

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.

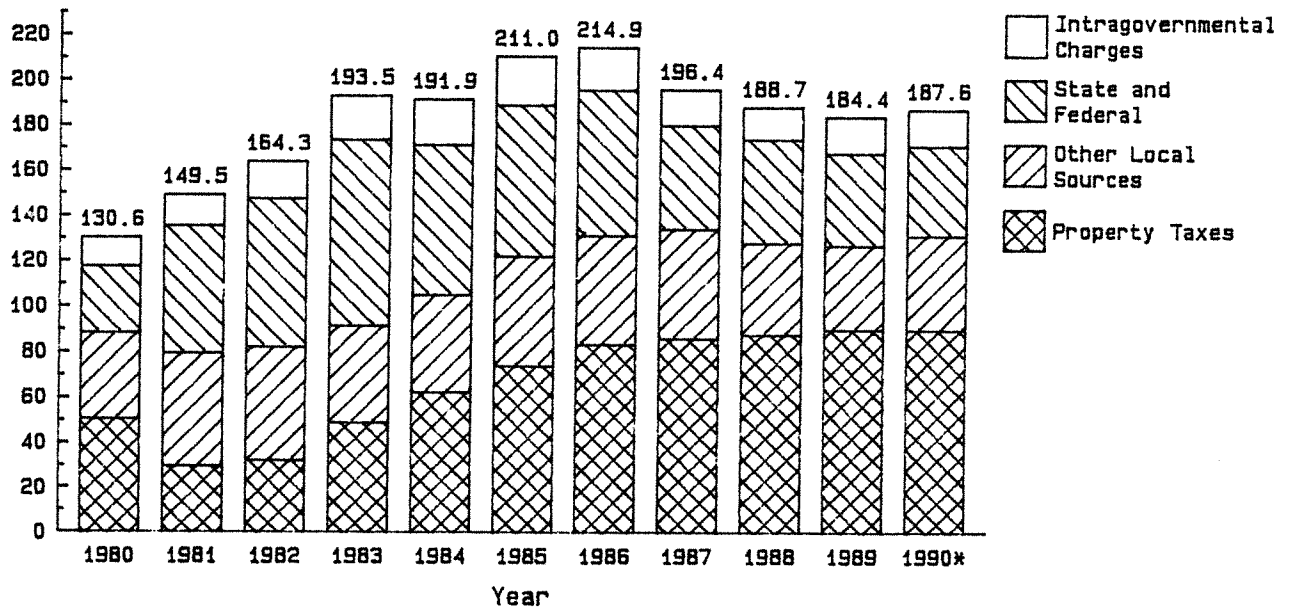
Operating Revenues

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 1980-1990

Dollars (Millions)



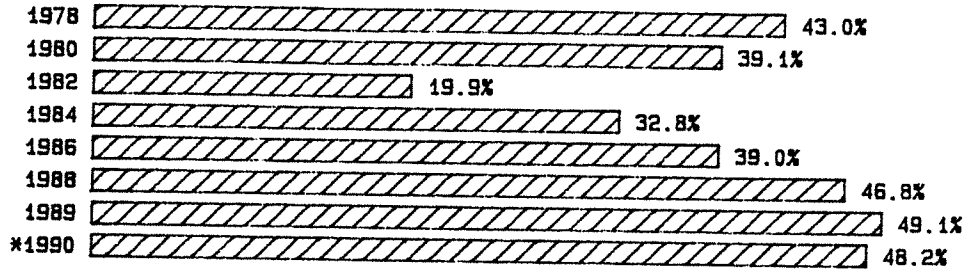
* 1990 Proposed Budget.

Revenues 1980-1989 based on budgeted amounts revised as of June 30 of each year. These numbers may differ from actual year-end collections.

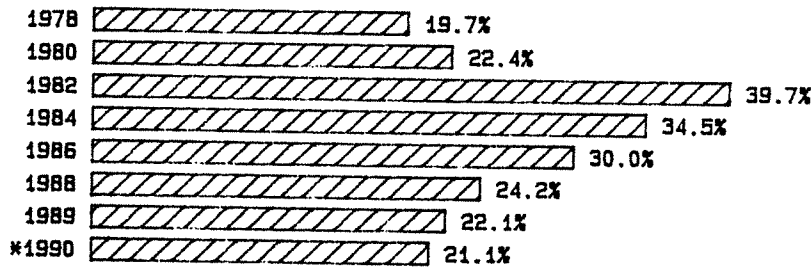
Figure 3-2

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

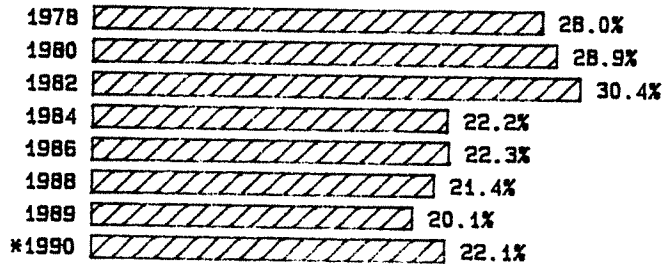
Property Taxes



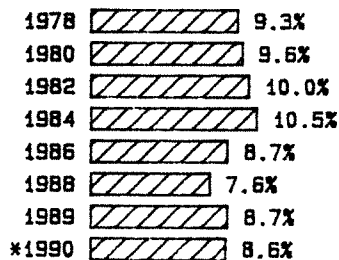
State and Federal Revenues



Other Local Sources**



Intragovernmental Charges



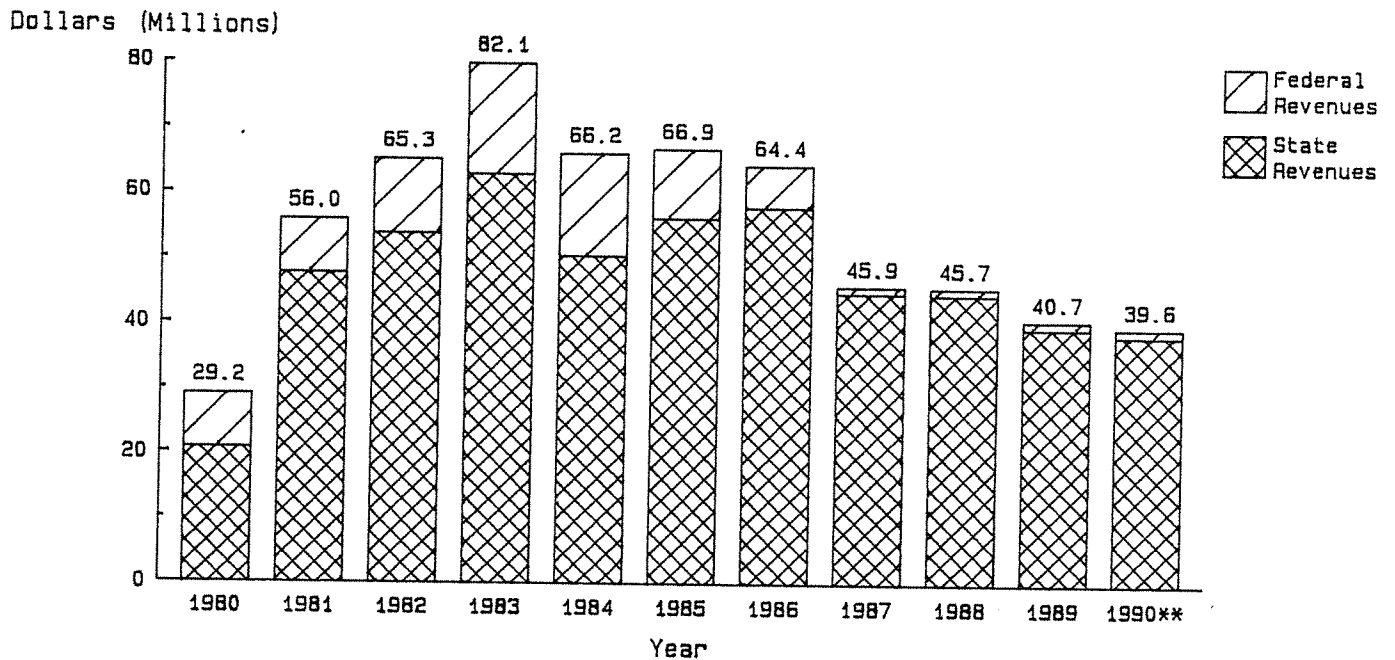
* 1990 Proposed Budget, 1978-89 Revised Budgets.

** 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 3-8 for more detail on this category.

The major shifts among revenue sources have occurred in state/federal sources and property taxes. Figures 3-3 through 3-8 provide more detailed information on these sources.

Figure 3-3

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



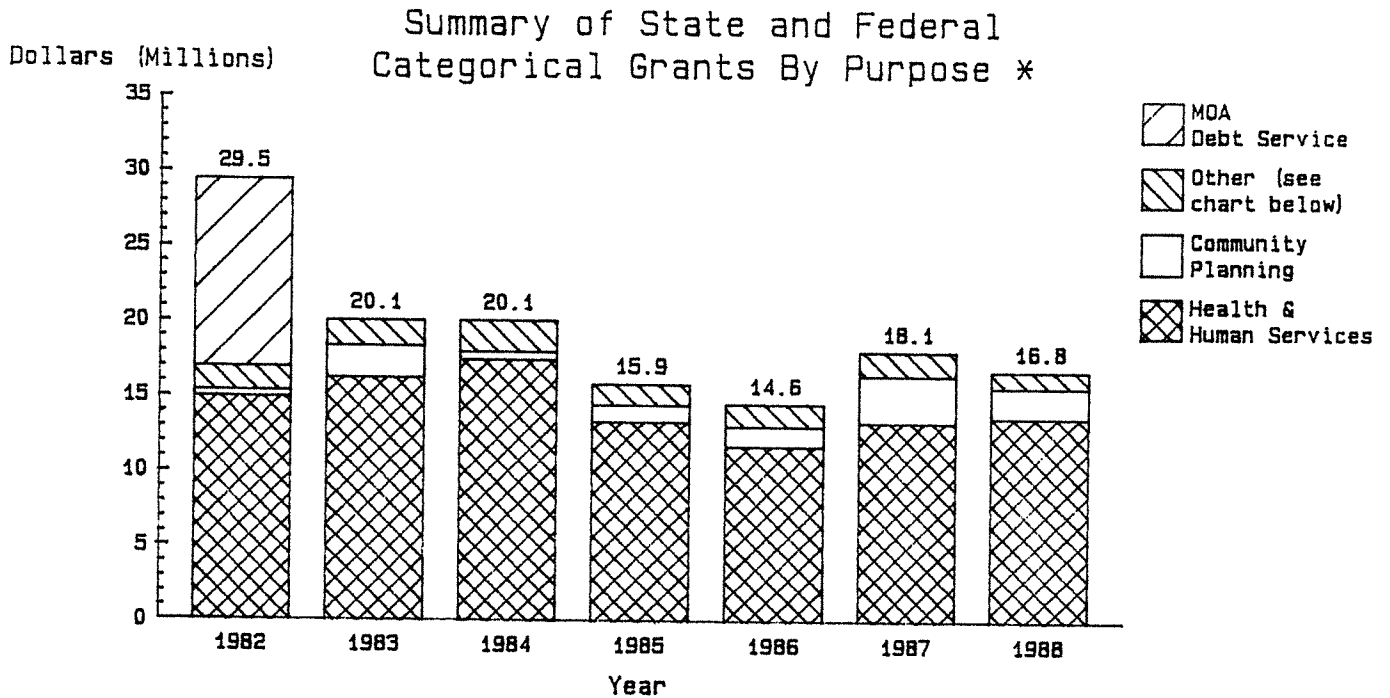
* Includes revenue sharing programs and Urban Mass Transit grants but not special categorical grants which are not part of the operating budget (see next page).

** 1990 Proposed Operating Budget. 1980-1989 numbers are based on revised budgets.

Although State appropriations for revenue sharing and municipal assistance were reduced 15% in the State FY88 budget, receipts held constant between calendar 1987 and 1988 due to a change in the timing of revenue sharing payments. The impact of prior State reductions is reflected in the 1989 estimates, even though no further reductions are assumed. Further discussion of State revenues is contained in Section II of this report.

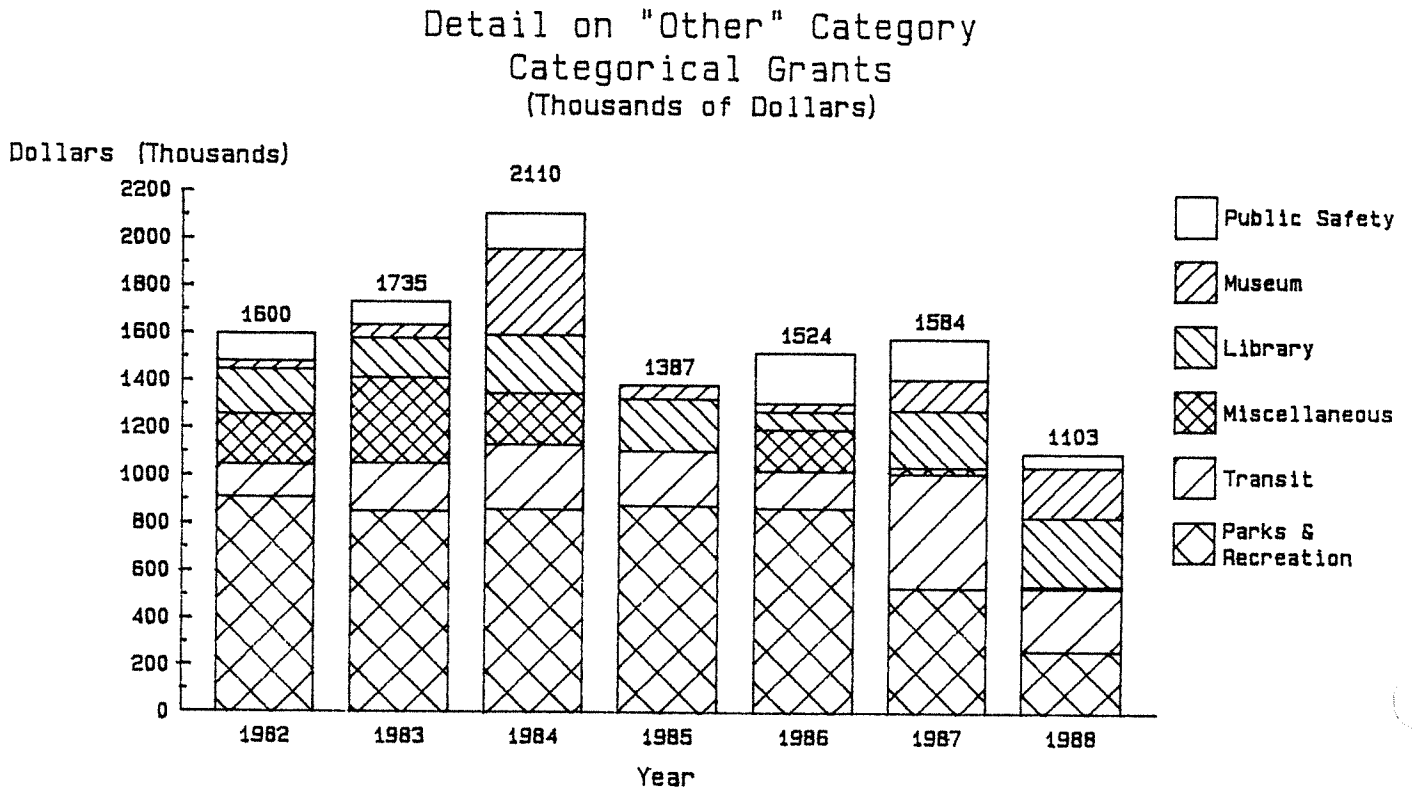
In addition to state and federal revenues which are reflected in the General Government Operating Budget, the Municipality receives categorical grants, summarized by purpose or recipient department in Figures 3-4 and 3-5.

Figure 3-4



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

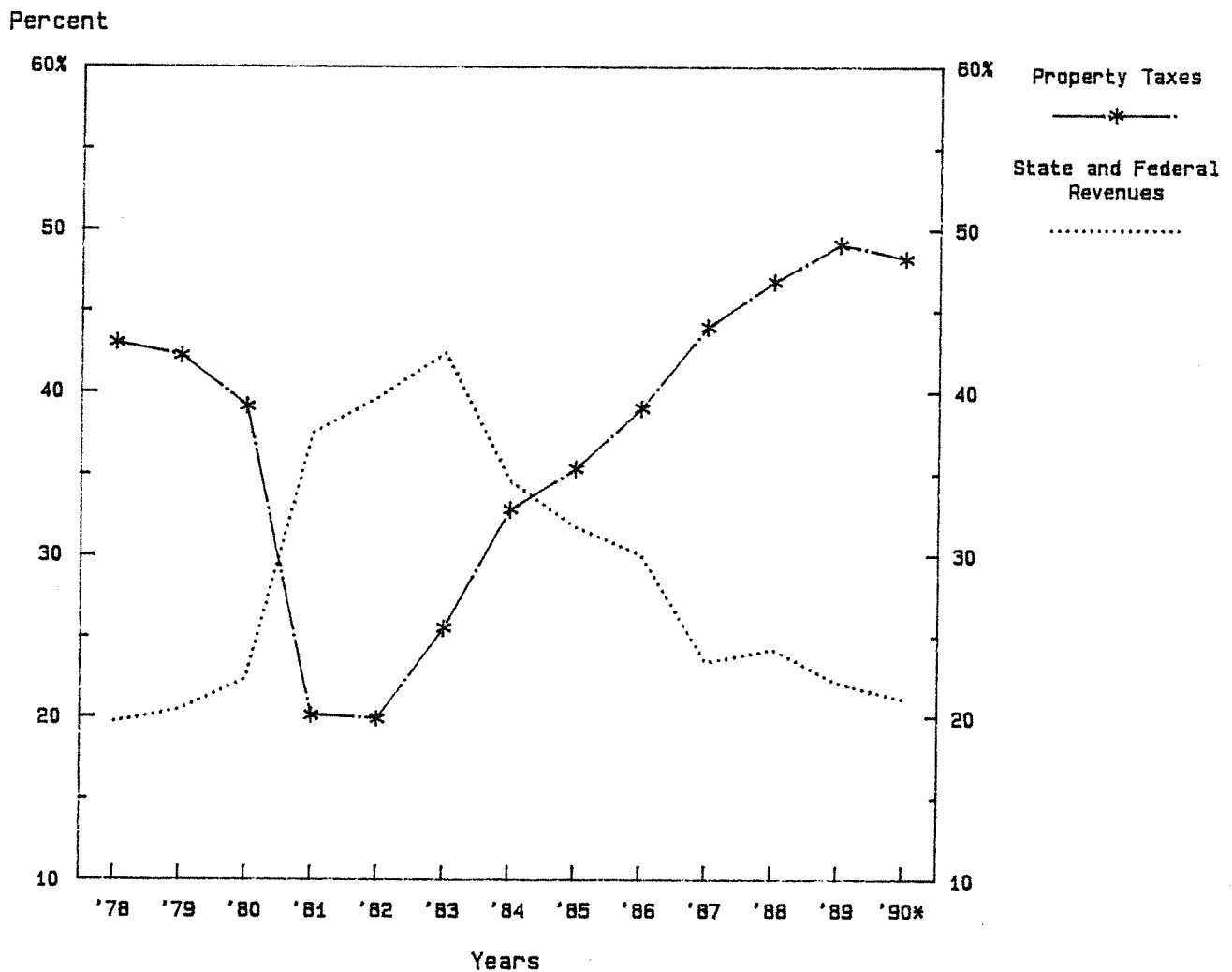
Figure 3-5



State and federal revenues have acted as an offset to local property taxes over the past ten years. As shown in Figure 3-6, the percentages of operating revenues from local and intergovernmental sources have tended to move in opposite directions. This relationship is reflected in mill levy trends over the same period (Figure 3-7).

Figure 3-6

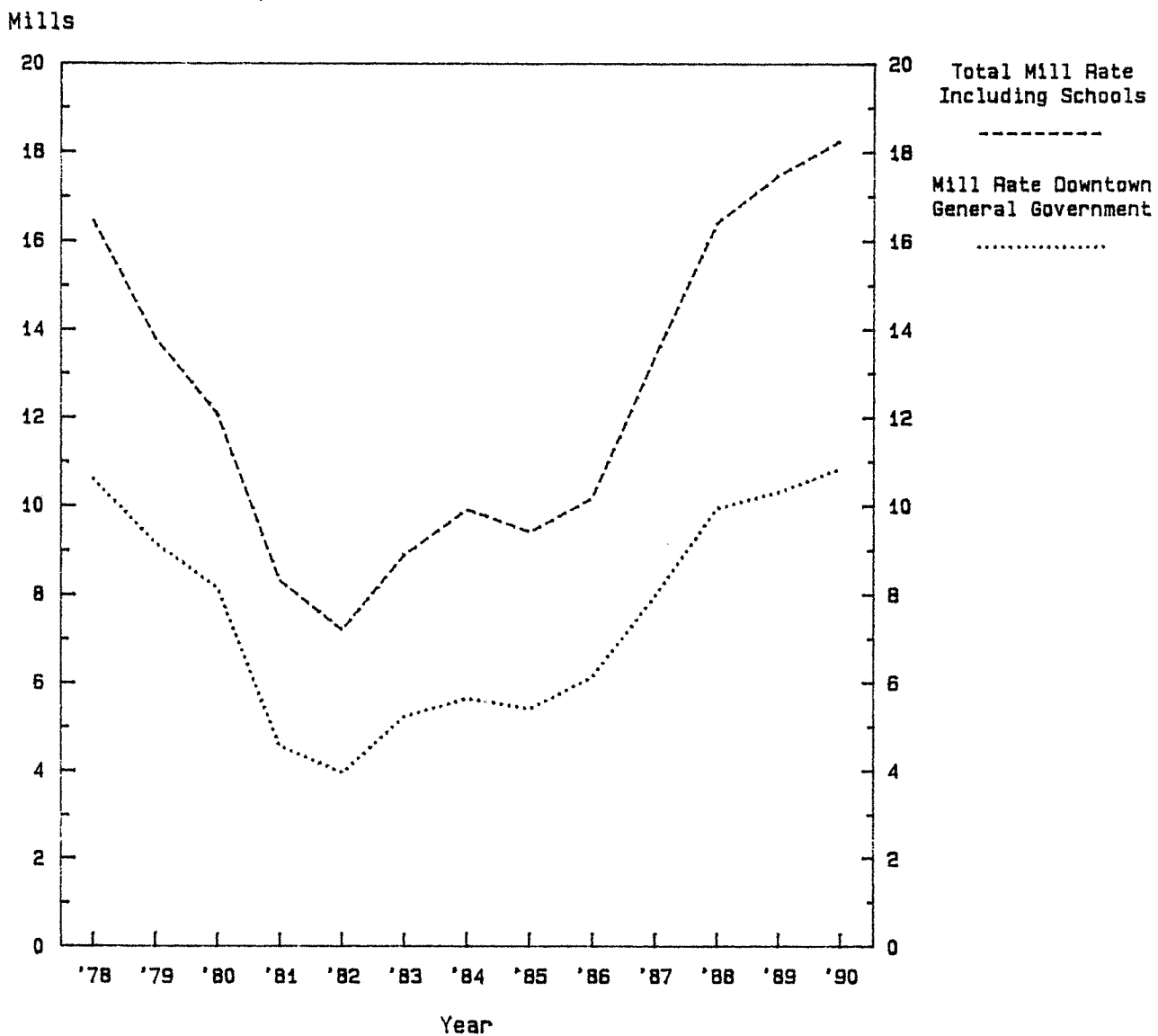
Property Taxes and State/Federal Revenues
As % of General Government Operating Revenues



* 1990 Proposed Budget.

Figure 3-7

Mill Rate Trends for Property Taxation (Downtown Area)



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

Table 3-1 shows the level of property taxes allowed under the charter tax limitation vis-a-vis the amount in the 1985-1989 revised budgets and in the 1990 proposed budget.

Table 3-1

Property Taxes Under Charter Limitation
(millions of dollars)

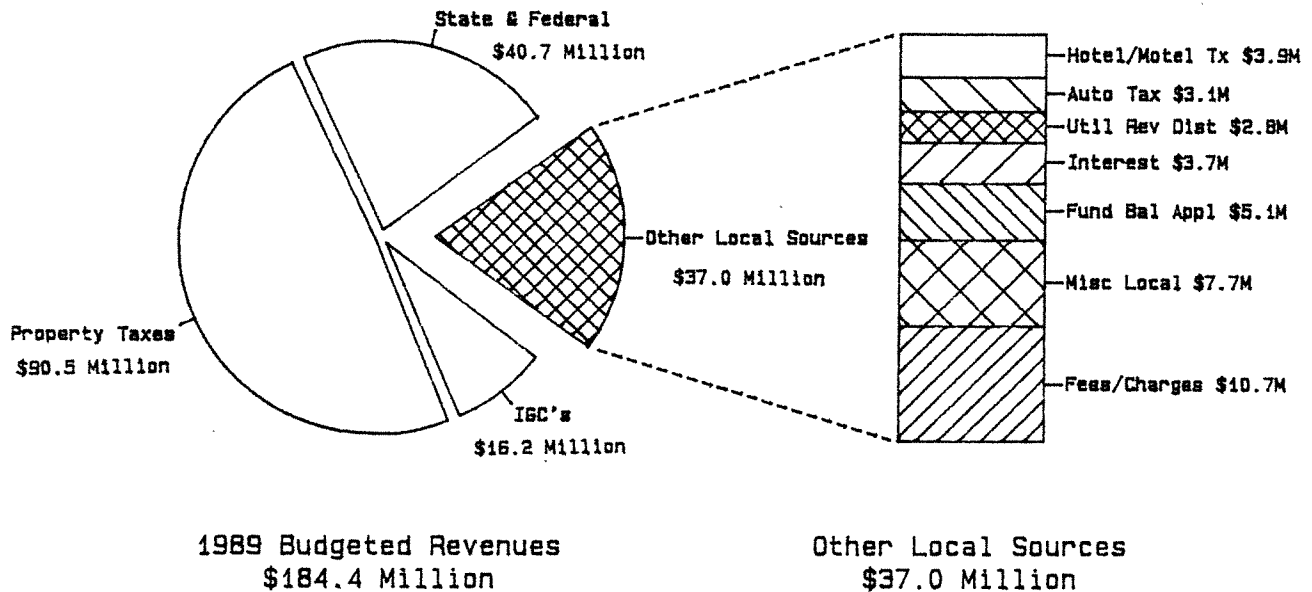
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Property Taxes Allowed by Tax Limit	\$76.6	\$85.3	\$96.4	\$90.6	\$91.6	\$90.4
Budgeted*	74.4	83.9	86.5	88.3	90.5	90.4
Under Tax Limit	\$ 2.2	\$ 1.4	\$ 9.9	\$ 2.2	\$ 1.1	\$ 0

* Revised budgets 1985 - 1989; Proposed budget 1990.

As state revenues decline, the revenue category labeled "Other Local Sources" becomes more important. Figure 3-8 shows some detail for this grouping based on the revised 1989 budget.

Figure 3-8

Local Sources -- Detail
1989 Revenues



* Revised Budget as of June 30, 1989.

In a nationwide comparative study of taxes, the Department of Finance and Revenue of the District of Columbia analyzed residential property taxes in the largest city in each state. The table below summarizes the effective real estate taxes for single-family owner-occupied dwellings within each of the cities. Shown are "effective" taxes, which represent the "announced" rates levied by jurisdictions adjusted for the relationship between each area's assessment levels and market values. Thus, if assessments were less than market values, effective tax rates were adjusted downward to reflect that discrepancy. As the data indicate, effective rates range from a high of \$4.20 per \$100 of assessed value in Newark to 59 cents per \$100 of assessed value in Honolulu, Hawaii.

Table 3-2

RESIDENTIAL PROPERTY TAX RATES IN
SELECTED LARGE CITIES; 1987
(Ranked from Highest to Lowest Effective Rates)

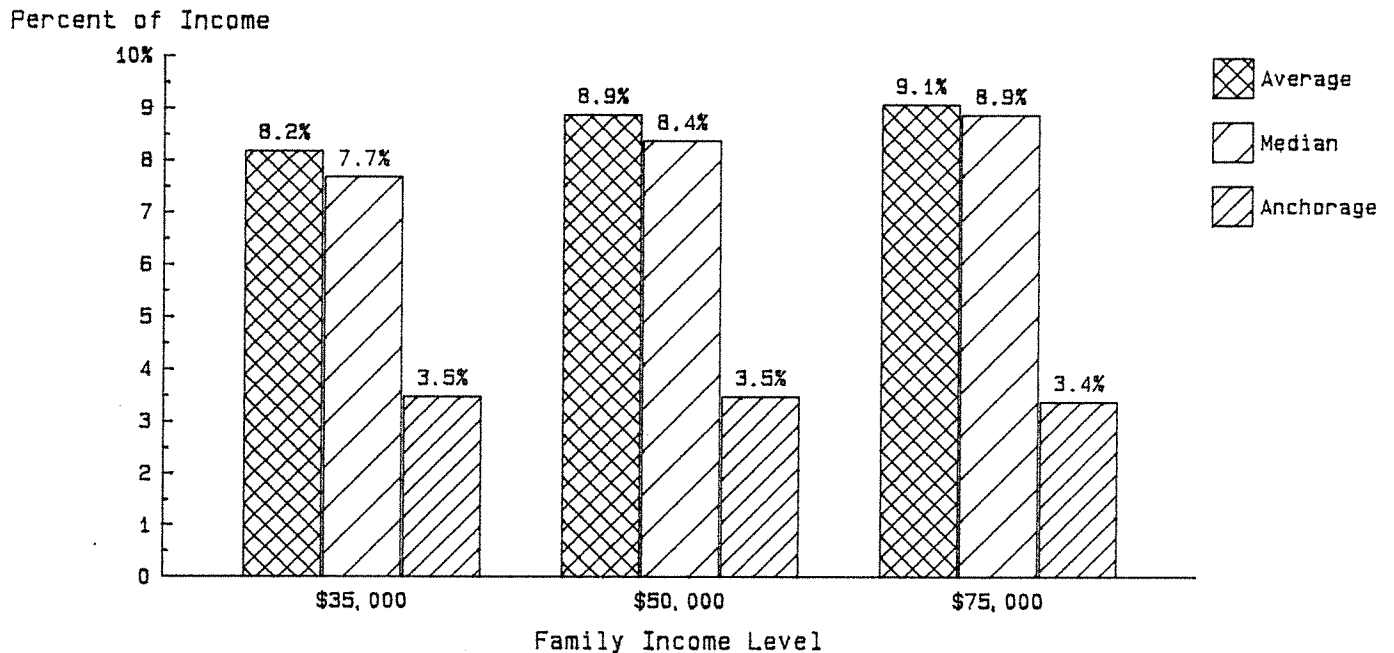
<u>City</u>	<u>Rank</u>	<u>Tax Per</u> <u>\$100,000</u>	<u>City</u>	<u>Rank</u>	<u>Tax Per</u> <u>\$100,000</u>
Newark, NJ	1	\$4200	Louisville, KY	26	\$1390
Detroit, MI	2	4090	Jackson, MS	27	1300
Milwaukee, WI	3	3480	Billings, MT	28	1300
Des Moines, IA	4	2960	New Orleans, LA	29	1260
Bridgeport, CT	5	2950	Seattle, WA	30	1220
Portland, OR	6	2750	Boston, MA	31	1200
Baltimore, MD	7	2680	Charlotte, NC	32	1190
Providence, RI	8	2580	New York City, NY	33	1180
Philadelphia, PA	9	2540	Wichita, KS	34	1130
Sioux Falls, SD	10	2320	Columbia, SC	35	1130
Omaha, NE	11	2180	Washington, DC	36	1110
Minneapolis, MN	12	2140	Anchorage, AK	37	1100
Cleveland, OH	13	2080	Albuquerque, NM	38	1100
Atlanta, GA	14	2000	Norfolk, VA	39	1100
Jacksonville, FL	15	1960	Salt Lake City, UT	40	1080
Memphis, TN	16	1770	Charleston, WV	41	1070
Burlington, VT	17	1720	St. Louis, MO	42	1020
Portland, ME	18	1710	Oklahoma City, OK	43	950
Manchester, NH	19	1710	Las Vegas, NV	44	910
Houston, TX	20	1710	Little Rock, AR	45	890
Boise City, ID	21	1700	Denver, CO	46	890
Chicago, IL	22	1660	Birmingham, AL	47	700
Indianapolis, IN	23	1560	Casper, WY	48	700
Fargo, ND	24	1560	Phoenix, AZ	49	640
Wilmington, DE	25	1480	Los Angeles, CA	50	640
			Honolulu, HI	51	590
			Unweighted Average		\$1650
			Median		\$1390

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 1989.

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 3-9 and Table 3-3 summarize some of their results.

Figure 3-9

Estimated Burden of Major Taxes
 For a Family of Four by Income Level
 1987 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 1988. (Updated information not available as of Fiscal Trends Report publication date, figures will be available in October.)

Table 3-3

Estimated Burden of Major State and
Local Taxes for a Family of Four, 1987

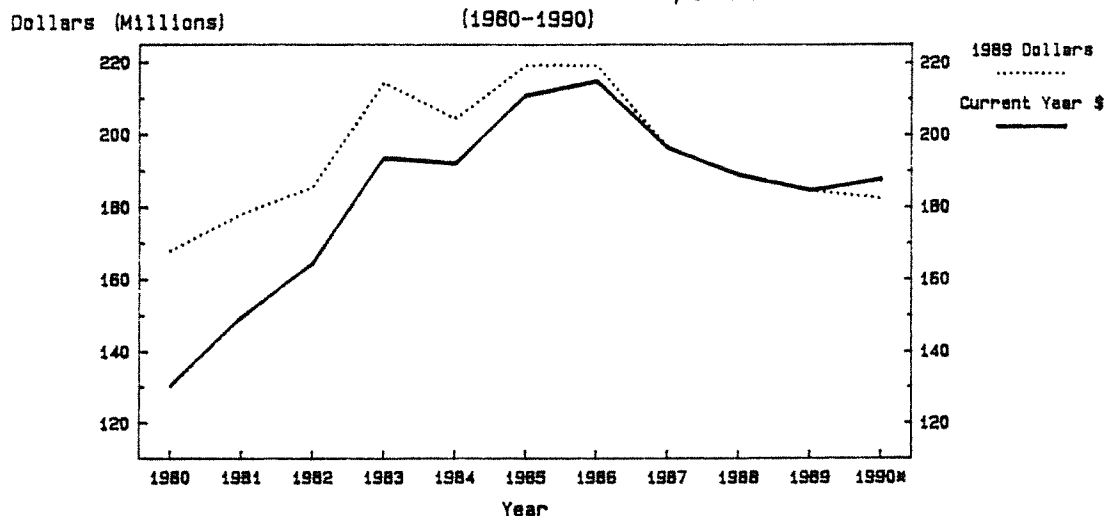
<u>Family Income Level</u>	<u>Rank</u>	<u>City</u>	<u>Percent Of Income</u>	
\$ 20,000	Highest	1	Bridgeport, CT	13.7%
		50	Anchorage, AK	3.9%
	Lowest	51	Jacksonville, FL	3.5%
			51-City Average	8.2%
\$ 35,000	Highest	1	Newark, NJ	13.5%
	Lowest	51	Anchorage, AK	3.5%
			51-City Average	8.2%
\$ 50,000	Highest	1	Minneapolis, MN	14.0%
	Lowest	51	Anchorage, AK	3.5%
			51-City Average	8.9%
\$ 75,000	Highest	1	Minneapolis, MN	15.1%
	Lowest	51	Anchorage, AK	3.4%
			51-City Average	9.1%
\$100,000	Highest	1	Minneapolis, MN	15.1%
	Lowest	51	Anchorage, AK	3.2%
			51-City Average	9.0%

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 1988. (Updated information not available as of Fiscal Trends Report publication date; figures will be available in October.)

Budgeted Operating Expenditures

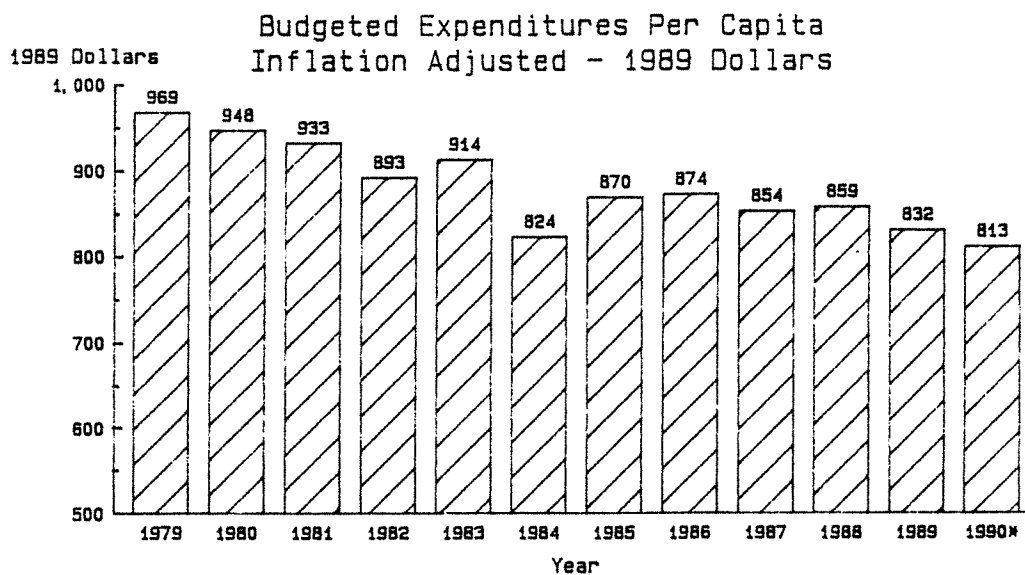
The following information describes general government expenditures over the last ten years.

Figure 3-10
Budgeted Operating Expenditures
General Government Purposes
(1980-1990)



1980-1989 Revised General Operating Budgets, 1990 Proposed Budget. Includes expenditures for services provided to utilities, capital and grant projects which are charged out to those funds.

Figure 3-11

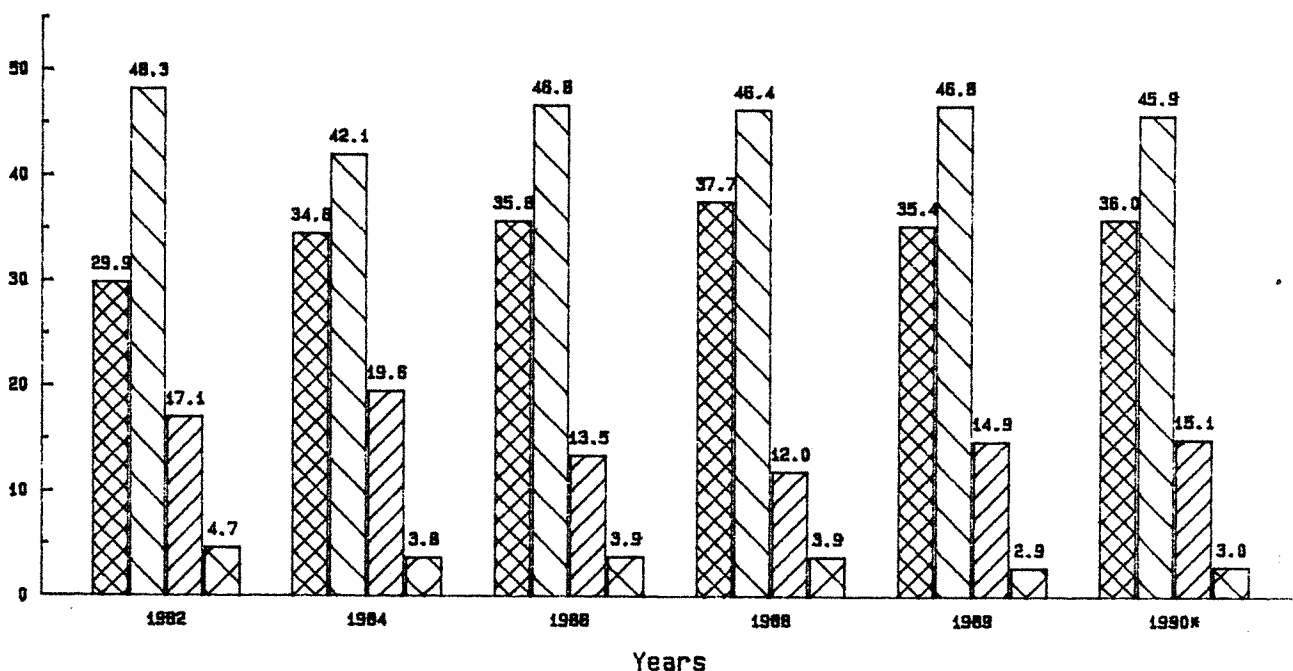






* 1990 Proposed Budget; 1980-1989 Revised Budgets. Assumptions detailed in Appendix A-2.

Figure 3-12

Distribution of Budgeted Expenditures
by Major Functions
(as a Percentage of Total Expenditures)

Percent of Total



-  Public Safety includes Health and Human Services, Fire, and Police.
-  Public Services includes Public Works, Cultural and Recreational Services, Transit, Economic Development and Planning, Property and Facility Management, and Non-Departmental.
-  Management Services includes the Municipal Manager, Finance, Information Systems, Employee Relations, Purchasing, and General Government Operations.
-  Assembly/Administration includes Assembly, Equal Rights Commission, Internal Audit, Office of the Mayor and Municipal Attorney.

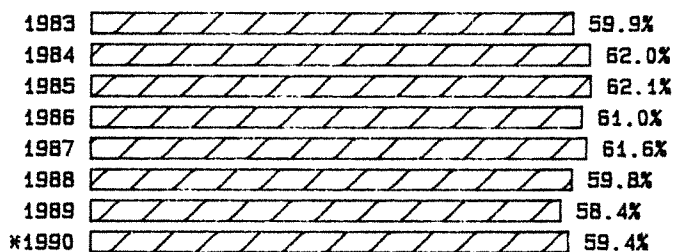
Reorganization in 1989 resulted in the shift of some functions from the Assembly/Administration grouping to Management Services, resulting in the change in percentage distribution between these two categories.

* Revised Budgets 1982-1989, Proposed Budget 1990.

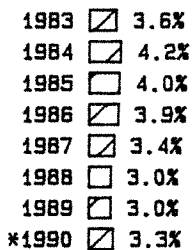
Figure 3-13

General Government Budgeted Expenditures
Direct Cost By Type
Percentage Distribution

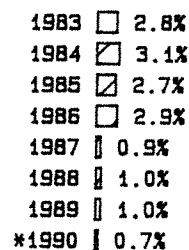
Personal Services (% of Total)



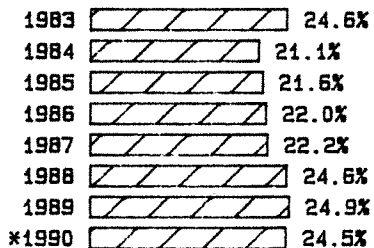
Supplies (% of Total)



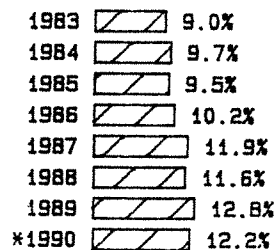
Capital Outlay (% of Total)



Other Services (% of Total)



Debt Service (% of Total)



* Revised General Government Operating Budgets 1983-1989. Proposed Budget, 1990.

Capital Funding

The Municipality of Anchorage has experienced substantial capital growth during the last decade. Figures 3-14 through 3-21 present historical information on the sources and uses of capital funds during this period.

Figure 3-14

**Categories of Capital Projects
Total Appropriations by MOA
1980-1989**

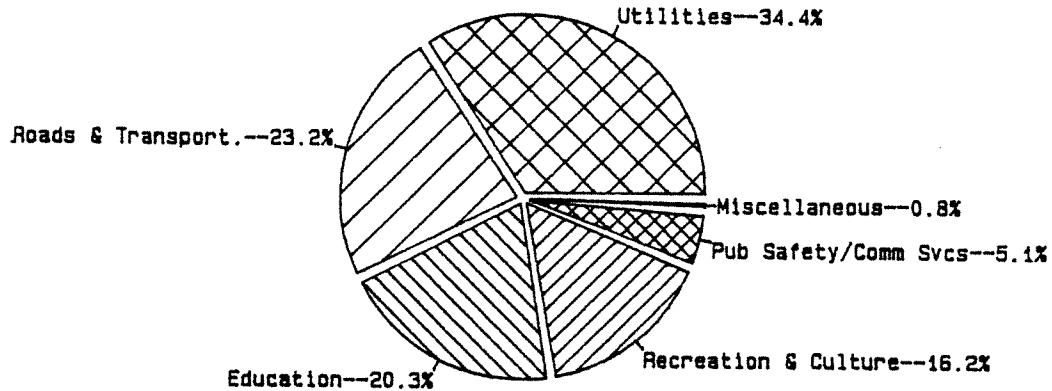
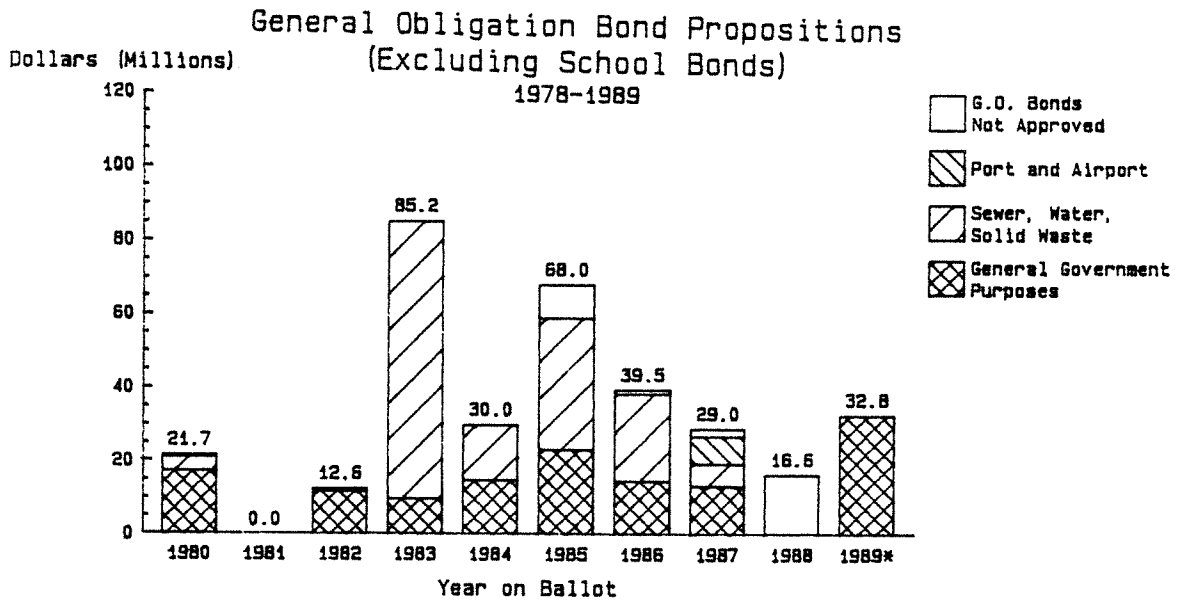


Figure 3-15



* Proposed bonds of \$32.751 million on the October 1989 ballot.

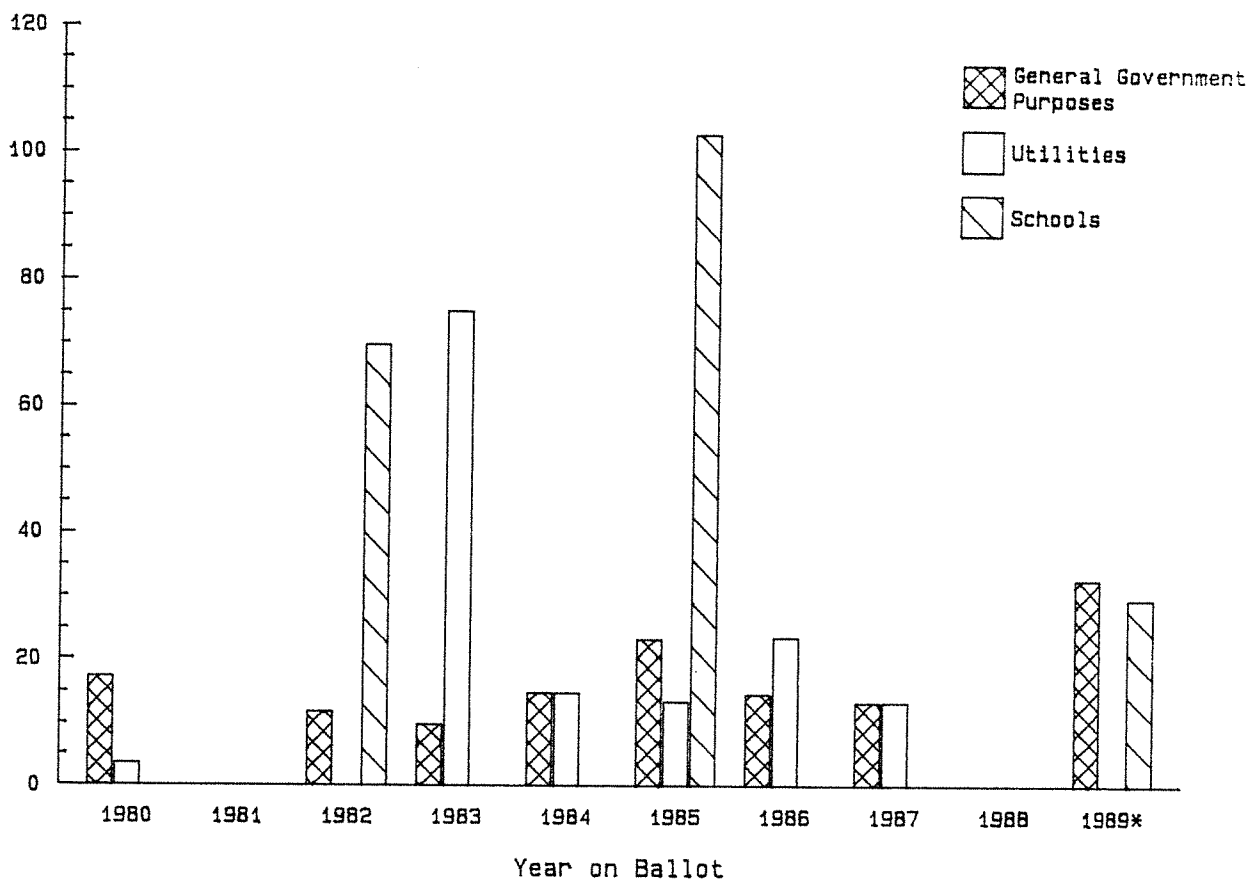
General Government purposes include roads, parks, fire, police, library, etc. Sewer, Water and Solid Waste totals include only general obligation bonds for these utilities; revenue bonds are excluded. Additional information on major municipal utilities is presented in Section IV of this report.

Local voters have approved nearly \$446 million in general obligation bonds between 1980 and 1988. Approximately 37% of these bonds were for sewer, water and solid waste utilities; 39% were for schools; and 24% for general government purposes such as roads, drainage, water quality and parks.

Figure 3-16

General Obligation Bonds
Approved by Voters

Dollars (Millions)



* G.O. Bonds proposed on October 1989 ballot.

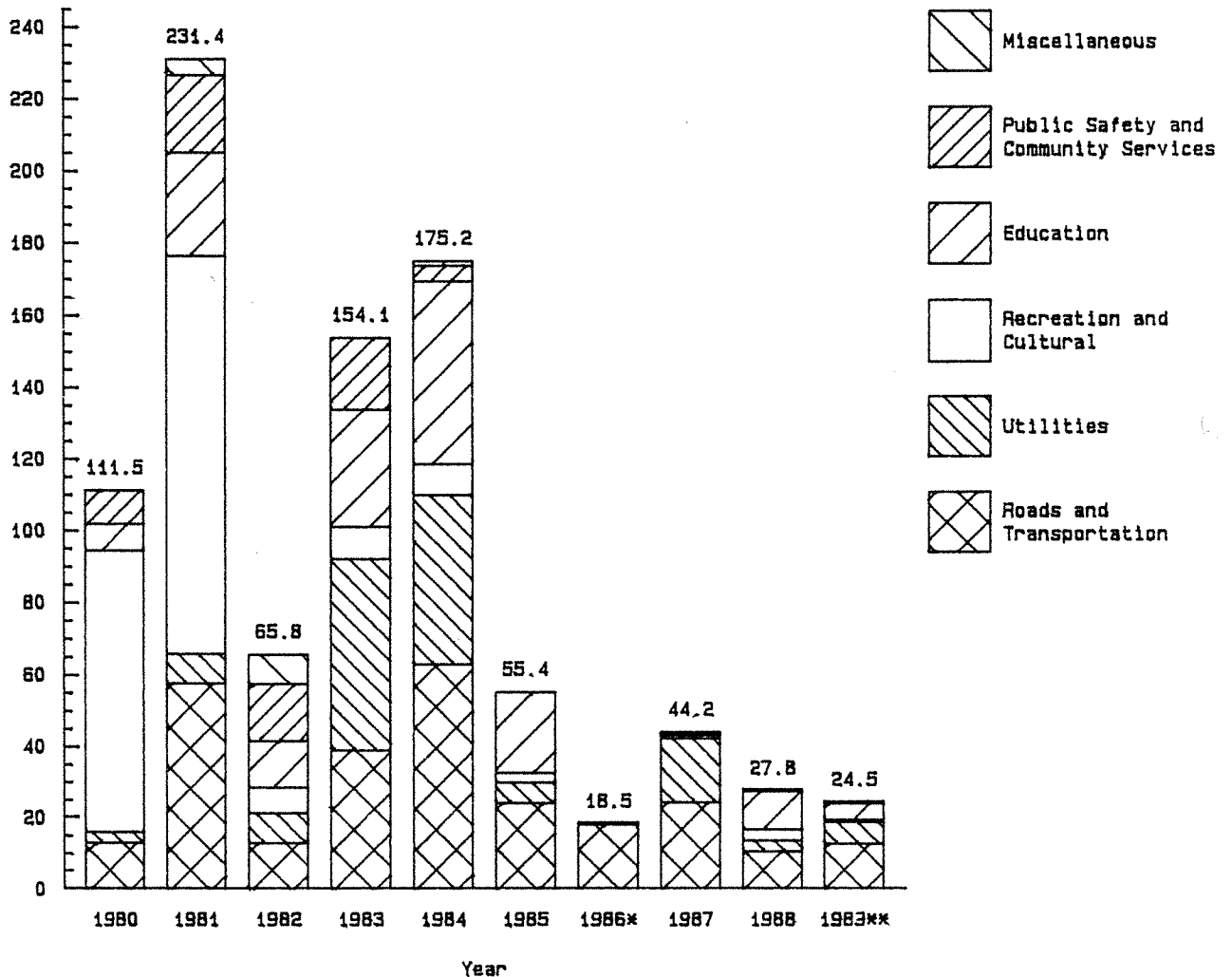
Utilities for 1983 includes \$55 million bond issue for Eklutna Water Project.

Figure 3-17 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.

Figure 3-17

State Capital Grants Appropriated by M.O.A

Dollars (Millions)



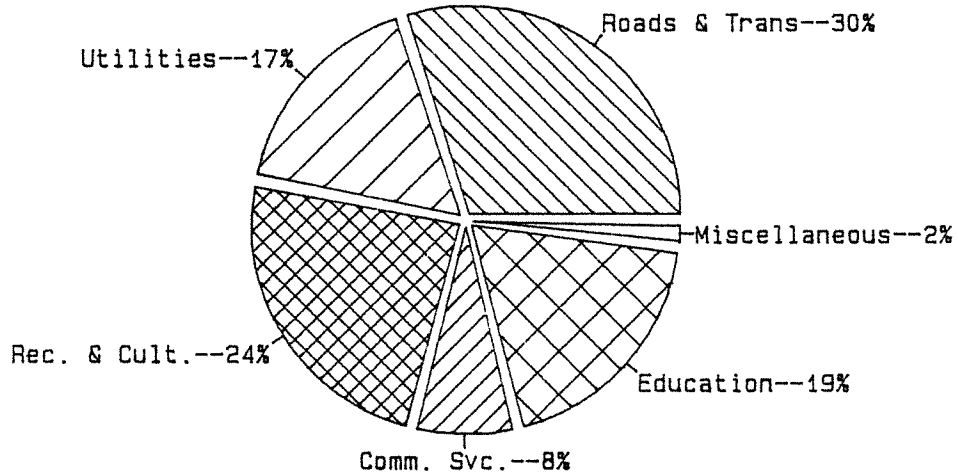
* Grants for \$52.9 million were appropriated in 1986. However, oil revenue shortfalls resulted in state restrictions on release of the funds; only the released funds are shown for 1986. Impounded 1986 funds which were released this spring are shown in the 1987 totals, along with the new state capital budget grants.

** As of September 1989.

Figure 3-18 summarizes the purposes of state grants over this period.

Figure 3-18

State Capital Grants Appropriated by MOA
Total Distribution by Purpose 1980-89

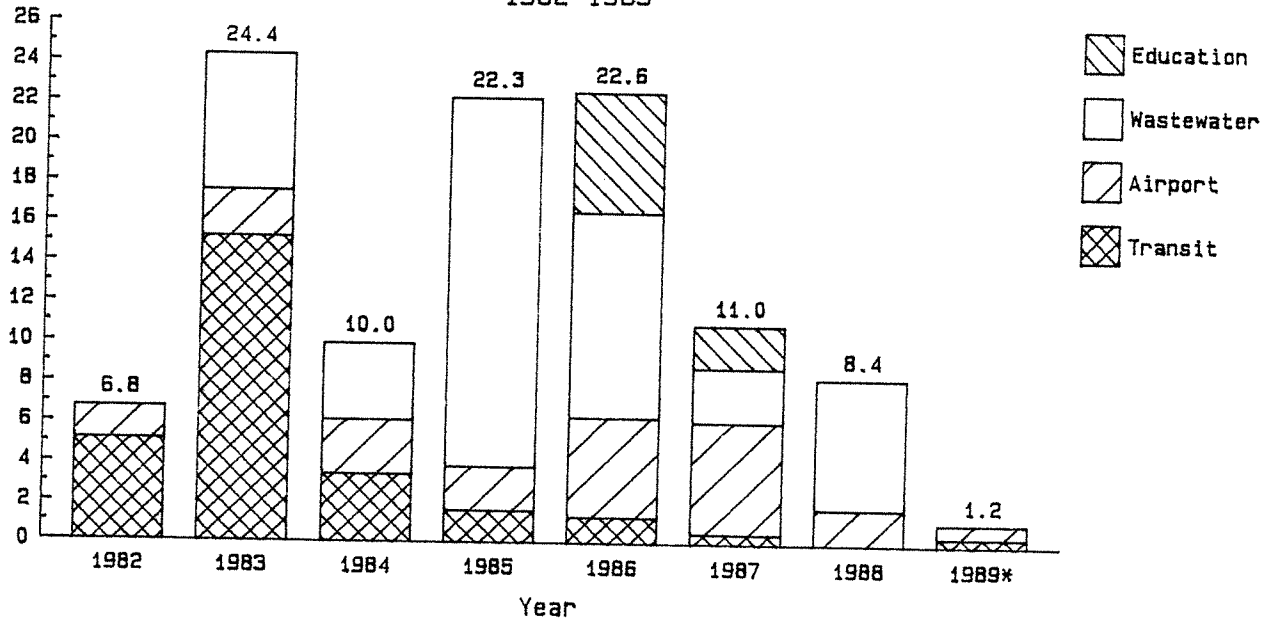


Federal capital grants have been more modest in proportion. The bulk of federal capital funding has gone to Transit and Wastewater over the years shown.

Figure 3-19

Major Federal Capital Grants
1982-1989

Dollars (Millions)

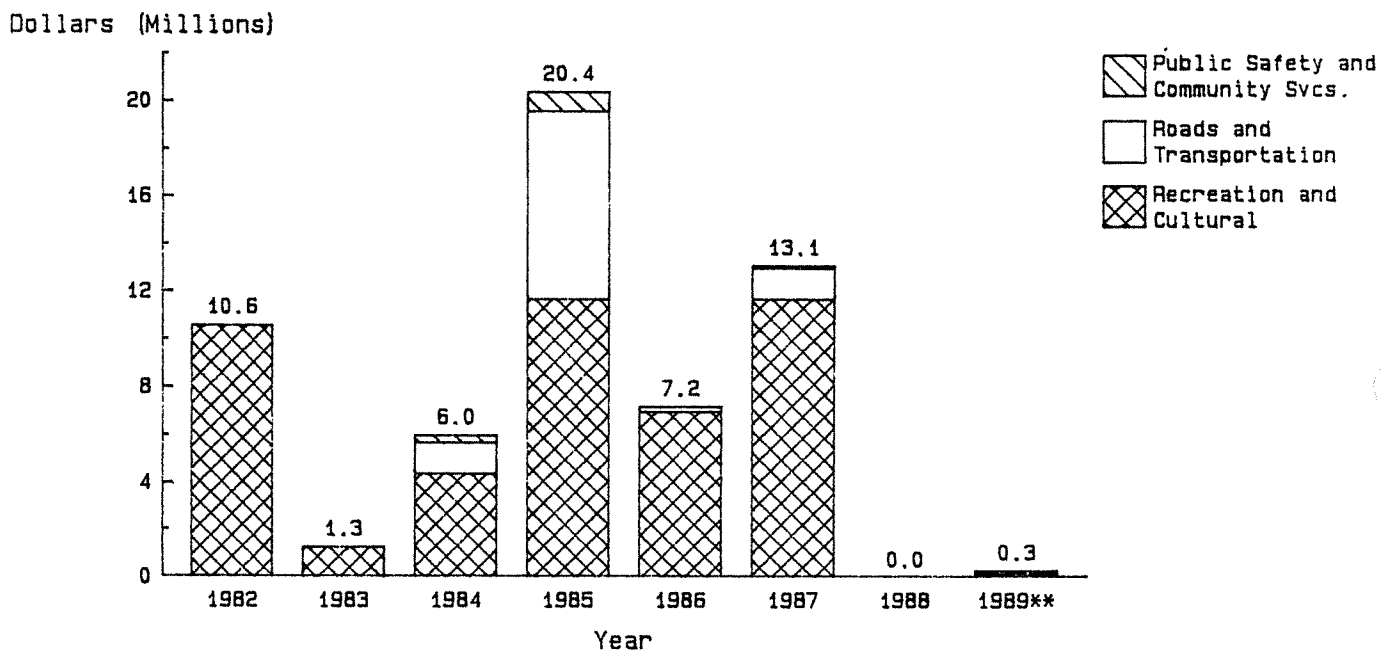


* As of September 1989.

Interest earned on capital grants has been a funding source for capital projects. Figure 3-20 summarizes interest appropriation by broad program groupings. In recent years these interest earnings have 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 will have substantially lower grant fund balances in future years, and lower interest earnings.

Figure 3-20

Interest Appropriations for
General Government Capital Projects *
(1982-1989)



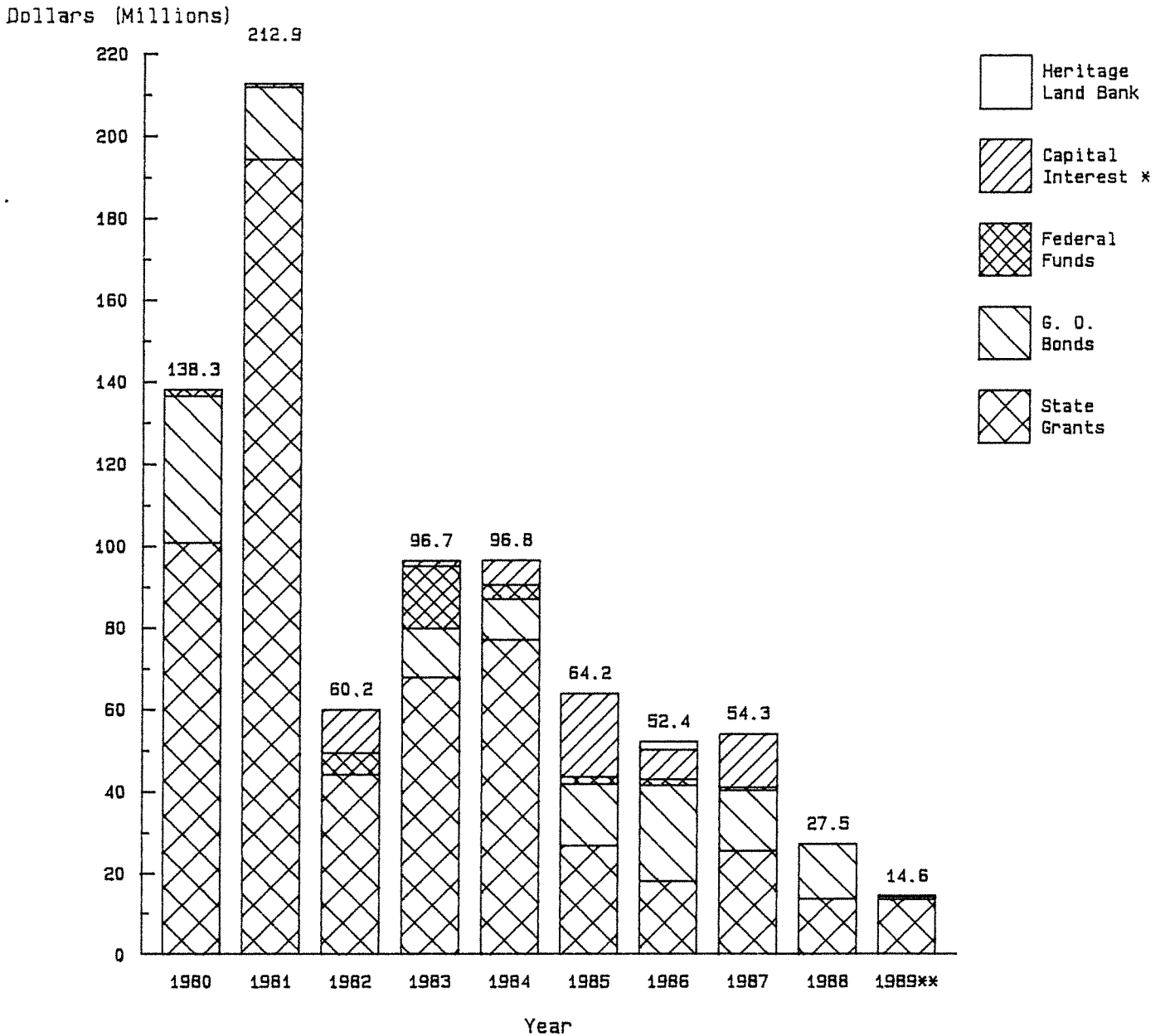
* Interest earned on General Government and Port of Anchorage state capital grants.

** As of September, 1989.

Figure 3-21 gives an overall summary of general government capital funding by source of funds. Here general obligation bonds are shown in the year following their October approval.

Figure 3-21

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



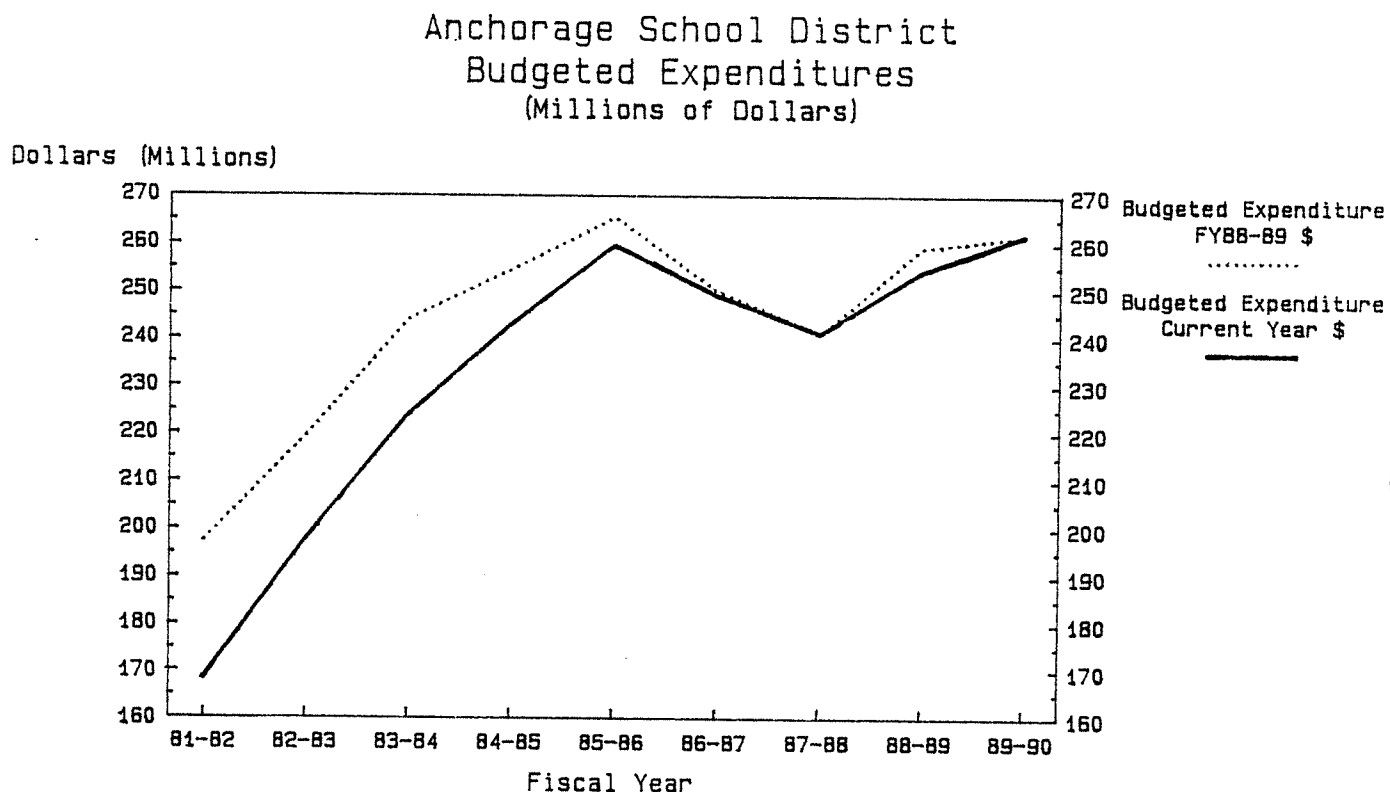
* Interest earned on General Government and Port of Anchorage state capital grants.

** As of September 1989.

ANCHORAGE SCHOOL DISTRICT

The Anchorage School District has similarly experienced fiscal changes over the last several years. Although not treated in detail here, Figures 3-22 through 3-24 give a brief overview of some of these changes.

Figure 3-22



Budgeted Expenditures based on Financial Plans as revised.

School District expenditures have relied heavily on funding by the State of Alaska. Figure 3-23 shows the distribution of revenue sources.

Figure 3-23

Anchorage School District
 Budgeted Revenues
 % Distribution of Sources

Federal Revenues (% of Total)

FY 82-83	□	3.4%
FY 83-84	▨	3.1%
FY 84-85	□	2.7%
FY 85-86	▨	2.4%
FY 86-87	□	2.9%
FY 87-88	▨	3.4%
FY 88-89	□	4.0%
FY 89-90	▨	4.2%

State Revenues (% of Total)

FY 82-83	▨	77.7%
FY 83-84	▨	71.6%
FY 84-85	▨	71.0%
FY 85-86	▨	68.5%
FY 86-87	▨	62.1%
FY 87-88	▨	65.8%
FY 88-89	▨	66.7%
FY 89-90	▨	68.8%

Local & Fund Balance (% of Total)

FY 82-83	□	3.5%
FY 83-84	▨	4.3%
FY 84-85	□	2.8%
FY 85-86	▨	6.5%
FY 86-87	▨	9.7%
FY 87-88	▨	3.2%
FY 88-89	□	4.2%
FY 89-90	▨	3.7%

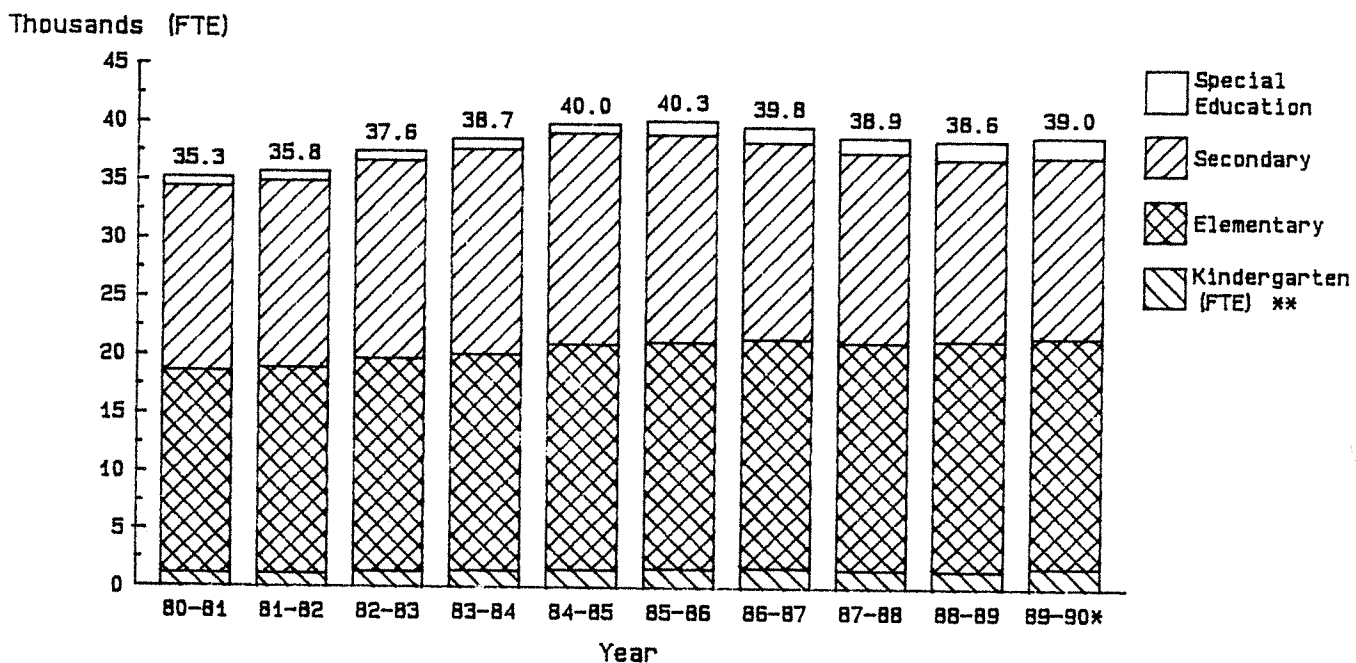
Property Taxes (% of Total)

FY 82-83	▨	15.4%
FY 83-84	▨	21.0%
FY 84-85	▨	23.5%
FY 85-86	▨	22.6%
FY 86-87	▨	25.3%
FY 87-88	▨	27.6%
FY 88-89	▨	25.1%
FY 89-90	▨	23.3%

The expenditures shown in Figure 3-22 have been driven, in part, by enrollments shown below.

Figure 3-24

Anchorage School District
 Student Enrollment
 (as of September 30th each year)



* Projected as of September 1989.

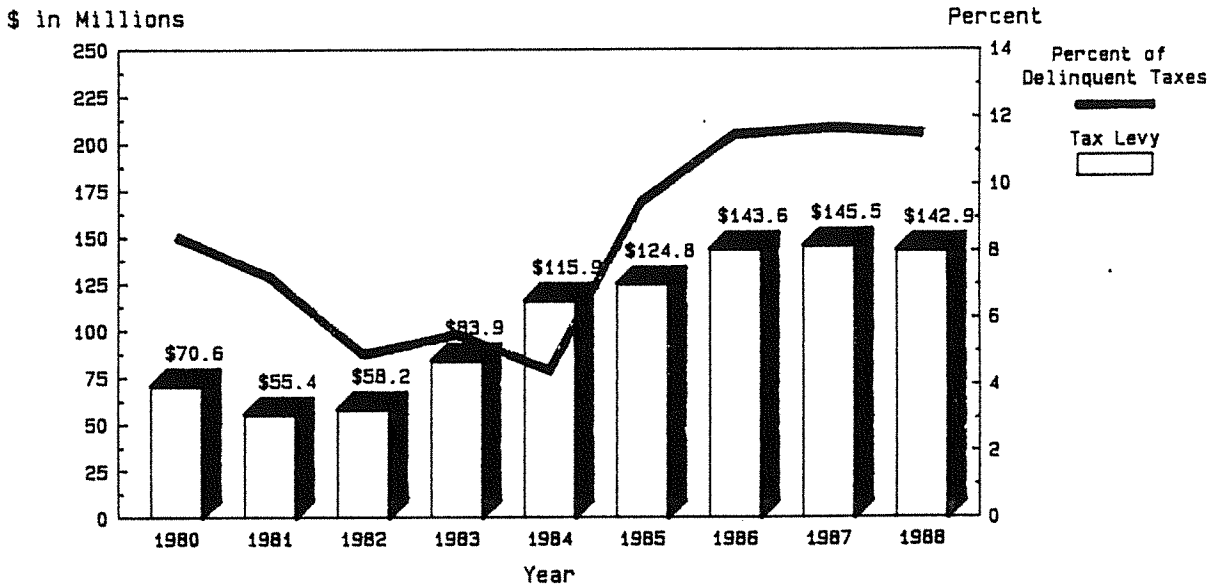
** Kindergarten full-time equivalent enrollment in September 1988 was influenced by two offsetting factors. The enrollment age was increased, decreasing the eligible population; and full day kindergarten was initiated at nine schools, increasing the FTE.

Enrollment measured in full-time equivalents (FTE). Special education figure includes only those students requiring the highest level of services and students in self-contained programs.

Every year a percentage of property taxes levied go uncollected for a variety of reasons, mainly the inability of property owners to pay the taxes. An increase in the percentage is a good indicator of the economic problems facing a community.

Figure 3-25

PERCENT DELINQUENT TAXES TO TAX LEVY



An increase in net direct, long-term debt as a percentage of the municipality's assessed valuation can be an indicator that the municipality's ability to repay debt is decreasing.

Figure 3-26

NET DIRECT DEBT TO ASSESSED VALUE

