



Municipality of Anchorage

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October 2, 2005

Dear Fellow Anchorage Resident:

I am pleased to provide the Municipality of Anchorage's first biennial budget for the operations of city services for Fiscal Years 2006 and 2007.

This budget continues to focus on the three top priorities Anchorage residents tell me are most important to them: protecting public safety and health, improving our city's transportation, and promoting community and economic development.

Over the past two years, we have overcome the city's worst budget dilemma since the oil price crash of the 1980s by working cooperatively with the Assembly to put our city on a firm financial footing. As a result, a national credit rating agency upgraded its outlook for Anchorage for the first time in five years, citing the city's diversified economy and improved budget. In April voters approved the most significant property tax reform package in years, which saved property taxpayers a combined \$14.4 million in 2005.

The proposed 2006 and 2007 general government budgets reflect our continued commitment to three guiding principles:

1. Provide stable, sustainable budgets,
2. Keep the economy healthy, and
3. Deliver core services efficiently.

The 2006 budget totals \$362.5 million. It provides targeted investments in public safety, transportation to relieve traffic congestion, and economic and community development projects and planning in downtown, midtown, Mountain View, Chugiak-Eagle River and Girdwood. It also provides new funding to help meet the challenge of steeply rising fuel, utility, health care and mandatory retirement contribution costs.

The 2006 and 2007 budgets continue to reflect our effort to make Anchorage's tax system fairer and provide tax relief to over-burdened property taxpayers. In 2006, we propose that property taxpayers receive the full \$5 million benefit of a one-time reduction in retirement contributions approved by the State Legislature this spring. Combined with our four-part tax relief plan enacted in 2005, the percentage of property taxes required to fund city services continues to drop, from 59 percent of municipal revenues in 2004 to 56 percent under the proposed 2006 budget.

Community, Security, Prosperity

Anchorage is a city on the move where citizens expect municipal services that are responsive, efficient and affordable. I thank the residents of Anchorage for your help and support in developing and adopting the city's first biennial budget.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark Begich", is centered on a yellow rectangular background with a fine grid pattern.

Mark Begich
Mayor

Community, Security, Prosperity

**2006/2007 PROPOSED
GENERAL GOVERNMENT OPERATING BUDGET
MUNICIPALITY OF ANCHORAGE**

MARK BEGICH, MAYOR

ASSEMBLY

Anna Fairclough, Chair	Pamela Jennings	Dan Sullivan
Paul Bauer	Debbie Ossiander	Allan Tesche
Chris Birch	Janice Shamberg	Dick Traini
Dan Coffey	Ken Stout	

BUDGET ADVISORY COMMISSION

Eric Britten, Chair	Ron Perry	Tim Wiepking
Kay Brown	Greg Protasel	Garret Wong
Phil Okeson	Bernie Smith	

ADMINISTRATION

Denis C. LeBlanc..... Municipal Manager

Jeffrey E. Sinz..... Chief Fiscal Officer

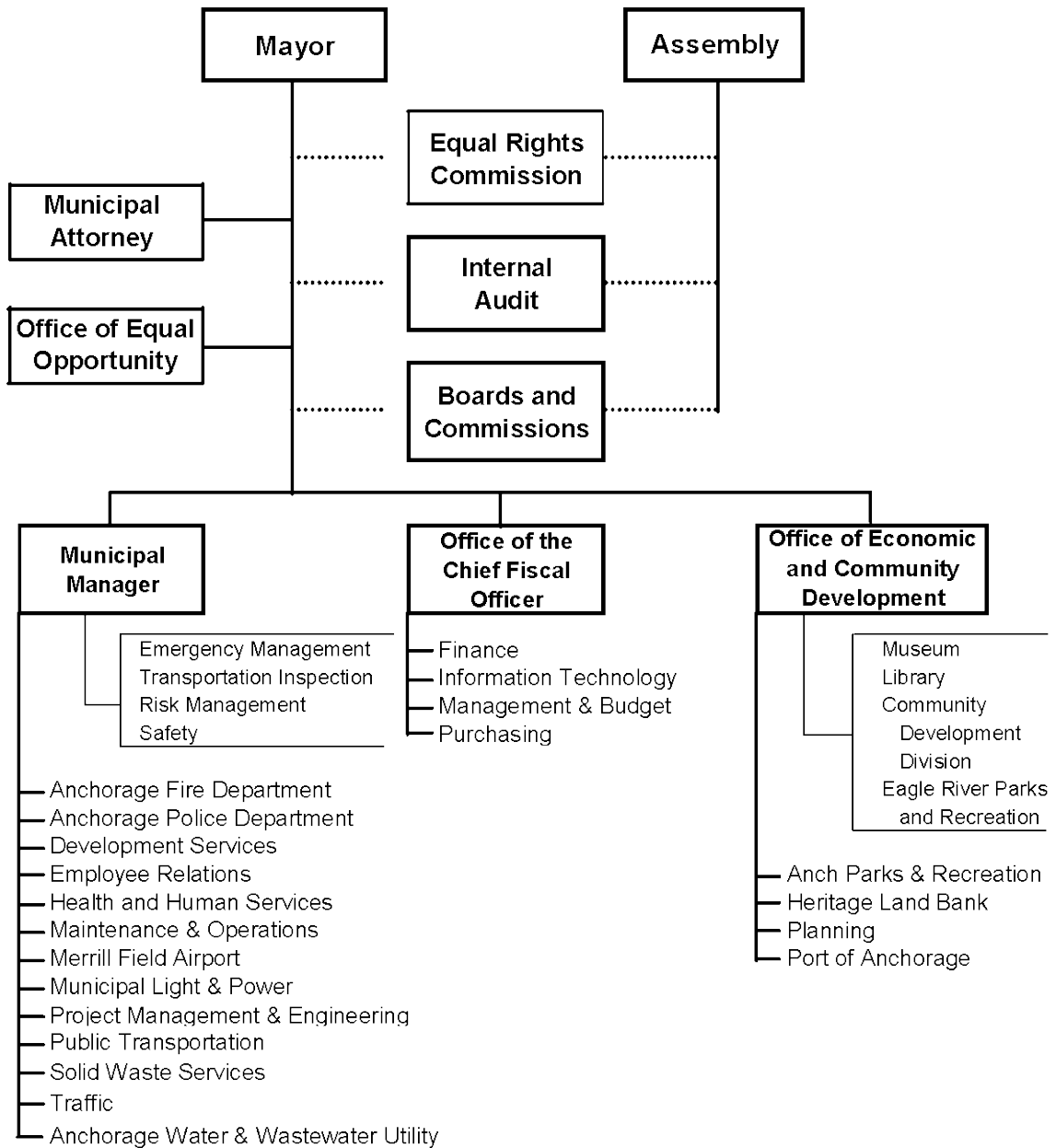
Mary Jane Michael.....Director, Office of Economic and Community Development

Fred Boness.....Municipal Attorney

Janet MitsonDirector, Office of Management and Budget



MUNICIPALITY OF ANCHORAGE



2006/2007 Proposed General Government Operating Budget

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GLOSSARY OF TERMS

2006/2007 Proposed General Government Operating Budget

User's Guide

The Biennial General Government Operating Budget for 2006 and 2007 is divided into seven sections for reader convenience. The contents of each section are described below.

Budget Overview

This section presents summary charts and data tables for proposed 2006 and 2007 general government operations.

Budget Background

This section presents a community profile and map; brief description of the local government structure; overview of the biennial budgeting process and implementation procedures, and summary descriptions of the general government budget structure, service areas and funds, appropriation process, and limitations on taxes and tax supported spending.

Revenue

This section presents a summary of all major revenue sources for general government operations and detailed descriptions of revenue accounts and the method by which they are distributed.

Department Detail

This section presents the 2006 and 2007 proposed operating budgets for all general government departments. The budget presentation for each department includes an organizational chart, narrative description, department resource plan, reconciliation summary of departmental budget changes from 2005 revised budget to the 2006 and 2007 proposed budgets; budget detail by major divisions/programs within the department, as applicable.

Grant Resources

This section presents summary schedules by department of operating grants known or anticipated to be received through 2006.

Appendices

This section presents supplemental expenditure, revenue and tax information for 2006 and 2007.

Glossary of Terms

This section presents definitions of terms used in the budget document that may be unfamiliar to the reader.