



GUIDE

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 November.

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, health and environmental protection, social services, animal control, library, museum, mass transit, emergency medical services, planning and zoning, property appraisal and tax collection. 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 Municipality except for Girdwood and Turnagain Arm. 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. Both the tax limitation and the spending limitation were effective with the 1984 budget.

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, 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, Executive Manager 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 Metropolitan Police Service Area taxpayers pay for the whole police program, including the cost of maintaining the police building. The intragovernmental charge system allows general government departments/agencies to properly charge municipal utilities, grants, and capital projects for services provided.

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	(2,000,000)
Service Area Function Cost	<u>\$ 9,000,000</u>

All of the function costs for each service area (fund) are totaled. 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 Section 3, Revenues.

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	(500,000)
Service Area Tax Requirement	<u>\$2,000,000</u>

Calculation of Mill Levies

To calculate mill levies, the tax requirement and the estimated assessed valuation of the taxable property in each service area must be known. The mill levy is computed as follows:

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

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

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 four major sections:

- * **Budget Overview:** highlights of the budget.
- * **Revenue:** Two-year Summary of all Revenues; revenue notes; detailed breakdown of all revenues.
- * **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 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

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 land use 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 Park Cemetery.

Major Program Highlights

- Provide winter maintenance services and summer maintenance programs for streets, drainage facilities and sedimentation basins in keeping with the needs of the public and requirements of emergency response agencies while working toward a goal of lowered annual and total life cycle costs.
- Streamline the permitting process through a new one-stop Permit and Development Center and enforce codes and ordinances related to construction, land use and private development in a manner that will ensure public safety, support enhancement programs and foster economic development.
- Construct new streets, drainage structures, and other facilities in a timely, cost-effective manner to meet current and future needs.
- Maintain accurate coordinate reference data.
- Provide general government right-of-way acquisition support.
- Operate traffic control systems to ensure effective, economical, and safe movement of traffic and pedestrians.
- Support general government, and police and fire communication systems expertise and the latest technology.
- Manage the Anchorage Watershed Program and meet requirements of the Federal Storm Water and the National Pollution Discharge Elimination System (NPDES).
- Manage all aspects of the Anchorage Memorial Park Cemetery.

RESOURCES

	1999	2000
Direct Costs	\$ 59,011,910	\$ 60,005,970
Program Revenues	\$ 8,427,470	\$ 8,592,410
Personnel	296FT 4PT 52T	294FT 4PT 45T
Grant Budget	\$ 145,000	\$ 145,000
Grant Personnel	0	0

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.

2000 RESOURCE PLAN											
DEPARTMENT: PUBLIC WORKS											
DIVISION	FINANCIAL SUMMARY			PERSONNEL SUMMARY							
	1999 REVISED	2000 BUDGET		1999 REVISED			2000 BUDGET				
				FT	PT	T	TOTAL	FT	PT	T	TOTAL
ADMINISTRATION	375,840	440,000		3			3	3			3
ADMINISTRATIVE SUPPORT	181,230	199,060		3			3	3			3
PROJECT MGMT/ENGINEERING	4,329,580	4,326,520		44	1	4	49	44	1	4	49
STREET MAINTENANCE	21,761,970	20,570,950		118		31	149	117		31	148
BUILDING SAFETY DIVISION	6,718,010	6,266,630		84	3	8	95	84	3	2	89
TRAFFIC ENGINEERING	4,298,930	4,149,400		44		9	53	43		8	51
STREET LIGHTING	165,190	154,060									
OPERATING COST	37,828,750	36,106,620		296	4	52	352	294	4	45	343
ADD DEBT SERVICE	21,183,160	23,899,350									
DIRECT ORGANIZATION COST	59,011,910	60,005,970									
ADD INTRAGOVERNMENTAL CHARGES FROM OTHERS	15,143,530	16,454,080									
TOTAL DEPARTMENT COST	74,155,440	76,460,050									
LESS INTRAGOVERNMENTAL CHARGES TO OTHERS	12,924,990	13,908,750									
FUNCTION COST	61,230,450	62,551,300									
LESS PROGRAM REVENUES	8,427,470	8,592,410									
NET PROGRAM COST	52,802,980	53,958,890									
=====											
2000 RESOURCES BY CATEGORY OF EXPENSE											
DIVISION	PERSONAL SERVICES	SUPPLIES		OTHER SERVICES		CAPITAL OUTLAY		TOTAL DIRECT COST			
ADMINISTRATION	242,650	20,260		174,980		5,710		443,600			
ADMINISTRATIVE SUPPORT	193,120	4,610		2,830		1,690		202,250			
PROJECT MGMT/ENGINEERING	3,493,880	68,850		821,040		3,650		4,387,420			
STREET MAINTENANCE	8,618,010	1,703,810		10,374,910		18,500		20,715,230			
BUILDING SAFETY DIVISION	5,631,770	85,700		368,730		274,500		6,360,700			
TRAFFIC ENGINEERING	3,702,160	384,130		105,090		25,180		4,216,560			
STREET LIGHTING				154,060				154,060			
DEPT. TOTAL WITHOUT DEBT SERVICE	21,881,590	2,267,360		12,001,640		329,250		36,479,820			
LESS VACANCY FACTOR	373,200							373,200			
ADD DEBT SERVICE								23,899,350			
TOTAL DIRECT ORGANIZATION COST	21,508,390	2,267,360		12,001,640		329,250		60,005,970			

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 1999 REVISED BUDGET TO 2000 MAYOR'S BUDGET				
DEPARTMENT: PUBLIC WORKS				
	DIRECT COSTS	POSITIONS		
		FT	PT	T
1999 REVISED BUDGET:	\$ 59,011,910	296	4	52
1999 ONE-TIME REQUIREMENTS:				
- Replacement vehicles, Building Safety	(105,100)			
- New vehicles for Building Safety staff	(69,000)			
- Capital contribution for Automated Permit System	(421,100)			
- Portable speed humps for trial use	(25,000)			
- Traffic calming study, Rogers Park	(60,000)			
AMOUNT REQUIRED TO CONTINUE EXISTING PROGRAMS IN 2000:				
- Salaries and benefits adjustment	440,430			
TRANSFERS TO/FROM OTHER DEPARTMENTS:				
- To Police Dept. for impound towing contract	(35,000)			
MISCELLANEOUS INCREASES/(DECREASES):				
- Net increase in voter approved debt service	2,716,100			
- Add fiscal agency fees for new Cemetery debt	500			
1999 CONTINUATION LEVEL:	\$ 61,453,740	296	4	52
BUDGET REDUCTIONS:				
- <i>General reductions from staffing efficiencies and decreases in contractual costs, travel, supplies and equipment</i>	(395,050)	(2)		(1)
- <i>Reduce traffic signal energy costs by activating flashing signals during late night and early morning hours and installation of more energy efficient traffic</i>	(190,000)			
- <i>Reduce snow removal costs by closely matching contracted equipment and operators with available resources</i>	(570,000)			
- <i>Reduce chip seal program by half</i>	(170,000)			
- <i>Reduce Operation Clean Sweep to maintenance level</i>	(133,770)			(6)
NEW/EXPANDED SERVICE LEVELS:				
- <i>Purchase of grave markers for Anchorage Cemetery (to be funded through increase in burial fees approved by the Assembly on 7/13/99)</i>	6,000			
- <i>Improve grave site and marker restoration at the Anchorage Cemetery (fully revenue supported)</i>	5,050			
2000 MAYOR'S BUDGET:	\$ 60,005,970	294 FT	4 PT	46 T

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 **work performance measures**.

2000 PROGRAM PLAN

DEPARTMENT: PUBLIC WORKS DIVISION: STREET MAINTENANCE
PROGRAM: Street Lighting

PURPOSE:

To provide funding for street light energy and maintenance costs in the Anchorage Roads and Drainage Service Area.

1999 PERFORMANCES:

- Funded utility costs for street light energy and maintenance in ARDSA.

2000 PERFORMANCE OBJECTIVES:

- Fund utility costs for street light energy and maintenance in ARDSA.

RESOURCES:

	1998 REVISED			1999 REVISED			2000 BUDGET		
	FT	PT	T	FT	PT	T	FT	PT	T
PERSONNEL:	1	0	0	1	0	0	1	0	0
PERSONAL SERVICES			\$ 67,050			\$ 74,350			\$ 74,510
SUPPLIES			154,950			140,750			140,750
OTHER SERVICES			3,839,320			3,853,520			3,663,520
TOTAL DIRECT COST:			\$ 4,061,320			\$ 4,068,620			\$ 3,878,780
PROGRAM REVENUES:			\$ 248,500			\$ 258,500			\$ 258,500

WORK MEASURES:

- Street lights energized	14,307	14,663	14,663
- Traffic signals energized	235	235	235
- Thaw wires operated and maintained	153	156	156
- CBD/Spenard amenity street lights	376	350	350
- Load Centers operated	785	801	801
- Lift stations operated and maintained	18	18	18
- Street lights maintained	5,737	5,737	5,737

123 SERVICE LEVELS ARE FUNDED FOR THE DEPARTMENT. THIS PROGRAM HAS LEVELS:
34, 62, 63, 88,110,121

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 direct costs, tax-supported direct costs, and total positions of each department with the 1999 Revised Budget.
- B. **Personnel Summary:** Compares personnel positions by type (full-time, part-time, temporary) and department with current 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 function costs (direct costs with intragovernmental charge additions and subtractions) by fund with current year.
- E. **Mill Levy Comparisons by Fund:** Compares mill levies by fund (service area) with the approved mill levies for the current year, excluding the Anchorage School District (ASD).
- F. **Mill Levy Comparison by Taxing District:** Compares each taxing district's mill levy with its current year approved mill levy, excluding ASD.
- G. **Mill Levy Trends:** Shows the ten-year mill levy trend by taxing district, excluding ASD.
- H. **Preliminary Property Tax:** Shows, for each \$100,000 assessed valuation, what residents pay for each of the services they receive, including ASD.
- I. **Applied Fund Balance Summary:** Compares the amount of any fund balance to be appropriated to offset function costs with that for the current year.
- J. **Personnel Benefit Rates:** 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.
- K. **Debt Service Summary by Program:** Provides detailed information regarding the outstanding debt and the principal and interest payments for the budget year.
- L. **Tax Limit Calculation:** Presents the tax limitation calculation, as required in Section 14.03 of the Municipal Charter. Property taxes required cannot exceed the property taxes allowed, as calculated in this schedule.

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.

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 approved 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> $\begin{array}{r} \text{Direct} + \text{Intragovernmental} - \text{Intragovernmental} = \text{Function} \\ \text{Cost} \quad \text{Charges From} \quad \text{Charges to Others} \quad \text{Cost} \\ \quad \quad \quad \text{Others} \end{array}$ <p>The function cost of a particular fund is the sum of the function costs of all budget units assigned to the fund. The Assembly appropriates a fund's function costs for the fiscal year.</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.
Intragovernmental Charge	The charge for a service which one budget unit (servicer) provides to another (requester). 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.

Mill Levy or Mill Rate

A rate of tax to be assessed on all taxable property. Rates are expressed in terms of \$1 of tax per \$1,000 of assessed value. Mill Levy is computed as follows:

$$\frac{\text{Property Tax Required in a Service Area}}{\text{Total Assessed Value of Taxable Property in the Service Area}} \times 1,000 = \text{Mill Levy}$$

Net Program Cost

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

$$\text{Direct Cost} + \text{Intragovernmental Charges From Others} - \text{Intragovernmental Charges to Others} - \text{Program Revenues} = \text{Net Program Costs}$$

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:

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

Resources

The personnel and financial requirements of each program. Personnel resources are stated in terms of full time, part-time and temporary positions. Financial resources are stated in terms of five major expense categories (personal services, supplies, other services, debt services and capital outlay).

Service Area

A legal entity which funds particular governmental services. Service areas are created, altered or abolished only with the approval of a majority of those voting on the question within the affected area. The services are financed only from taxes on property within the area (after all other revenue sources are applied).

Service Area (Con't)	<p>Areawide 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 Metropolitan 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 measured 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>
Zero-base Budgeting	<p>A budgeting process which allows for review of varying (ZBB) 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.</p>