

III. FISCAL PROFILE

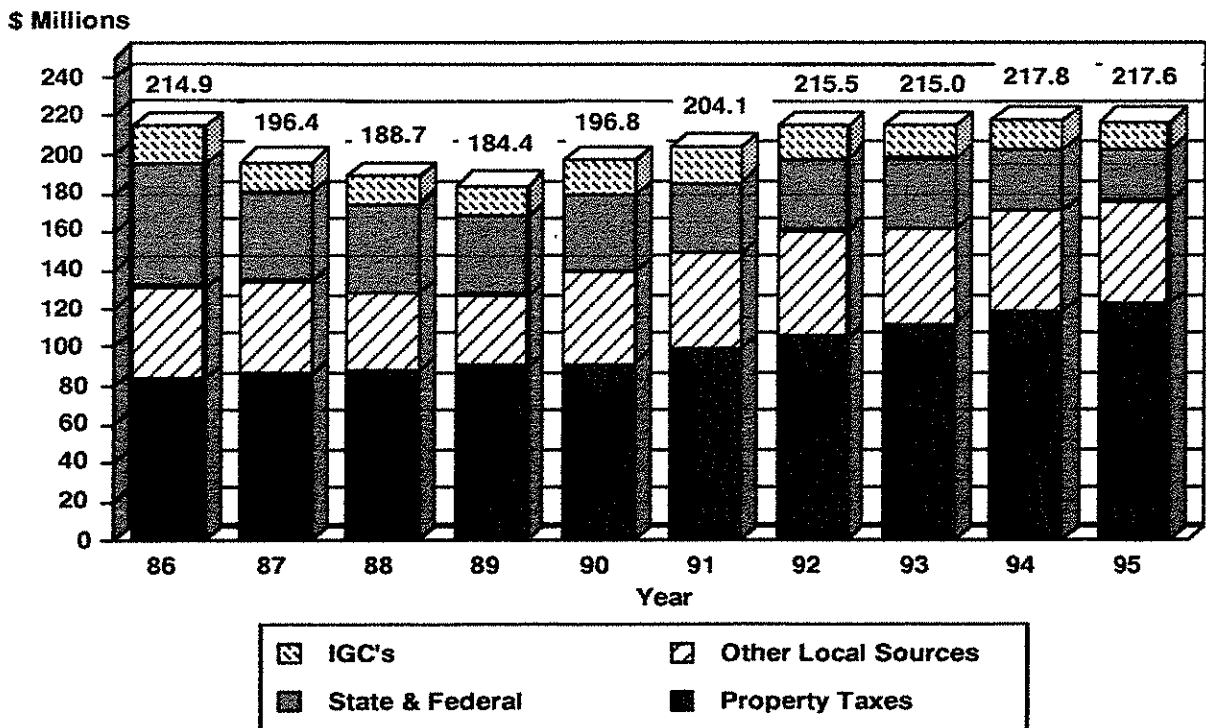
This section provides historical information on some important aspects of the Municipality of Anchorage's fiscal structure. Trends in this data give an indication of how the fiscal situation has changed over the last several years, and may lend perspective to current choices and projections of the future.

Operating Revenues

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

Figure 3-1

**Budgeted Revenues
General Government Operating Purposes
1986 - 1995 ***

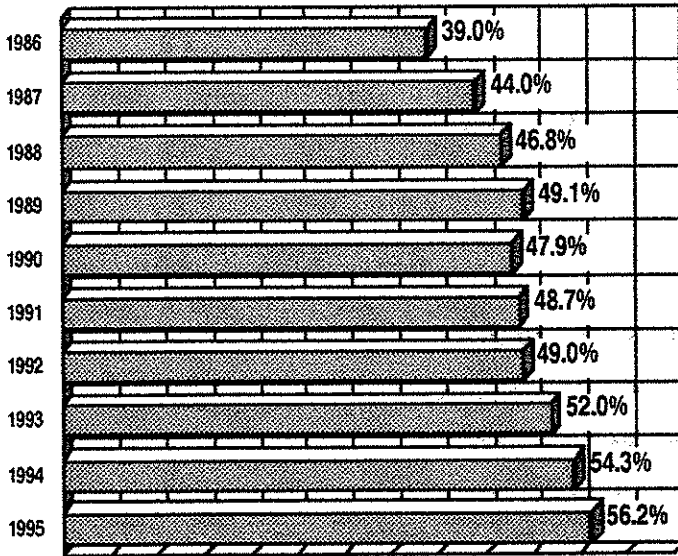


* 1986 - 1994 Revised Budgets; 1995 Proposed Budget.

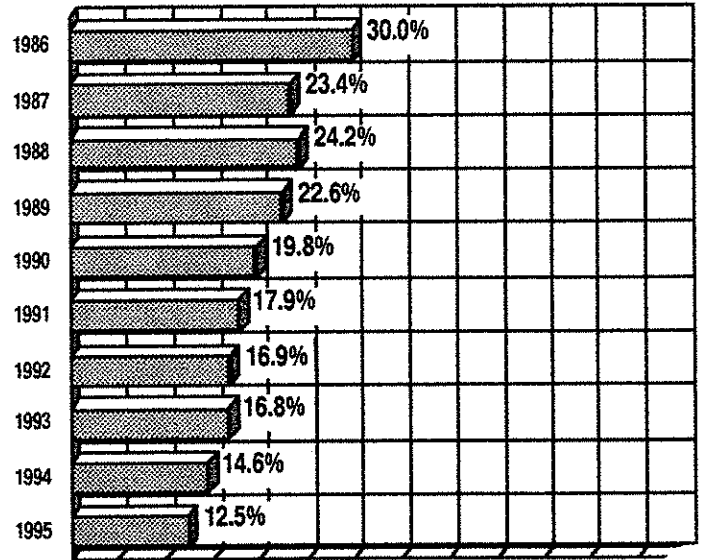
Figure 3-2

**Changes in General Government Operating Revenue Sources
(Revenues by Source as Percentage of Total Revenues)
1986-1995 ***

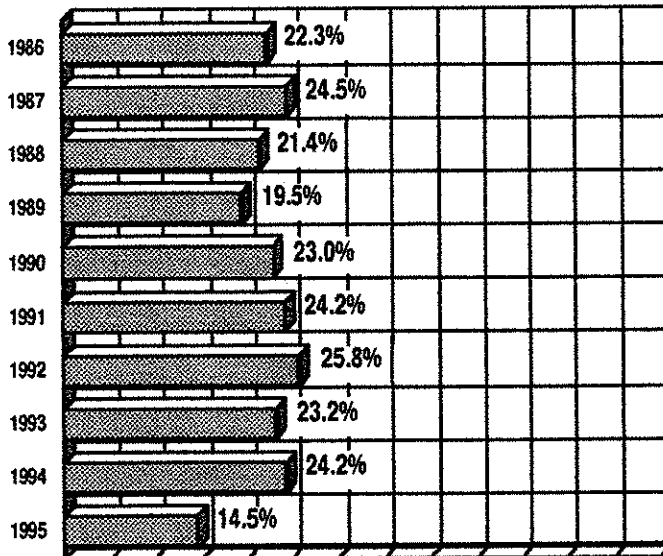
Property Taxes



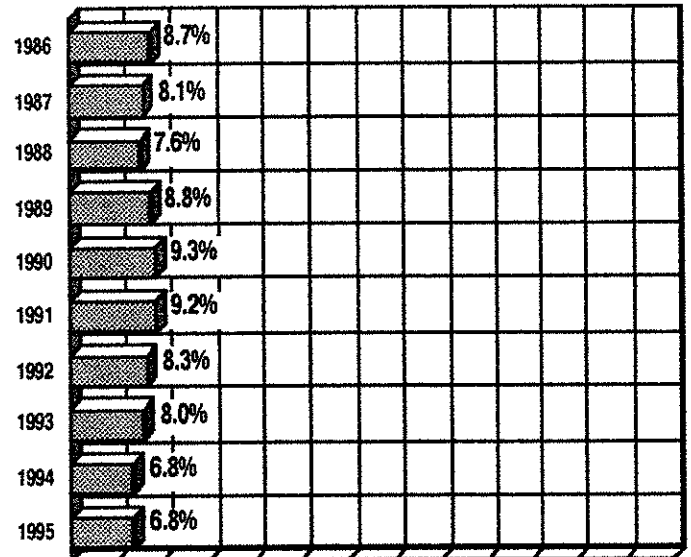
State and Federal Revenues



Other Local Sources **



Intragovernmental Charges

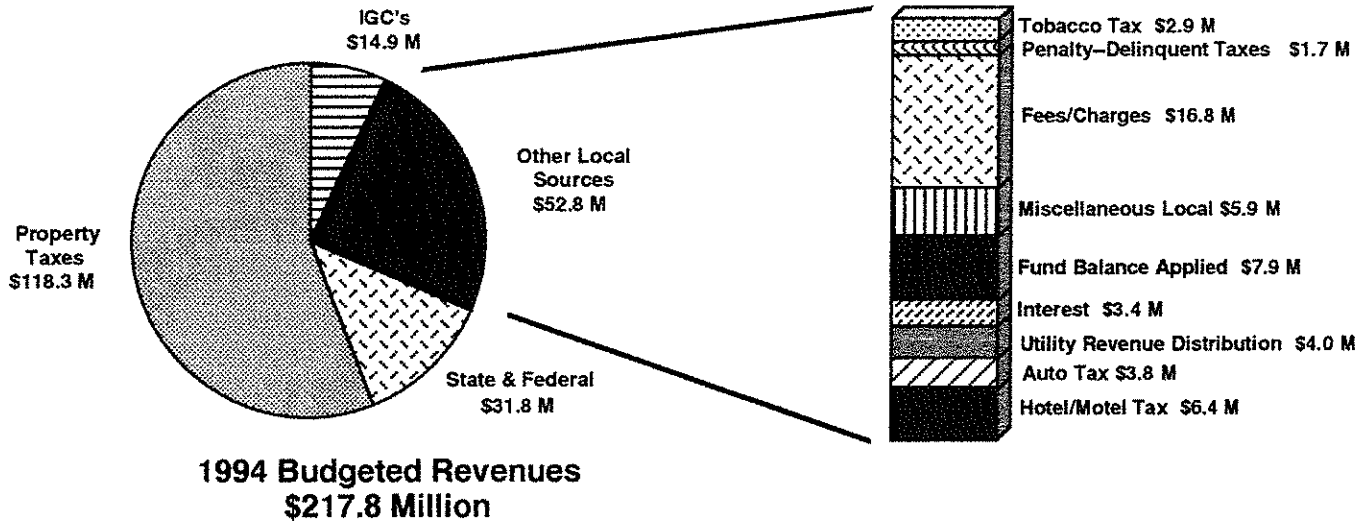


* 1986-1994 Revised Budgets; 1995 Proposed Budget.

** 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 3-3 for more detail on this category.

As state revenues decline, the revenue category labeled "Other Local Sources" becomes more important. Figure 3-3 shows some detail for this grouping based on the revised 1994 budget.

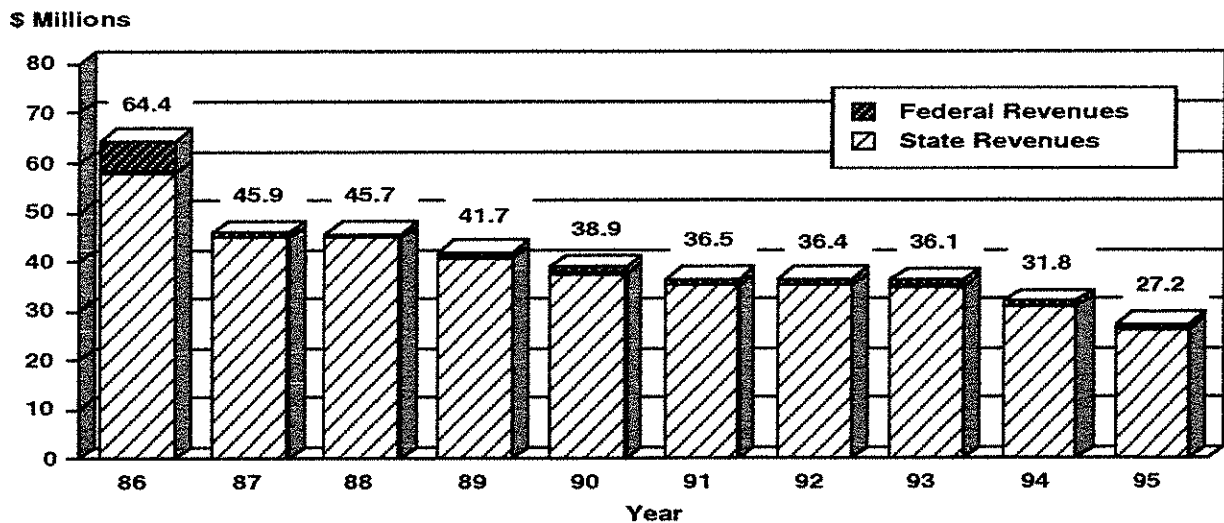
Figure 3-3
Local Sources -- Detail
1994 Revenues *



* Revised Budget as of April 30, 1994.

The major shifts among revenue sources have occurred in state/federal sources and property taxes. Figures 3-4 through 3-11 provide more detailed information on these sources.

Figure 3-4
State and Federal Revenues *
General Government Operating Budget
1986 - 1995 **

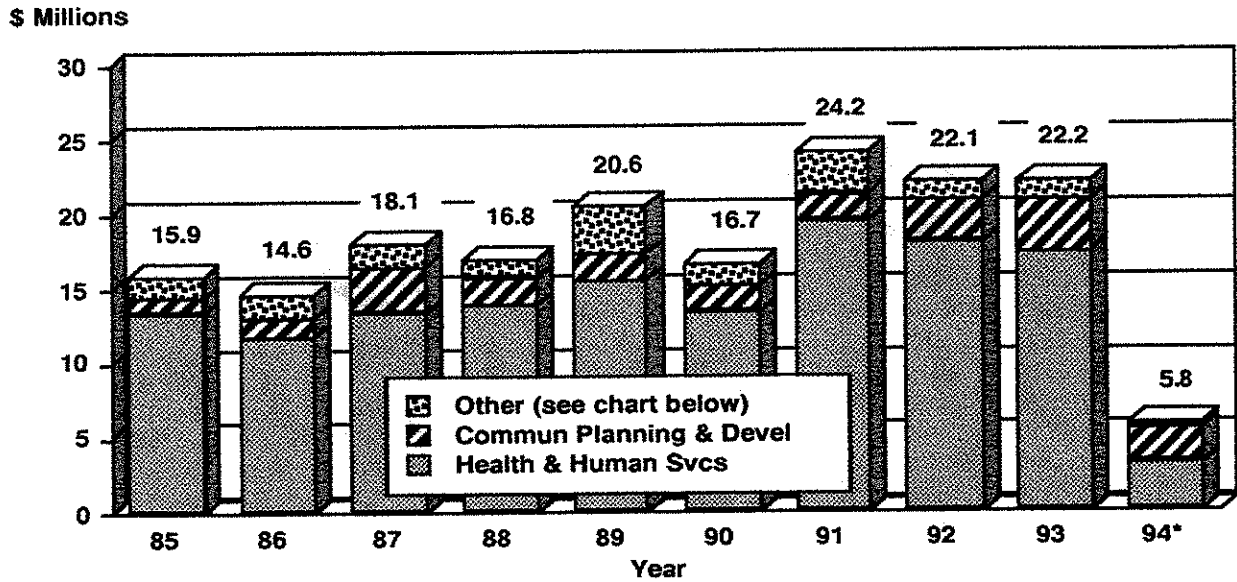


* Includes revenue sharing programs and Urban Mass Transit grants but not special categorical grants which are not part of the operating budget (see next page).

** 1986-1994 Revised Budgets; 1995 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 3-5 and 3-6.

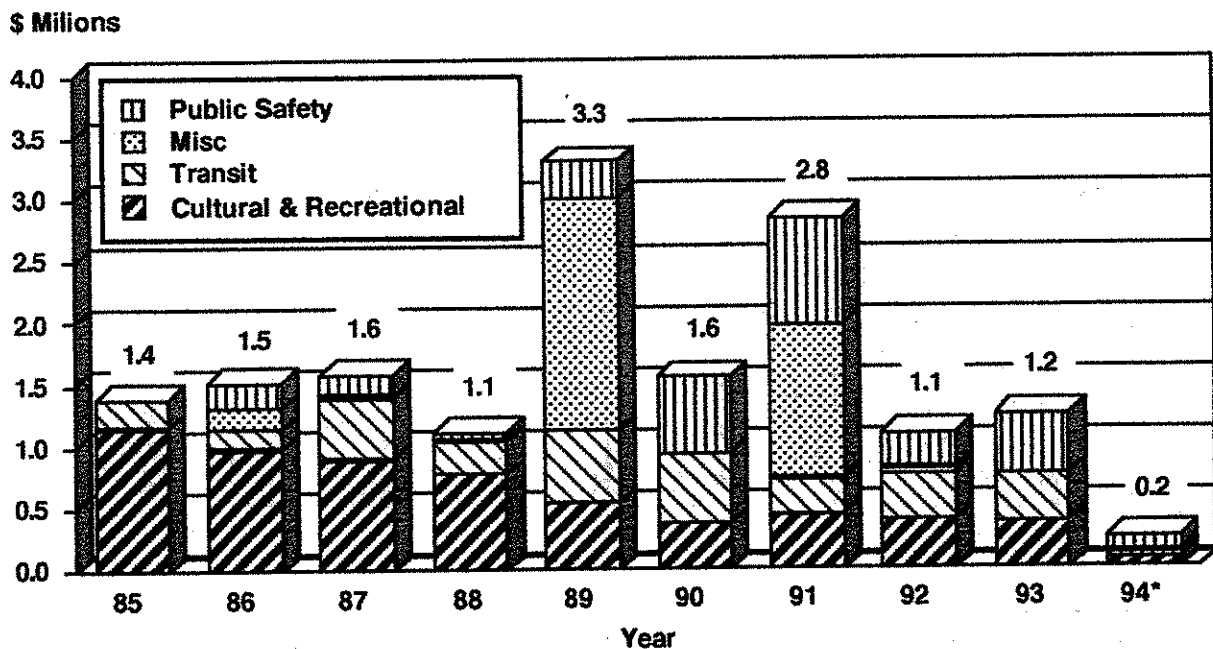
Figure 3-5
Summary of State and Federal Categorical Grants By Purpose **



* As of August, 1994.

** These grants are not included in Figure 3-4 (State and Federal revenues which are part of the Municipal operating budget).

Figure 3-6
Detail on "Other" Category Categorical Grants

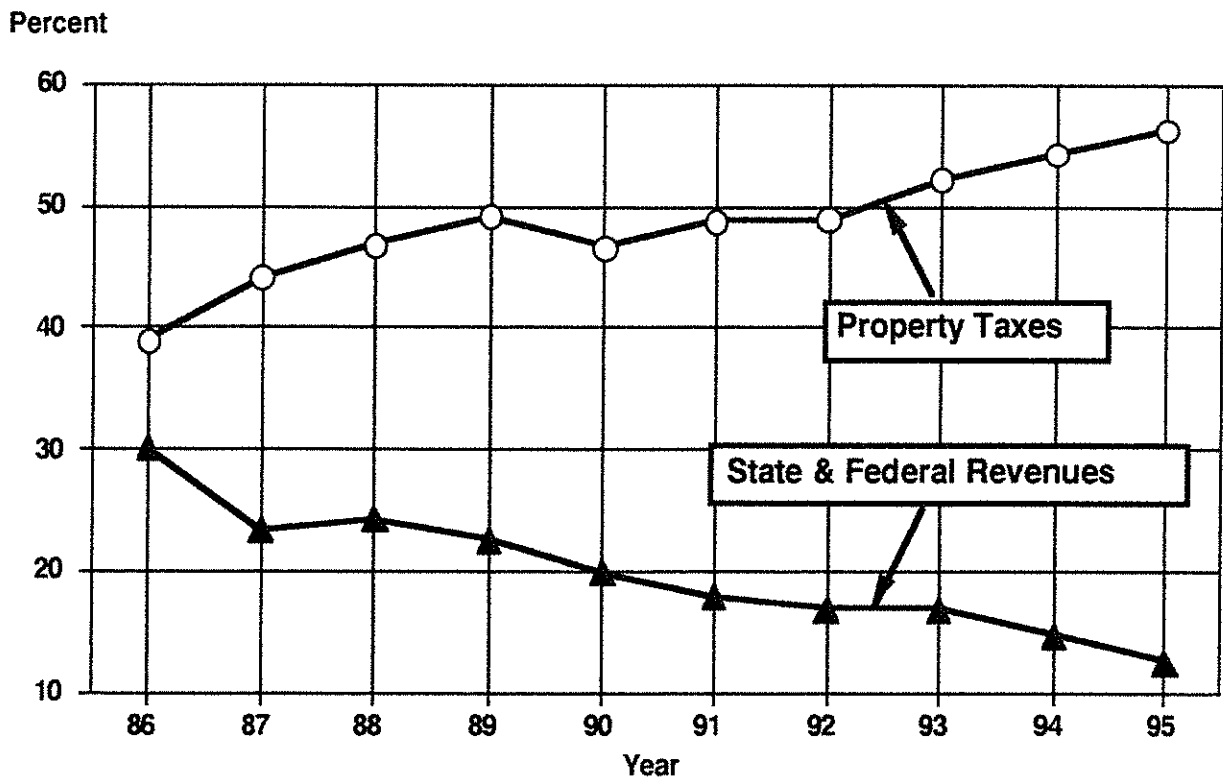


* As of August, 1994.

State and federal revenues have acted as an offset to local property taxes over the past ten years. As shown in Figure 3-7, the percentages of operating revenues from local property taxes and State and federal revenues have tended to move in opposite directions.

Figure 3-7

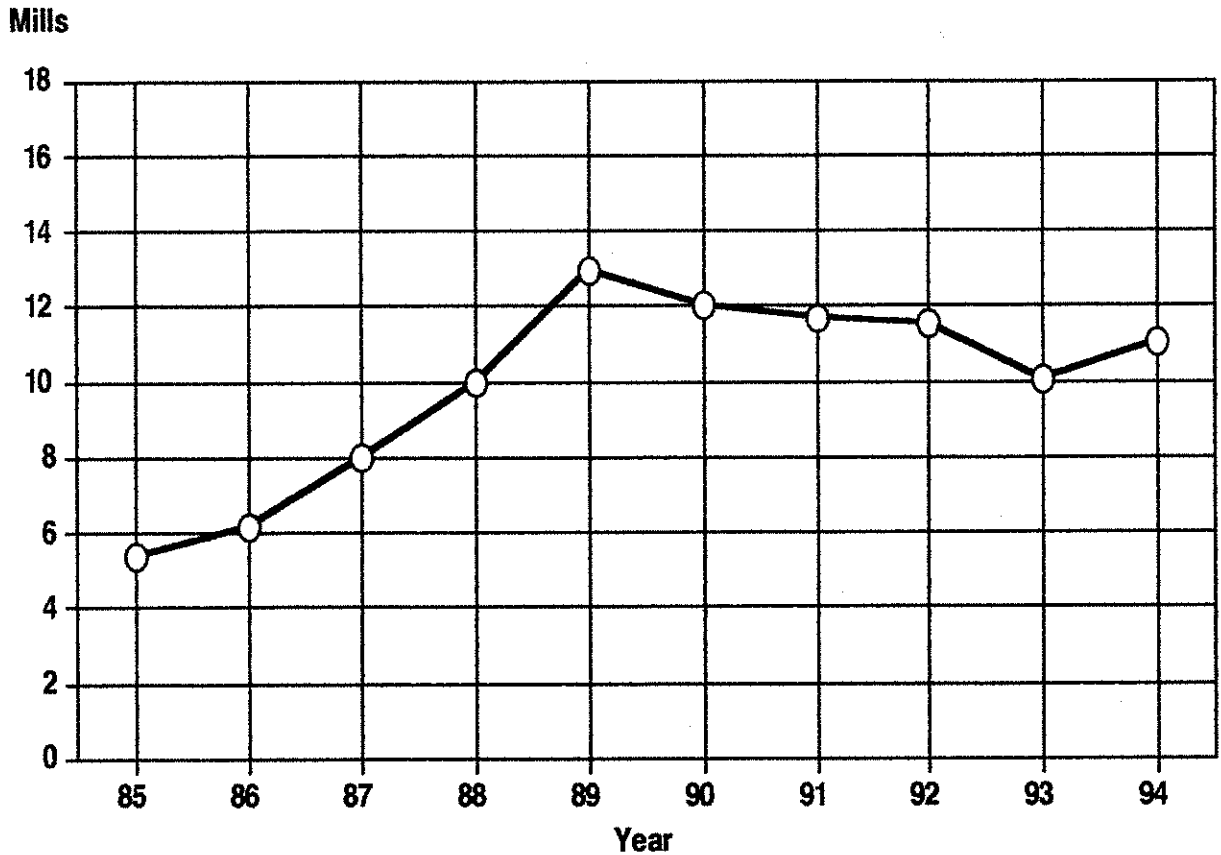
**Property Taxes and State/Federal Revenues
As Percentage of General Government Operating Revenues
1986-1995 ***



* 1986-1994 Revised Budgets; 1995 Proposed Budget.

Figure 3-8

**Mill Rate Trend
for Property Taxation
(Downtown Area Only; School District Excluded)
1985-1994 ***



* 1985-1994 Revised Budgets.

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).

The net property tax billings for 1992 exceeded the 1992 Assembly-approved levy; therefore, the 1993 mill levy was reduced to offset this over-billing.

The figures shown below depict the total amount of real and personal property taxes levied and collected by the Municipality each year.

Figure 3-9

Dollar Amount of Property Taxes Levied

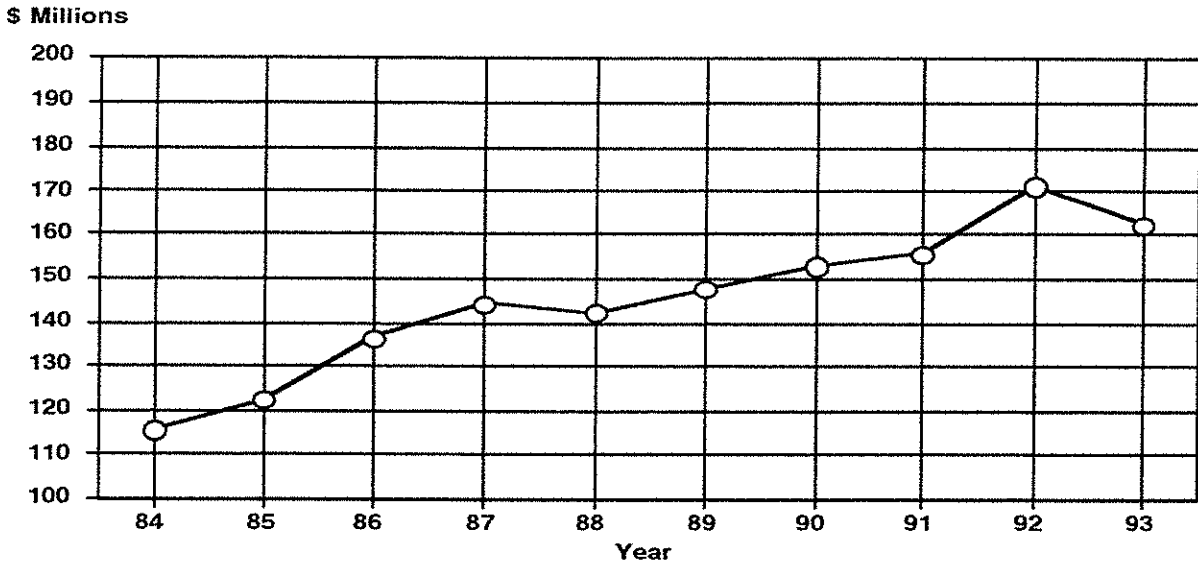
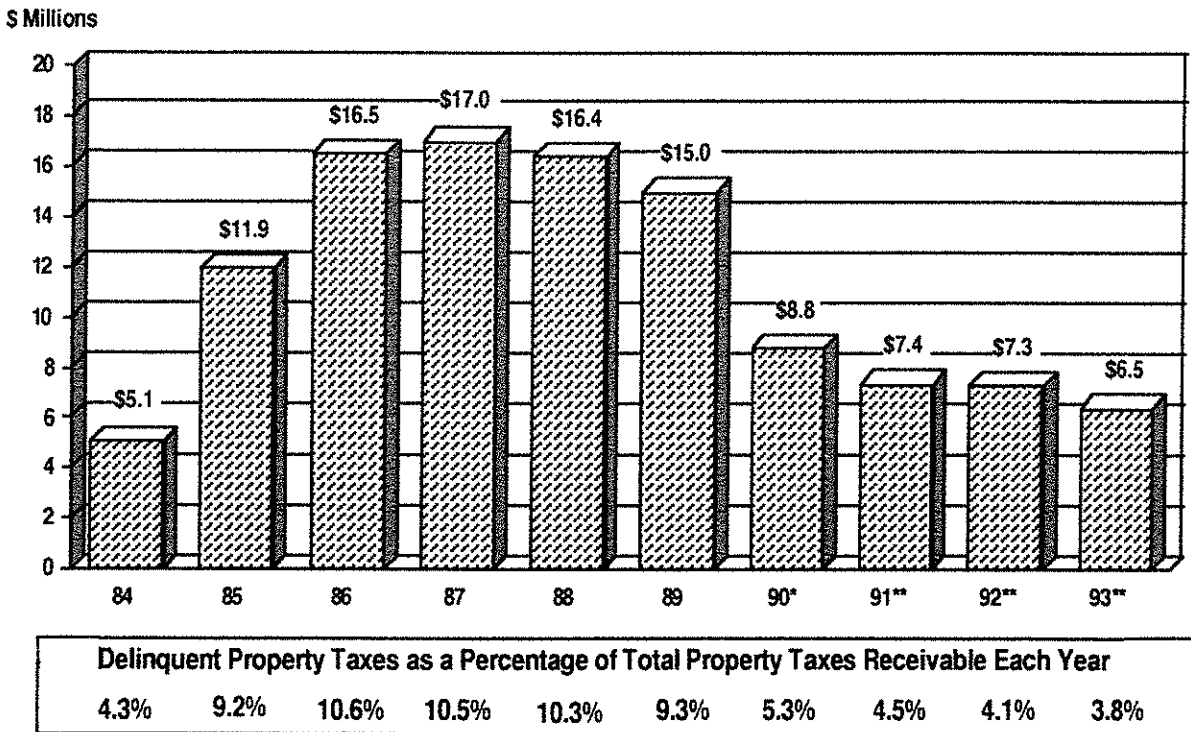


Figure 3 - 10

Outstanding Delinquent Property Taxes

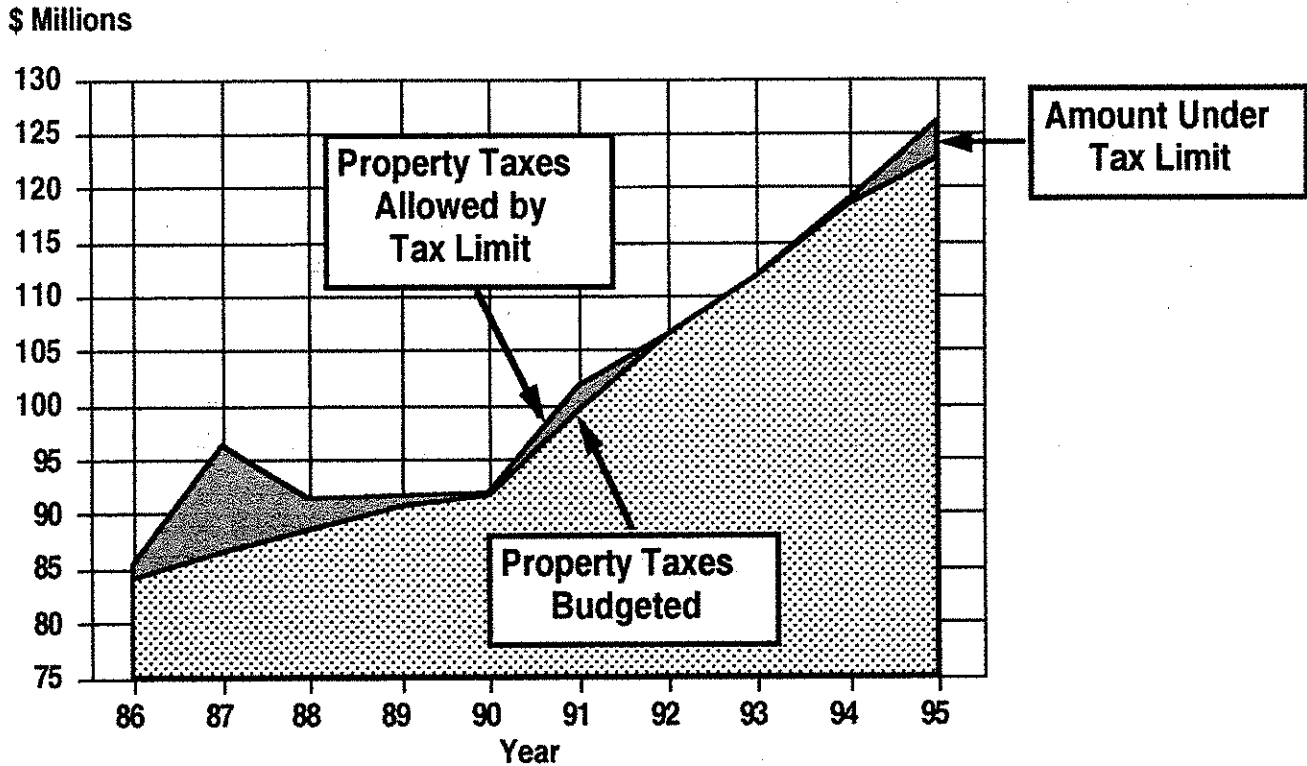


* Restated to exclude Senior Tax Credit Receivable.

** Excludes Senior Tax Credit Receivable.

Figure 3-11 shows the level of property taxes allowed under the charter tax limitation vis-a-vis the amount in the 1986-1994 revised budgets and in the 1995 proposed budget.

Figure 3-11
Property Taxes Under Charter Limitation
(Millions of Dollars)
1986-1995 *



* 1986-1994 Revised Budgets; 1995 Proposed Budget is \$3.7 million under the tax limit.

The actual amounts the Assembly levied which were under the property tax limit for 1986 through 1994 are as follows (shown in millions):

1986	\$1.4 M	1989	\$1.1 M	1992	\$0.0 M
1987	9.8	1990	0.2	1993	0.0
1988	3.0	1991	2.2	1994	0.6

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 on the following page 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 value, effective tax rates were adjusted downward to reflect that discrepancy. As the data indicates, effective rates range from a high of \$4,400 per \$100,000 of assessed value in Detroit to a low of \$370 per \$100,000 of assessed value in Honolulu, Hawaii.

Figure 3-12

**Residential Property Tax Rates in
Selected Large Cities; 1991 ***
(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	Jackson, MS	26	\$1,470
Milwaukee, WI	2	3,750	Burlington, VT	27	1,440
Newark, NJ	3	3,140	Billings, MT	28	1,430
Des Moines, IA	4	2,660	Columbia, SC	29	1,430
Philadelphia, PA	5	2,640	Minneapolis, MN	30	1,390
Portland, OR	6	2,640	Charlotte, NC	31	1,200
Manchester, NH	7	2,590	Kansas City, MO	32	1,150
Providence, RI	8	2,550	Virginia Beach, VA	33	1,090
Bridgeport, CT	9	2,490	Salt Lake City, UT	34	1,080
Baltimore, MD	10	2,460	Seattle, WA	35	1,050
Sioux Falls, SD	11	2,360	Oklahoma City, OK	36	1,040
Omaha, NE	12	2,310	Albuquerque, NM	37	1,040
Jacksonville, FL	13	2,150	Las Vegas, NV	38	1,020
Chicago, IL	14	2,050	Denver, CO	39	970
Houston, TX	15	2,000	Little Rock, AR	40	950
Columbus, OH	16	2,000	Louisville, KY	41	950
Boise City, ID	17	1,920	Wilmington, DE	42	940
Fargo, ND	18	1,780	Washington, DC	43	910
Wichita, KS	19	1,760	Boston, MA	44	890
Indianapolis, IN	20	1,750	New York City, NY	45	870
Atlanta, GA	21	1,740	Cheyenne, WY	46	720
Anchorage, AK	22	1,740	Birmingham, AL	47	700
Portland, ME	23	1,740	Charleston, WV	48	650
New Orleans, LA	24	1,610	Los Angeles, CA	49	630
Phoenix, AZ	25	1,470	Memphis, TN	50	540
			Honolulu, HI	51	370
		Unweighted Average			\$1,640
		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, 1992.

* Updated information from this source will not be available until October, 1994.

NOTE: Anchorage's ranking would likely be near the bottom of the list if all types of taxes raised by cities were included in the comparison. Because Anchorage relies on property taxes as its sole major revenue source, our city ranks relatively high compared to the other cities who rely on additional major taxes other than property taxes (e.g., sales tax, higher fuel taxes, etc.)

Using the same source of information as the preceding table, Figure 3-13 shows the historical ranking of Anchorage in residential property tax rates from 1985 through 1991 as compared to selected large cities.

Figure 3-13

**Historical Ranking of Anchorage Residential Property Tax Rates
Compared to Selected Large Cities *
1985 - 1991**

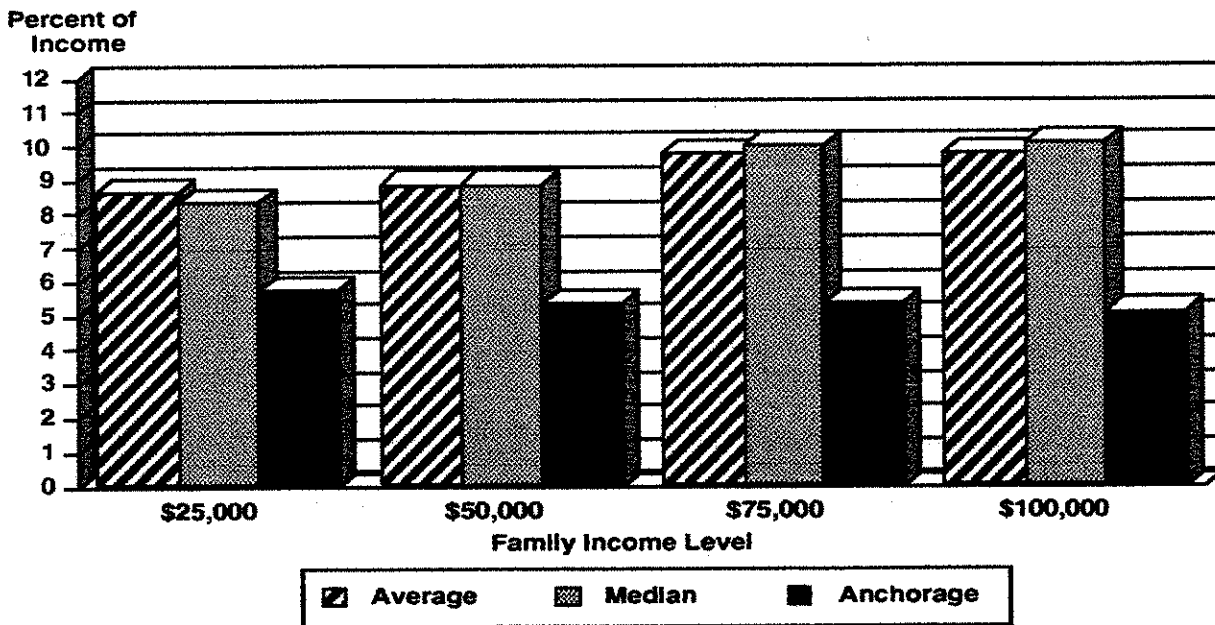
<u>Year</u>	<u>Ranking</u>	<u>Tax Per \$100,000</u>	<u>Year</u>	<u>Ranking</u>	<u>Tax Per \$100,000</u>
1985	#44	\$ 940	1989	#19	\$1,710
1986	#43	940	1990	#20	1,760
1987	#37	1,100	1991	#22	1,740
1988	#26	1,480			

* Updated information from this source will not be available until October, 1994.

One measure of the burden of taxation is the percent of income devoted to paying taxes. The Department of Finance of the Government of the District of Columbia has estimated this burden for the largest city in each state. Figure 3-14 summarizes their results specific to Anchorage.

Figure 3-14

**Estimated Burden of Major Taxes
For a Family of Four by Income Level
1991 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 1992.

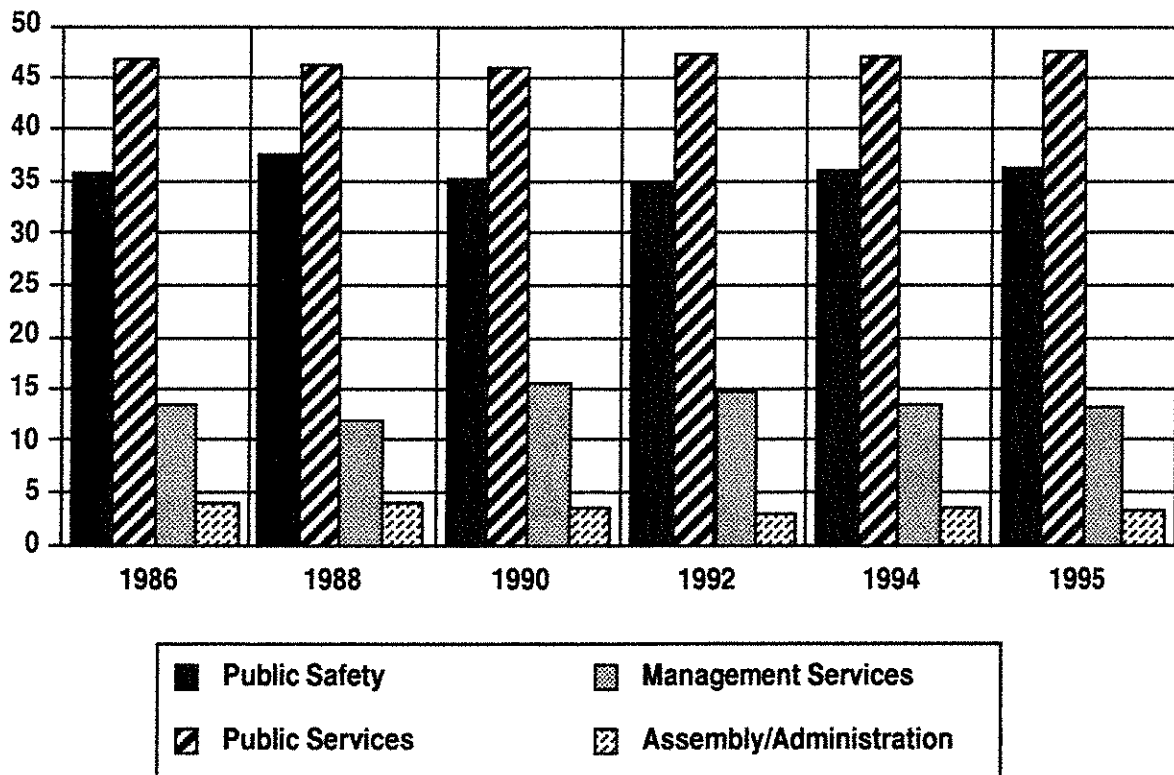
Expenditures

The following chart describes the distribution of general government budgeted expenditures since 1986.

Figure 3-15

Distribution of Budgeted Expenditures by Major Functions 1986-1995 *

\$ Millions



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, Operations 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.

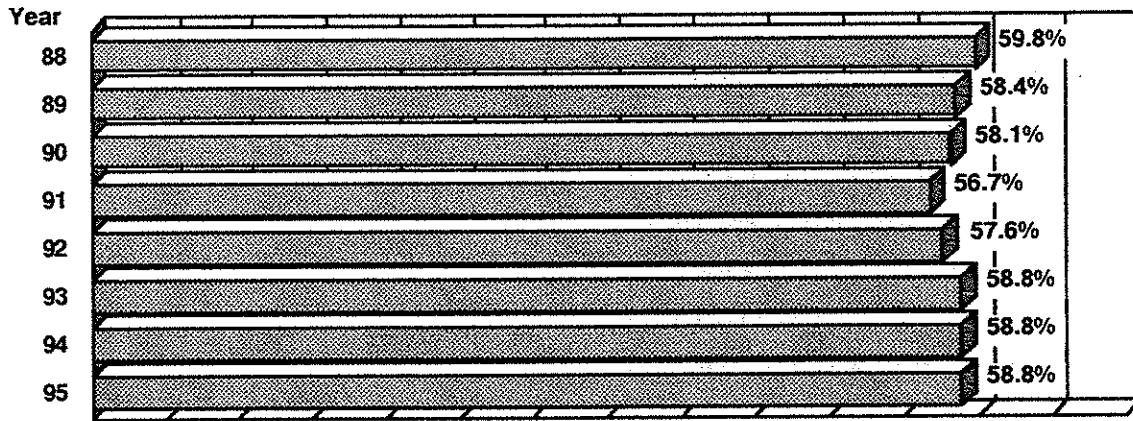
Assembly/Administration includes Assembly, Equal Rights Commission, Internal Audit, Office of the Mayor and Municipal Attorney.

* 1985-1994 Revised Budgets; 1995 Proposed Budget

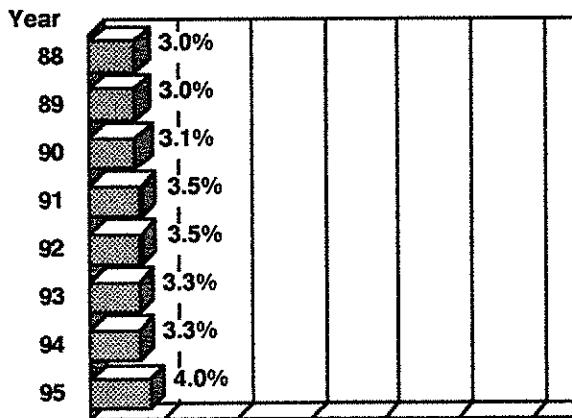
Figure 3-16

General Government Budgeted Expenditures
Direct Cost By Type
1988-1995 *

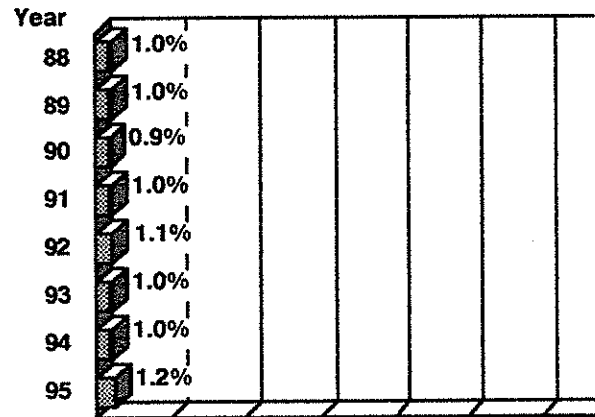
Personal Services



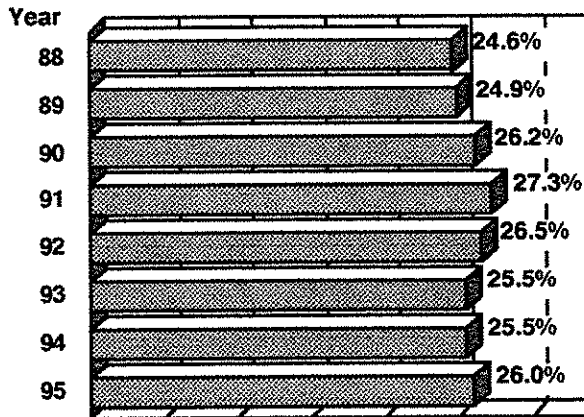
Supplies



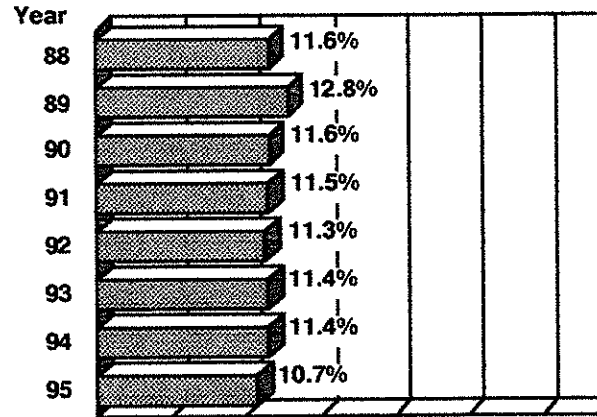
Capital Outlay



Other Services



Debt Service



* 1988 - 1994 Revised Budgets; 1995 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 3-17 through 3-25 present historical information on the sources and uses of capital funds during this period.

Figure 3-17

**Categories of Capital Projects
Total Appropriations by MOA
1985 - 1994**

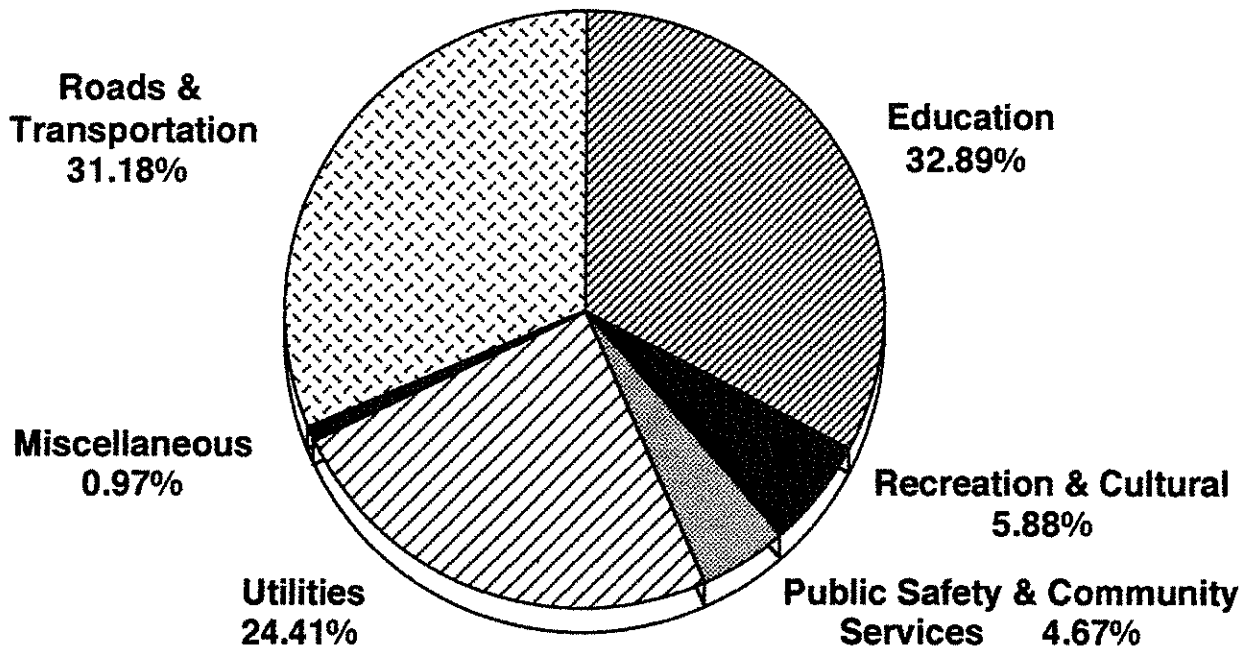
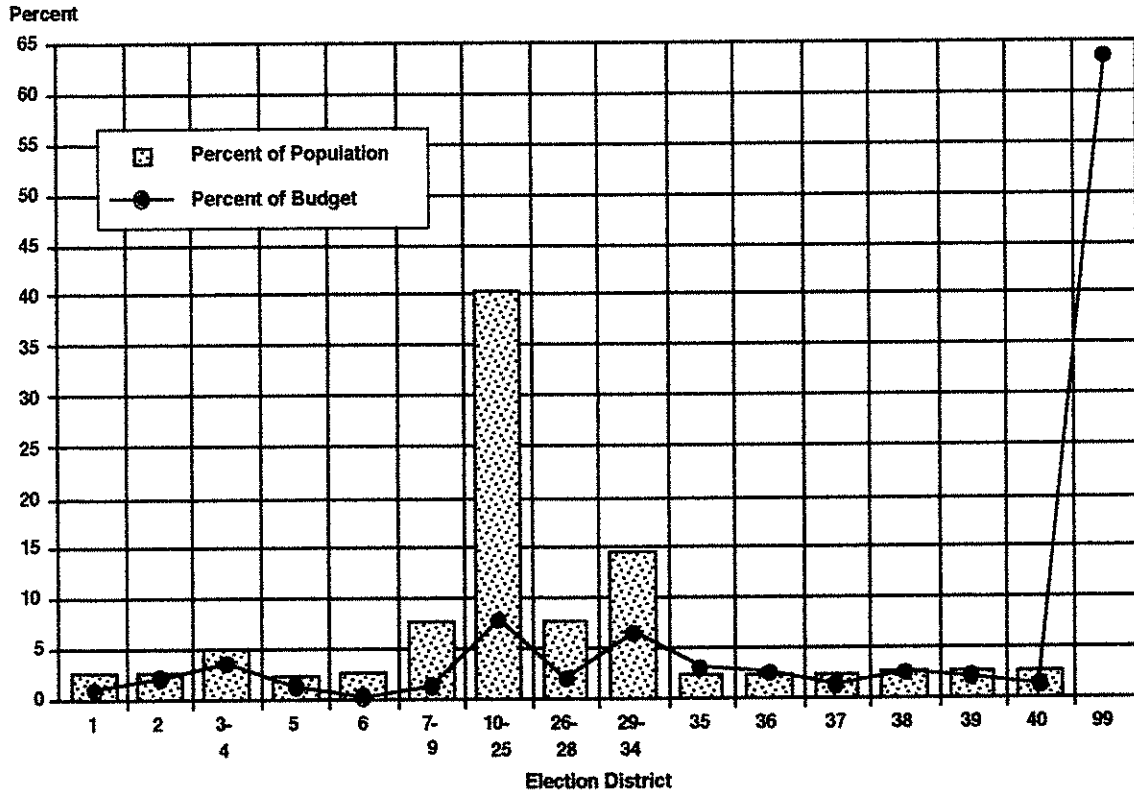


Figure 3-18

District Comparison of Population to Percentage of Fiscal Year 1995 State Capital Budget



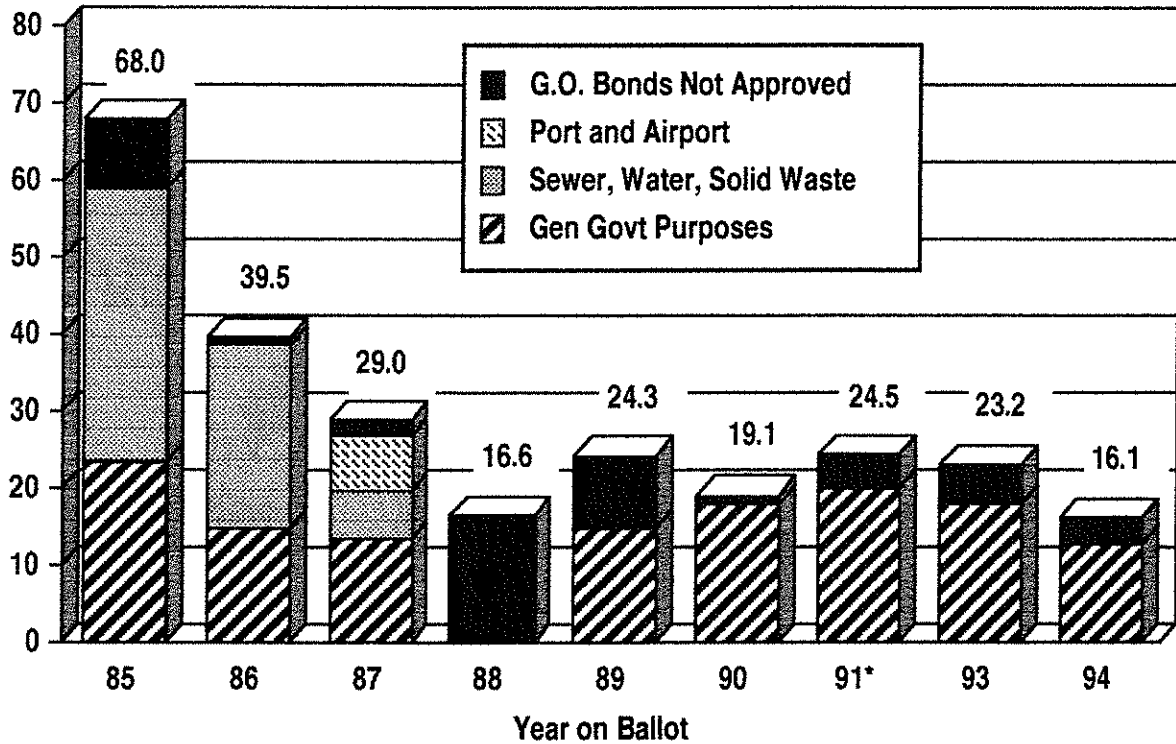
District		Population		Capital Budget	
		Amount	Percent	Amount	Percent
1	Ketchikan	13,985	2.5%	\$ 5.489 M	0.8%
2	Sitka/Petersburg/Wrangell	14,622	2.7%	13.374	2.0%
3-4	Juneau/Mendenhall/Lynn Canal	26,919	4.9%	22.818	3.4%
5	Southeast Islands	13,483	2.4%	8.083	1.2%
6	Kodiak	13,664	2.5%	.548	0.1%
7-9	Homer/KalifornskySoldotna/ Seward/Kenai	41,544	7.6%	8.012	1.2%
10-25	Anchorage	222,324	40.4%	51.490	7.8%
26-28	Matanuska/Susitna	41,135	7.5%	11.974	1.8%
29-34	Fairbanks	80,122	14.6%	41.472	6.3%
35	Prince William Sound/Delta	13,215	2.4%	18.726	2.8%
36	Rural Interior	12,741	2.3%	15.341	2.3%
37	Arctic Slope/Northwest	13,346	2.4%	7.401	1.1%
38	Nome/Norton Sound	14,098	2.6%	16.021	2.4%
39	Bristol Bay/Bethel	13,858	2.5%	13.678	2.1%
40	Aleutians	14,987	2.7%	8.146	1.2%
99	Statewide			421.364	63.5%
TOTAL STATE		550,043		\$663.937 M	

SOURCE: "Alaska Population Overview: 1990 Census & Estimates" by the Alaska Department of Labor and "Election District Report: Fiscal Year 1995 Capital Budget" by the Alaska Legislative Finance Division. Election district population estimates are based on 1990 census figures.

Figure 3-19

General Obligation Bond Propositions
(Excluding School Bonds)
1985 - 1994

\$ Millions



* 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 3-20

General Obligation Bond Proposals/Approvals
(in \$ Millions)

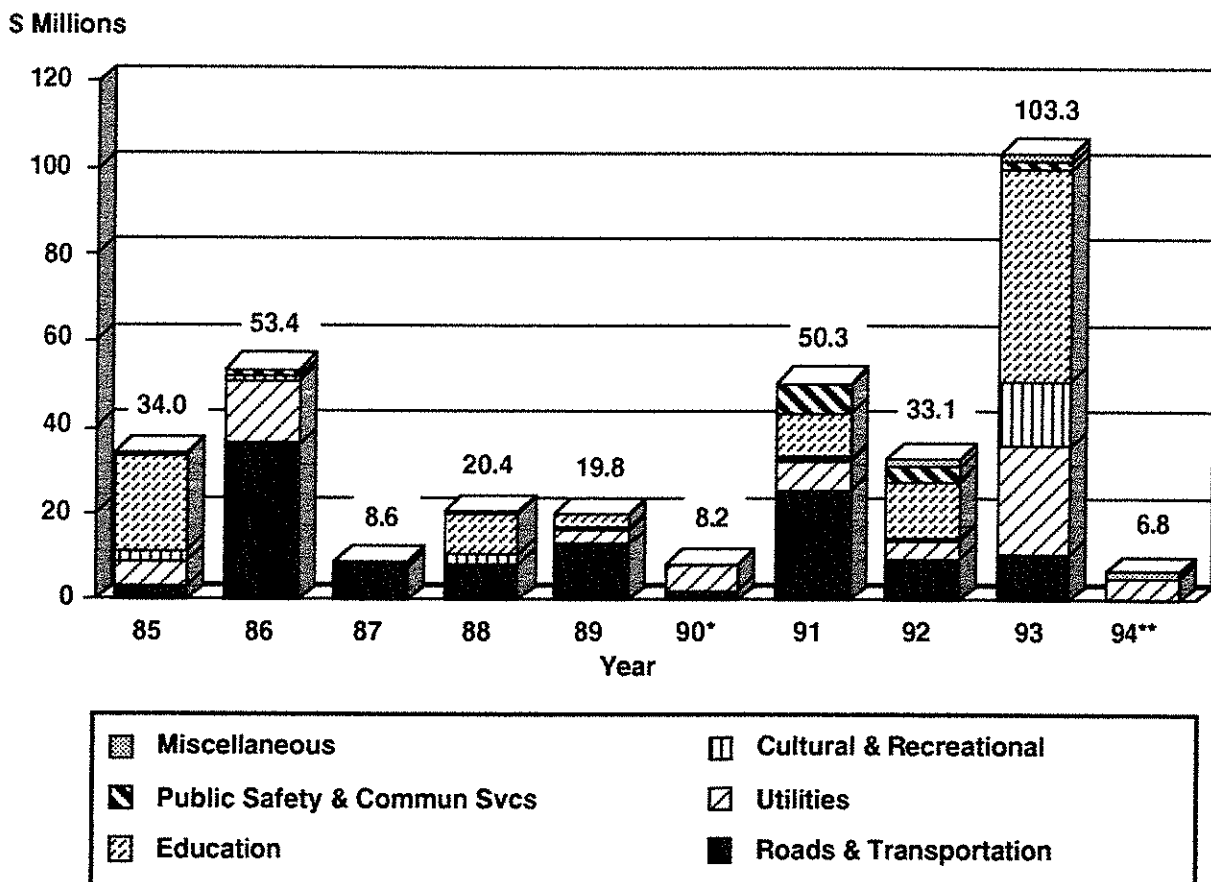
General Obligation Bond Type	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	TOTAL
School District											
Proposed	\$103.0				\$ 29.7		\$ 51.9		\$176.9	\$174.9	\$536.4
Approved	\$103.0				\$ 29.7		\$ 24.4		\$ 19.3	\$174.9	\$351.3
Total % Approved	100%				100%		47%		11%	100%	65%
Utilities (AWWU, ML&P, SWS)											
Proposed	\$ 35.6	\$ 23.0	\$ 6.0								\$ 64.6
Approved	\$ 35.6	\$ 23.0	\$ 6.0								\$ 64.6
Total % Approved	100%	100%	100%								100%
Roads & Transit											
Proposed	\$ 15.5	\$ 11.0	\$ 11.5	\$ 11.0	\$ 20.2	\$ 11.0	\$ 15.0		\$ 18.0	\$ 12.7	\$125.9
Approved	\$ 15.5	\$ 10.0	\$ 11.5	\$ ---	\$ 14.7	\$ 11.0	\$ 15.0		\$ 18.0	\$ 12.7	\$108.4
Total % Approved	100%	91%	100%	0%	73%	100%	100%		100%	100%	86%
Property & Facility Management											
Proposed				\$ 2.2	\$ 1.7		\$ 4.5		\$ 3.0	\$ 3.4	\$ 14.8
Approved				\$ ---	\$ ---		\$ ---		\$ ---	\$ ---	\$ ---
Total % Approved				0%	0%		0%		0%	0%	0%
Public Safety											
Proposed	\$ 7.9	\$ 5.5	\$ 2.0	\$ 3.4	\$ 2.4	\$ 6.9					\$ 28.1
Approved	\$ 7.9	\$ 5.5	\$ 2.0	\$ ---	\$ ---	\$ 6.9					\$ 22.3
Total % Approved	100%	100%	100%	0%	0%	100%					79%
Cultural & Recreational											
Proposed	\$ 9.0					\$ 1.2	\$ 5.0		\$ 2.2		\$ 17.4
Approved	\$ ---					\$ ---	\$ 5.0		\$ ---		\$ 5.0
Total % Approved	0%					0%	100%		0%		29%
Port & Merrill Field											
Proposed			\$ 9.5								\$ 9.5
Approved			\$ 7.5								\$ 7.5
Total % Approved			79%								79%
TOTAL											
Proposed	\$171.0	\$ 39.5	\$ 29.0	\$ 16.6	\$ 54.0	\$ 19.1	\$ 76.4	N/A	\$200.1	\$191.0	\$796.7
Approved	\$162.0	\$ 38.5	\$ 27.0	\$ ---	\$ 44.4	\$ 17.9	\$ 44.4	N/A	\$ 37.3	\$187.6	\$559.1
Total % Approved	95%	97%	93%	0%	82%	94%	58%	N/A	19%	98%	70%

Source: 1995 Fiscal Trends Report

Figure 3-21 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 3-21

**State Capital Grants (Including School District)
Appropriated by MOA
Net of Repeals ***

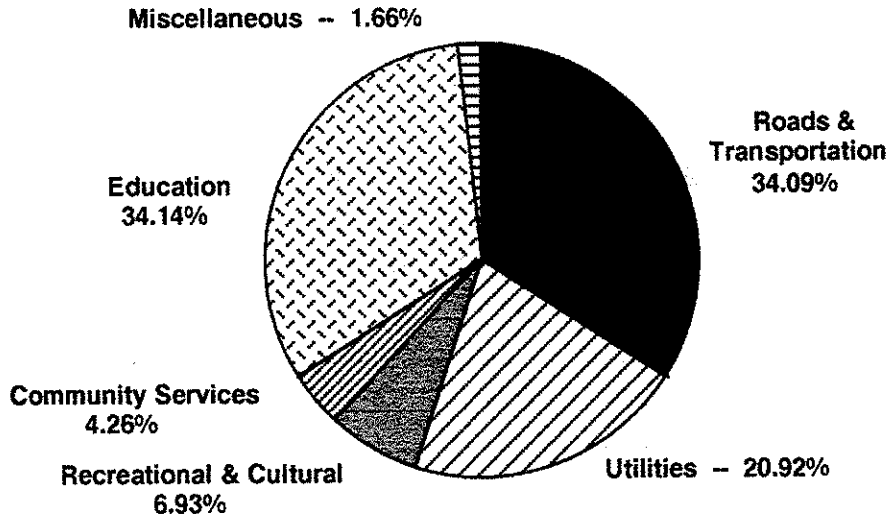


* The Governor's line item veto in July 1990 resulted in net negative appropriations for the Anchorage School District and Department of Cultural and Recreational Services due to repeals of existing grants. Railbelt Energy Fund appropriations were composed of \$2.5 million for the Ship Creek Original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

** As of August, 1994. Represents three 70/30 capital matching grants totalling \$6.4 million for the Anchorage Water Loop project, underground storage tanks, and ADA improvements. Additionally, a \$430,000 direct grant was received for a School District roof repair project. No 50/50 ADEC grants were received in 1994.

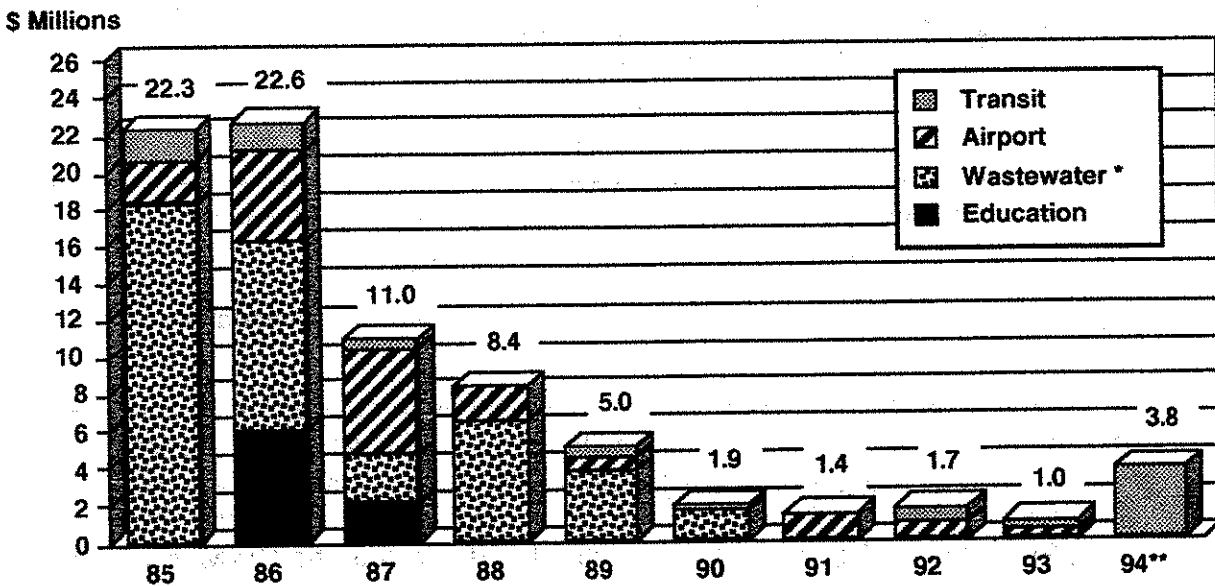
Figure 3-22 summarizes the purposes of State grants over this period.

Figure 3-22
State Capital Grants Appropriated by MOA
Total Distribution by Purpose
1985-1994



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 3-23
Major Federal Capital Grants
1985-1994

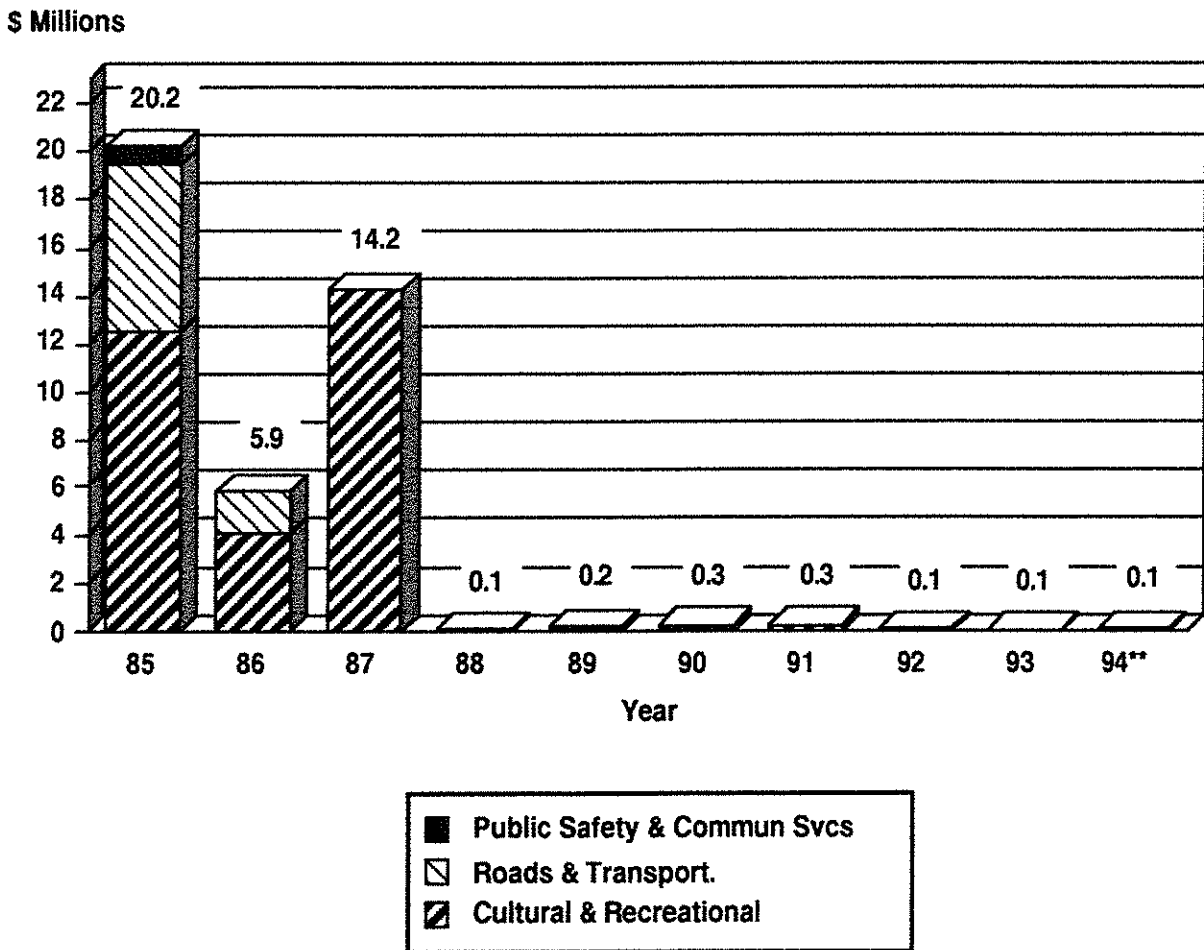


* Excludes the Alaska Clean Water Revolving Loan Program begun by the Federal Government in 1992 which replaced wastewater grants. In 1994, \$12.4 million was borrowed through this program (AWWU \$2.4 million and SWS \$10.0 million).

** As of August, 1994.

Through the mid 1980's, interest earned on capital grants was a funding source for capital projects. Figure 3-24 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 3-24
Interest Appropriations
for General Government Capital Projects *
1985 - 1994

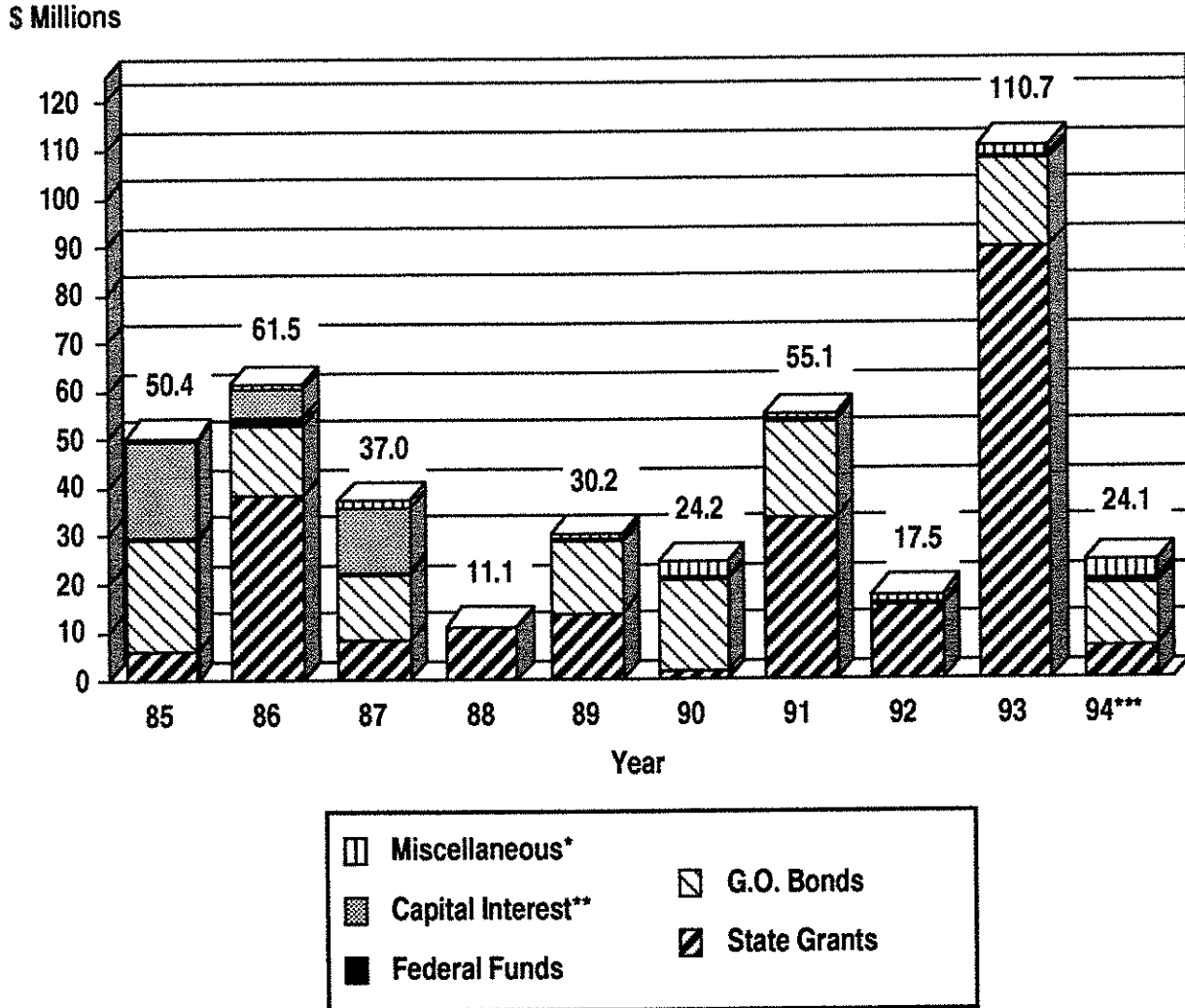


* Interest earned on General Government and Port of Anchorage State capital grants.

** As of August, 1994.

Figure 3-25 gives an overall summary of general government capital funding by source of funds. Here general obligation bonds are shown in the year in which voters approved.

Figure 3-25
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, 1994.