRAMS IN 1994:				
- Salaries and Benefits Adjustment	(136,000)			
- Non-Personal Services Inflation Adjustment	361,980			
TRANSFERS TO/FROM OTHER DEPARTMENTS:				
- None				
1993 CONTINUATION LEVEL:	<u>\$46,119,460</u>			
UNFUNDED CURRENT SERVICE LEVELS:				
- Reduction in Administrative Overhead Costs to Capital Improvement Program	(194,660)	(2)		(3)
FUNDED NEW/EXPANDED SERVICE LEVELS:				
- Add two Full-time Plan Review Engineers and Complete Funding for two Temporary Plan Review Engineers	190,620	2		
- Add One Full-time Permit Clerk Utilizing Existing Resources (This item was funded in 1993, but not until after the First Quarter Budget Revision)	34,450	1		
- Mandated Increase - Add Lakehill LRSA	18,660			
- Mandated Increase - Add Totem LRSA	9,780			
- Contribution to Fleet Services for Replacement of Vehicles	80,000			
- Entry Level Zoning Enforcement Officer	43,820	1		
- Girdwood Road Maintenance	15,000			
MISCELLANEOUS INCREASES (DECREASES)				
- Debt Service Reduction	(27,960)			
- Building Safety Contracts/Capital Outlay	(34,450)			
1994 BUDGET:	<u>\$46,254,720</u>	<u>243FT</u>	<u>7PT</u>	<u>13T</u>

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.

1994 PROGRAM PLAN

DEPARTMENT: PUBLIC WORKS
PROGRAM: Building Inspection

DIVISION: BUILDING SAFETY DIVISION

PURPOSE:

Inspect new and remodeled building construction to ensure compliance with electrical, elevator, mechanical, plumbing, and structural building codes.

1993 PERFORMANCES:

- Provided building inspections for new and remodeled structures to meet public construction demands within an acceptable time frame.
- Met minimum code requirements for fire and life safety through inspections of new and remodeled buildings.
- Maintained personnel and costs to correspond with Anchorage building activity without compromising timeliness or quality of service.

1994 PERFORMANCE OBJECTIVES:

- Provide building inspections on new and remodeled structures to meet public construction demands within an acceptable time frame.
- Meet minimum code requirements for fire and life safety through inspections of new and remodeled buildings.
- Maintain personnel and costs to correspond with Anchorage building activity without compromising timeliness or quality of service.

RESOURCES:

	1992 REVISED			1993 REVISED			1994 BUDGET		
	FT	PT	T	FT	PT	T	FT	PT	T
PERSONNEL:	14	0	0	17	0	0	17	0	0
PERSONAL SERVICES	\$	986,570		\$	1,011,730		\$	1,192,700	
SUPPLIES		81,200			16,000			16,000	
OTHER SERVICES		26,670			67,480			54,450	
CAPITAL OUTLAY		14,600			0			0	
TOTAL DIRECT COST:	\$	1,109,040		\$	1,095,210		\$	1,263,150	
PROGRAM REVENUES:	\$	2,182,540		\$	2,925,810		\$	2,627,470	

WORK MEASURES:

- Elevator inspections performed	977	1,000	1,000
- Electrical inspections performed	5,883	7,300	7,600
- Mechanical/plumbing inspections performed	6,903	8,600	9,000
- Structural inspections performed	8,388	9,000	9,500

120 SERVICE LEVELS ARE FUNDED FOR THE DEPARTMENT. THIS PROGRAM HAS LEVELS:

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. **Department Operating Budgets at a Glance:** Comparison of 1994 Proposed Budget direct costs, tax-supported direct costs, and total positions of each department with the 1993 Revised Budget.
- B. **Personnel Summary:** Compares Proposed Budget personnel positions by type (full-time, part-time, temporary) and department with current and prior year.
- 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. **Function Cost Comparison by Fund:** Compares Proposed Budget function costs (direct costs with intragovernmental charge additions and subtractions) by fund with current year.
- E. **Mill Levy Comparisons by Fund:** Compares the Proposed Budget mill levies by fund (service area) with the approved mill levies for the current year.
- F. **Explanation of Taxing Direct Mill Levies:** Illustrates how individual fund mill levies are determined and subsequently accumulated to determine a taxing district mill levy.
- G. **1994 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.
- H. **Mill Levy Comparison by Taxing District:** Compares each taxing district's Proposed Budget mill levy with its current year approved mill levy.
- I. **Mill Levy Trends:** Shows the ten-year mill levy trend by taxing district. Included is the mill levy for school district operations.
- J. **Applied Fund Balance Summary:** Compares the amount of any fund balance to be appropriated to offset function costs in the Proposed Budget with that for the current year.
- K. **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.
- L. **Debt Service Summary by Program:** Provides detailed information regarding the outstanding debt and the principal and interest payments for the budget year.

- M. **Tax Limit 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.

- N. **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.

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).
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.
Budget Year	1994 for the purposes of this budget.

Charter	The governing document which created the Municipality of Anchorage as a home rule government. The charter was adopted in 1975 and may be amended only by a majority of those voting on the proposed amendment
Code	The laws which interpret and implement the municipal charter. The code is adopted and may be revised by ordinance approved by at least six members of the Assembly.
Continuation Level	Projection of what it would cost in the budget year to continue existing programs and services at the same level of activity.
Debt Service	Principal and interest payments on debt incurred (bonds sold) by the municipality.
Direct Costs	Salaries and other personnel expenses, supplies, contracts and other purchased services, debt service, machinery and other capital expenses. The Assembly appropriates a department's direct costs for the fiscal year.
Expense	General government expenses include salaries, wages, supplies, contracts, debt service, purchases of machinery and equipment.
Fiscal Year	An accounting term for the budget year. The fiscal year of the municipality is January through December 31.
Function Cost	<p>The appropriation level for funds (or service areas). Function cost is calculated as follows:</p> $\begin{array}{r} \text{Direct} + \text{Intragovernmental} - \text{Intragovernmental} = \text{Function} \\ \text{Cost} \quad \text{Charges From} \quad \text{Charges to Others} \quad \text{Cost} \\ \text{Others} \end{array}$ <p>The function cost of a particular fund is the sum of the function costs of all budget units assigned to the fund.</p>
Fund	An accounting entity designed to isolate the expenses and revenues of a particular program or service. Funds are classified according to type: general, enterprise, debt service, etc. The expenses and revenues are accounted for according to generally accepted accounting principles. Each service area established in the municipality is assigned a unique fund number and title.
Fund Balance	A reserve equal to approximately 10% of the appropriation for each fund. This protects against shortfalls in revenue collection, allows adequate cash flow management and provides the financial ability to meet emergencies.

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

Mandated Increase Budget increase required for Federal, State, or Municipal legally mandated services or programs, additional cost of current contracts or programs (other than inflationary increases) needed to provide the same level of service, or utility increases or charges from outside departments.

Mill Levy or 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:

$$\begin{array}{l} \text{Property Tax} \\ \text{Required In A} \\ \text{Service Area} \end{array} \div \begin{array}{l} \text{Total Assessed} \\ \text{Value of Taxable} \\ \text{Property in the} \\ \text{Service Area} \end{array} \times 1,000 = \text{Mill Levy}$$

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

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

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:

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

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	<p>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).</p> <p>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:</p> <ul style="list-style-type: none"> • Chugiak Fire Service Area • Anchorage Police Service Area • Anchorage Roads and Drainage Service Area • Girdwood Valley Service Area • Glen Alps Service Area
Service Level	<p>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.</p>
Spending Limitation	<p>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 measures by the Anchorage consumer price index) and expenditures required to provide voter and legally mandated services.</p>
Tax Limitation	<p>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.</p>
Tax Requirement	<p>The amount of property tax allowed and necessary to fund the budget.</p>
Tax-supported	<p>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.</p>

Tax Supported Direct Costs That portion of a department's direct costs that are not funded by revenues earned by the department or by intra-governmental charges outside of the General Government Operating budget (to Municipal utilities, grants, or capital programs). The tax supported direct costs must therefore be funded by property taxes or allocated revenues or fund balance.

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

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