

MUNICIPALITY OF ANCHORAGE

OVERVIEW OF THE 1990 GENERAL GOVERNMENT OPERATING BUDGET

The recent three year trend of spending less for continuing general government services is once again the pattern for 1990. The proposed 1990 operating budget is \$3.1 million more than the 1989 revised budget. However, due to the inclusion of approximately \$5.0 in new requirements the 1990 operating budget actually represents a reduction of \$1.9 million for 1989 services in 1990.

The proposed budget is based on the following planning assumptions:

- * No increase in 1989 levied property taxes of \$90.5 million
- * Represented salaries at 1989 levels (except IAFF until 3/31/90, JCC and longevity)
- * Non-represented employees continue to receive steps and longevity
- * Benefit cost for medical/dental at 1989 cost level (except IAFF until 3/31/90 and JCC)
- * Tobacco tax or ATU sale will be approved by voters
- * ATU revenue distribution in 1990 of \$4.0 million
- * Municipal assistance and state revenue sharing remain at FY '90 levels
- * General government will lapse \$1 million savings in 1989
- * No additional significant fund balance use in 1989
- * \$500,000 available for medical/dental expense offset
- * Parks/Library/Museum consolidate
- * Debt service level not to increase for major bond propositions
- * Other program revenues constant 1989-1990

REVENUE NOTES

State Revenues: The \$23.6 million of Municipal Assistance included in this budget has already been appropriated by the State Legislature. The \$12.4 million of State Revenue Sharing will not be appropriated until the spring of 1990. No new State revenues are assumed in this budget; however, we will continue to propose greater State support and economic relief.

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 types of contingencies which could require additional support from a particular fund, such as the recent flood damage.

User Fees: Fees have been reviewed. Some small adjustments have been made. We have been conservative in estimating program revenues due to population and economic activity uncertainties.

Utility Revenue Distribution: This budget includes a \$4.0 million distribution of profits from Anchorage Telephone Utility to general government for tax relief.

Property Taxes: The budget proposes taxing at slightly less than the 1989 level of \$90.5 million.

EXPENDITURE NOTES

Increased or New Expenses: This budget had to accommodate approximately \$5.0 million in new and higher costs for water hydrant charges, utility increases, some inflation adjustments, employee increases, and other services.

Employee Wages and Benefits: Executive employees are slated for a wage freeze in 1990. Non-represented employees are budgeted to continue to receive the 3% increase approved in September 1989 plus step and longevity increases. All bargaining group personnel are budgeted to receive longevity increases plus salary increases required by existing contracts. All employees are budgeted at 1989 medical and dental rates except IAFF (3 months) and JCC (full year).

Ballot Initiatives: Funding for debt service for Water Quality, Anchorage Roads and Drains and Sullivan Arena repairs has been included in the proposed budget. If other ballot propositions are approved, the necessary revisions will be provided for Assembly consideration.

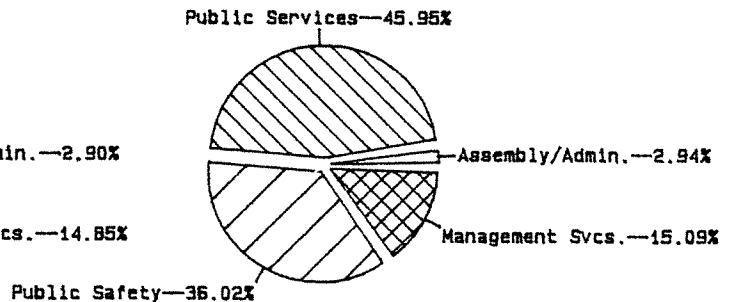
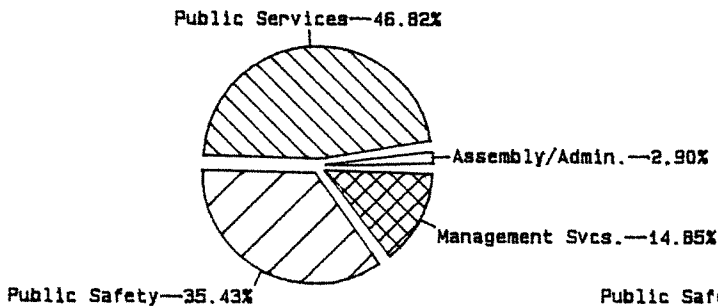
Department Data: Due to the complexity of department budgets and the different levels of program revenues, intragovernmental charges, debt service, and small service area requirements, the best way to analyze a department is through a review of service levels and all supporting schedules. Some of the 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.

1990 General Government Operating Budget
DIRECT COST APPROPRIATION BY FUNCTIONAL AREA

Public Services/ Transportation/ Neighborhoods		Public Safety		Management Services		Assembly Administration	
Public Works	\$36,306,560	Police	\$32,361,710	Municipal Manager	\$ 1,878,030	Assembly	\$1,642,500
Cultural & Recreational Services	16,873,990	Fire	25,463,930	Finance	12,712,030	Equal Rights Commission	421,620
Transit	8,444,630	Health & Human Services	9,723,760	Management Information Systems	10,390,340	Internal Audit	334,450
Economic Development & Planning	1,675,460			Employee Relations	2,287,590	Office of the Mayor	1,062,470
Property & Facility Management	15,577,350			Purchasing	929,060	Municipal Attorney	2,049,210
Non- Departmental	7,302,180			General Government Operations	113,480		
TOTAL	\$86,180,170		\$67,549,400		\$28,310,530		\$5,510,250

1989 Revised
\$184,396,840

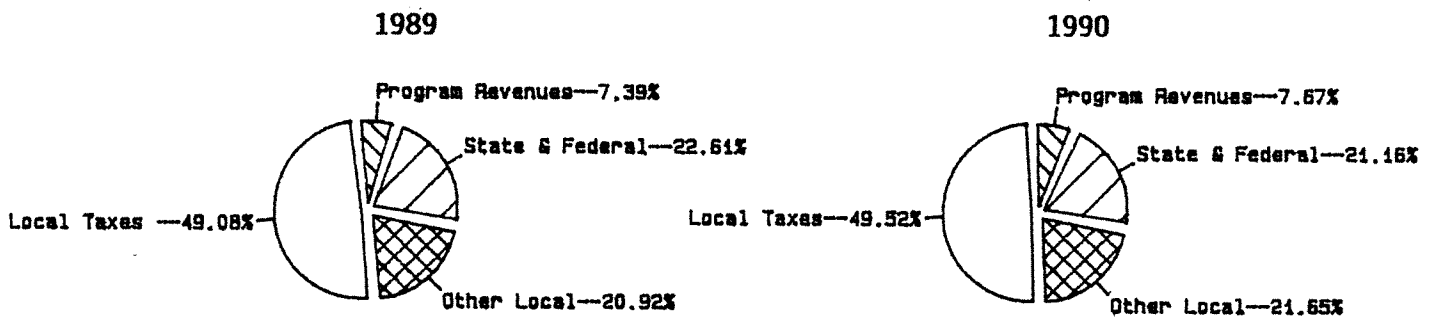
1990 Budget
\$187,550,350



1990 General Government Operating Budget

SOURCES OF FUNDS

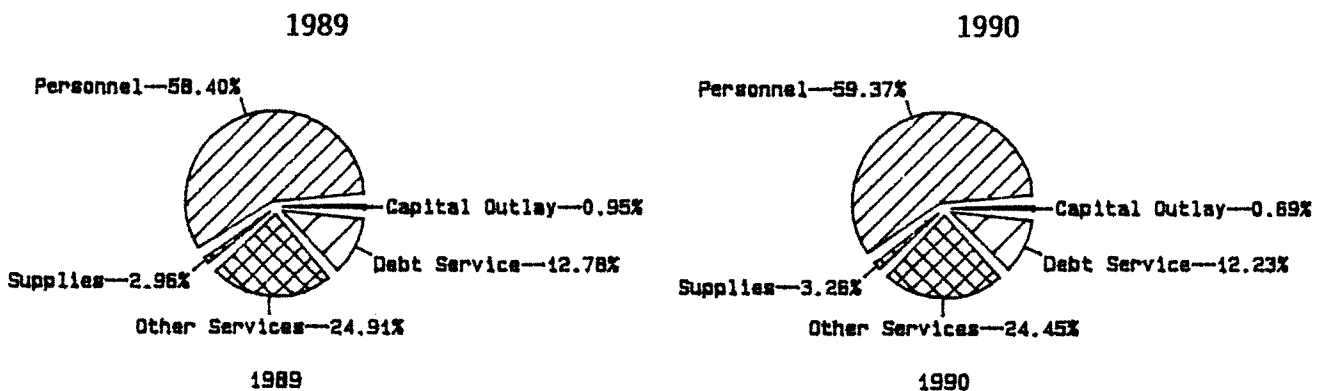
	<u>1989 Revised</u>	<u>1990 Budget</u>
State and Federal Revenues	\$ 41,695,940	\$ 39,688,780
Program Revenues	13,619,580	14,387,450
Local Taxes on Existing Property	90,234,610	90,048,380
Taxes on New Construction	267,630	319,610
Tobacco Tax		2,500,000
Other Local Revenues	38,579,840	40,606,130
Total	\$184,396,840	\$187,550,350



Estimated assessed valuation	1989: \$ 8.77 billion	1990: \$ 8.33 billion
Average mill rate	1989: 10.31 mills	1990: 10.85 mills

DIRECT COST BY TYPE OF EXPENDITURE

	<u>1989 Revised</u>	<u>1990 Budget</u>
Personal Services	\$107,680,550	\$111,357,620
Supplies	5,462,920	6,108,080
Other Services	45,928,360	45,856,960
Debt Service	23,567,410	22,943,440
Capital Outlay	1,757,600	1,284,250
Total	\$184,396,840	\$187,550,350



1990 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1988 Revised	1989 Revised	1990 Budget
FEDERAL REVENUES			
9312 Federal in Lieu of Property Tax	\$ 366,150	\$ 351,070	\$ 335,990
9324 Mass Transportation	575,000	712,000	712,000
9331 Other Federal Grant Revenue	50,500	59,650	64,820
9357 National Forest Allocation	-0-	-0-	-0-
9376 Civil Defense	-0-	20,000	20,000
Total Federal Revenues	\$ 991,650	\$ 1,142,720	\$ 1,132,810
STATE REVENUES			
9342 Municipal Assistance	\$ 25,205,610	\$ 25,162,330	23,652,590
9344 Fisheries Tax	99,200	119,690	119,690
9346 Health Facilities	908,580	908,580	894,860
9347 Liquor Licenses	352,430	372,730	372,730
9348 Amusement Device Licenses	24,120	23,560	23,560
9349 Road Maintenance	1,173,390	1,121,770	1,022,520
9355 Electric Co-Op Allocation	666,700	659,700	659,700
9362 General State Revenue Sharing	16,195,870	11,026,360	10,466,220
9363 State Traffic Signal Reimbursement		1,126,000	1,311,600
9481 State of Alaska - 911	32,500	32,500	32,500
Total State Revenues	\$ 44,658,400	\$ 40,553,220	\$ 38,555,970
LOCAL REVENUES			
9003 Penalty/Interest on Delinquent Taxes	\$ 2,225,220	\$ 2,225,220	\$ 2,225,220
9004 Tax Cost Recoveries	69,870	25,000	25,000
9006 Auto Tax	3,060,230	3,088,550	3,088,550
9007 Delinquent Taxes	-0-	600,000	600,000
9008 Collection Service Fees		217,500	217,500
9021 Franchises	605,090	605,160	656,760
9022 Payment In Lieu of Taxes	77,080	85,210	85,210
9023 Hotel and Motel Taxes	3,693,120	3,935,140	4,286,220
9024 Penalty/Interest on Hotel/Motel Taxes	13,690	13,850	13,850
9111 Building and Trade Licenses	25,000	21,900	25,000
9112 Taxicab Permits	157,500	162,330	162,330
9113 Contractor Certificates and Examinations	2,500	2,200	2,500
9114 Chauffeur Licenses	14,000	10,500	10,500
9115 Taxicab Permit Revisions	10,630	10,630	10,630
9116 Local Business Licenses	60,000	52,000	60,000
9117 Chauffeur License Renewal	21,000	17,500	17,500
9118 Bicycle Licenses	100	100	100
9131 Plan Checking Fees	405,000	356,660	380,000

1990 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1988 Revised	1989 Revised	1990 Budget
9132 Building Permits	\$ 580,000	\$ 676,510	\$ 770,000
9133 Electrical Permits	165,000	144,150	163,000
9134 Gas and Plumbing Permits	210,000	183,450	207,500
9135 Moving Fence/Sign Fees	12,000	8,950	10,000
9136 Construction and Right-of-Way Permits	100,000	50,000	50,000
9137 Elevator Inspection Fees	90,000	78,600	89,000
9138 Mobile Home Inspection Fees	31,800	7,000	8,000
9139 Land Use Permits	16,000	27,000	18,500
9141 Amusement Surcharge	85,000	88,000	84,500
9143 Parking and Access Agreement Fees	550	550	350
9145 ACPA Ticket Surcharge			150,000
9191 Animal Licenses	40,000	55,000	35,000
9199 Miscellaneous Permits	23,500	20,000	23,450
9211 Court Fines and Forfeitures	1,485,500	1,571,350	1,538,700
9212 Failure to Appear Warrants	-0-	-0-	-0-
9213 Library Book Fines	53,810	77,680	107,670
9215 Other Fines and Forfeitures	20,000	2,870	50,000
9216 Pre-Trial Diversion	25,000	-0-	-0-
9411 Platting Fees	70,000	22,000	40,000
9412 Zoning Fees	50,000	24,500	37,500
9413 Sale of Publications	15,500	88,000	60,500
9415 Miscellaneous Map Sales	12,000	17,000	13,500
9416 Rezoning Inspections	51,000	2,500	1,200
9417 Zoning Inspection	1,000	1,000	
9418 Emission Certificate Fee	1,210,000	1,176,000	1,190,000
9419 Emission Inspection Test Fee	25,000	20,000	10,000
9421 Septic System Annual Permit	50,000	-0-	-0-
9423 Family Planning Fees	85,000	55,000	55,000
9424 Travel Immunization	2,000	1,200	
9425 Dispensary Fees	57,300	32,750	35,000
9426 Sanitary Inspections Fees	673,500	511,200	540,480
9428 Cook Inlet Air Pollution		7,800	7,800
9431 Public Transit Fees	1,185,800	1,162,120	1,289,220
9436 Transit Charter Fees	20,000	-0-	-0-
9441 Recreational Activities	326,000	330,800	340,800
9443 Swim Fees	870,770	705,100	692,900
9445 Cemetery Fees	50,000	54,000	56,000
9446 Ski Fees	8,000	3,200	6,000
9447 Golf Fees	40,000	45,000	48,000
9448 Camper Park Fees	84,000	81,000	66,430
9451 Ambulance Service Fees	868,000	824,600	1,050,000
9452 Fire Training Center	18,000	14,800	18,000
9453 Fire Alarm Fees	14,400	13,200	13,200
9456 Admission Fees	121,300	246,300	226,300
9457 Typewriter User Fees			1,010
9462 Subdivision Inspection Fees	100,000	50,000	50,000
9463 Mapping Fees	45,000	40,000	50,000
9467 Address Fees	-0-	7,500	7,500

1990 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1988 Revised	1989 Revised	1990 Budget
9468 Computer Time Fees	\$ -0-	\$ 20,000	\$ 36,000
9471 Building Rental	31,000	24,000	28,000
9478 Parking Authority Income	358,030	390,000	410,250
9484 Animal Shelter Fees	145,000	182,000	186,000
9492 Service Fees - School District	302,590	309,400	377,270
9493 Microfiche Sales	12,700	13,340	14,020
9494 Clinic Fees	66,110	45,000	22,500
9495 Parking Authority Service Fees	72,330	53,510	65,000
9498 Unbilled Revenue (Flex-Benefits)	11,500	11,500	10,000
9499 Reimbursed Costs	1,377,860	473,770	380,100
9532 Miscellaneous Nonoperating Income	20,000	20,000	5,000
9601 Contributions from other Funds	15,000	657,370	6,970
9602 Utility Revenue Distribution and Savings from ATU	5,000,000	2,200,000	4,000,000
9613 Loan Recovery	-0-	13,650	7,000
9614 Contribution of Interest from G.O. Bonds	-0-	738,130	695,000
9711 Assessments	1,071,890	890,000	974,410
9712 Penalty/Interest on Assessments	672,370	564,000	631,320
9731 Lease and Rental Revenues	729,250	412,600	427,500
9732 Lease State Land Conveyance	44,910	44,900	32,040
9741 State Land Sales	750,000	500,000	486,230
9742 Other Property Sales	5,000	7,500	22,500
9745 Gain on Sale of Investments	-0-	-0-	-0-
9752 Parking Garages & Lots	39,280	60,000	52,000
9761 Cash Pool Short-Term Interest	3,800,900	3,155,750	3,306,000
9762 Other Short-Term Interest	489,620	516,530	298,460
9782 Lost Book Reimbursement	11,870	8,880	13,040
9783 Library Fees	8,400	6,510	1,000
9793 Liquor Licenses	1,000	1,000	1,000
9794 Appeal Receipts	11,600	6,600	6,200
9795 Sale of Contractor Specifications	15,000	14,000	14,000
9796 Transit Advertising Fees	55,000	45,000	35,000
9797 Copier Fees	56,960	78,920	40,880
9798 Miscellaneous Revenue	75,700	44,500	4,150
Total Local Revenues	\$ 34,682,630	\$ 31,465,490	\$ 33,667,720
OTHER REVENUES			
Intragovernmental Revenues	\$ 14,442,130	\$ 16,160,530	\$ 16,055,780
Fund Balance Applied	7,252,650	5,115,900	6,017,080
Tobacco Tax			2,500,000
Restricted Profits	(1,640,440)	(543,260)	(746,990)
Property Taxes	88,264,090	90,502,240	90,367,990
Total Other Revenues	\$108,318,430	\$111,235,410	\$114,193,860
TOTAL REVENUES	\$188,651,110	\$184,396,840	\$187,550,360

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 coming 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, employee benefit costs and payments on municipal bonds.

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 a projected dollar amount (the **funding line**) and 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. Those above the funding line become the department's requested budget.

Department budgets are reviewed by the executive managers and the chief fiscal officer. They then make 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:

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

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

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.
- * **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 of the budget document. This is the section studied most carefully by Assembly members 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 one-page Department Summary states the major **program highlights** in the department's budget. A **resource summary** at the bottom of the page compares direct costs, program revenues and number of personnel positions for the current year and budget year.

DEPARTMENT SUMMARY		
DEPARTMENT	FIRE	
MISSION	To manage and administer the fire, rescue and emergency medical portions of the municipal public safety program.	
MAJOR PROGRAMMING HIGHLIGHTS	<ul style="list-style-type: none">- Fire Suppression crews will operate 11 fire stations, respond to over 6,000 emergencies with an average response time of 4.5 minutes, conduct 7,200 community Right-to-Know (CRTK) inspections, and prepare pre-fire plans.- Emergency Medical Services units at 5 stations will respond to 9,800 requests for medical assistance providing basic or advanced life support and transporting all patients requiring medical care to the nearest medical facility.- Fire Prevention personnel will review 1,400 commercial, multi-family and other new construction plans; make over 1,900 fire safety inspections; respond to nearly 1,500 citizen complaints relative to fire safety; and conduct 250 public fire education lectures and training sessions.- Fire Training Center will provide manipulative and academic training for line personnel, college level and continuing education courses in fire science, and fire brigade training for local organizations.	
RESOURCES	1989	1990
Direct Costs	\$24,275,500	\$25,463,930
Program Revenues	\$ 975,500	\$ 979,100
Personnel	266FT	267FT
14 - 1		

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 cost** 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.

1990 RESOURCE PLAN											
DEPARTMENT: FIRE											
DIVISION	FINANCIAL SUMMARY				PERSONNEL SUMMARY						
	1989 REVISED	1990 BUDGET			1989 REVISED			1990 BUDGET			
				FT	PT	T	TOTAL	FT	PT	T	TOTAL
FIRE ADMINISTRATION	1,086,940	761,890		13			13	7			7
FIRE SUPPORT SERVICES	1,214,760	1,219,820		15			15	16			16
EMERGENCY MEDICAL SERVICE	3,242,790	3,388,120		37			37	39			39
OFFICE OF EMERGENCY MGT	142,530			2			2				
FIRE & RESCUE OPERATIONS	17,232,930	18,662,030		177			177	191			191
FIRE PREVENTION	621,250	869,530		7			7	11			11
FIRE TRAINING CENTER	225,520	223,540		3			3	3			3
	-----	-----		-----	-----	-----	-----	-----	-----	-----	-----
OPERATING COST	23,766,720	25,124,930		254			254	267			267
				=====							
ADD DEBT SERVICE	508,780	339,000									
	-----	-----									
DIRECT ORGANIZATION COST	24,275,500	25,463,930									
ADD INTRAGOVERNMENTAL CHARGES FROM OTHERS	5,190,040	5,771,350									
	-----	-----									
TOTAL DEPARTMENT COST	29,465,540	31,235,280									
LESS INTRAGOVERNMENTAL CHARGES TO OTHERS	3,053,830	3,117,690									
	-----	-----									
FUNCTION COST	26,411,710	28,117,590									
LESS PROGRAM REVENUES	975,500	1,229,100									
	-----	-----									
NET PROGRAM COST	25,436,210	26,888,490									
	-----	-----									
	=====										
1990 RESOURCES BY CATEGORY OF EXPENSE											
DIVISION	PERSONAL SERVICES	SUPPLIES	OTHER SERVICES	CAPITAL OUTLAY	TOTAL DIRECT COST						
FIRE ADMINISTRATION	445,350	10,020	284,920	21,600	761,890						
FIRE SUPPORT SERVICES	1,150,970	28,430	23,920	16,500	1,219,820						
EMERGENCY MEDICAL SERVICE	3,227,340	92,680	32,270	35,830	3,388,120						
FIRE & RESCUE OPERATIONS	15,047,530	256,840	3,401,620	88,400	18,794,390						
FIRE PREVENTION	830,200	25,040	11,290	3,000	869,530						
FIRE TRAINING CENTER	201,250	4,010	18,280		223,540						
	-----	-----	-----	-----	-----						
DEPT. TOTAL WITHOUT DEBT SERVICE	20,902,640	417,020	3,772,300	165,330	25,257,290						
LESS VACANCY FACTOR					132,360						
ADD DEBT SERVICE					339,000						
	-----	-----	-----	-----	-----						
TOTAL DIRECT ORGANIZATION COST	20,770,280	417,020	3,772,300	165,330	25,463,930						

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 1989 REVISED TO 1990 BUDGET

DEPARTMENT: FIRE

	DIRECT COSTS	POSITIONS		
		FT	PT	T
1989 REVISED BUDGET:	\$24,275,500	266	FT	
Amount Required to Continue Existing Programs in 1990:	(150,810)			
TRANSFER TO MUNICIPAL MANAGER:				
- Office of Emergency Management	(146,210)			(2) FT
REDUCTIONS TO EXISTING PROGRAMS:				
- None				
EXPANSIONS IN EXISTING PROGRAMS:				
- One inspector to manage the Community Right To Know (RTK) program	80,200			1 FT
- One dispatcher position to reduce overtime and provide coverage during leave, sick and injury absences	32,060			1 FT
- Full year funding of squad unit for increased protection of downtown area	472,560			
- One fire inspector position to provide public fire education programs and coordinate McDonalds Fire Safety House program	80,600			1 FT
- AWWU water hydrant contract increase	1,084,480			
- Requested contribution to purchase capital assets for Chugiak Fire Service Area	20,000			
NEW PROGRAMS:				
- None				
MISCELLANEOUS INCREASES (DECREASES):				
- Retiree medical insurance increase	25,620			
- Debt Service	(169,780)			
- Net of changes in supplies, other services and capital outlay	(6,270)			
- Miscellaneous change in personal services accounts	(70,130)			
- Increase in vacancy factor	(63,890)			
1990 BUDGET	\$25,463,930	267	FT	

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.

1990 PROGRAM PLAN

DEPARTMENT: FIRE DIVISION: FIRE & RESCUE OPERATIONS
PROGRAM: Fire/Rescue Operations

PURPOSE:

Operate 11 fire stations staffed with full-time firefighters, 1 station and a facility staffed by auxiliaries, and 4 stations staffed by volunteers to provide an acceptable level of fire and rescue services to the people of Anchorage, Eagle River, South Fork, Chugiak and Girdwood.

1989 PERFORMANCES:

- Respond to and arrive at all emergencies in Anchorage and Eagle River areas in less than an average of 4.5 minutes.
- Respond to over 7,000 requests for emergency services.
- Conduct 2,600 commercial and industrial fire safety/pre-fire plan inspections.
- Provide 48 hours of training per volunteer and 200 hours of training per auxiliary firefighter.

1990 OBJECTIVES:

- Respond to and arrive at all emergencies in Anchorage and Eagle River areas in less than an average of 4.5 minutes.
- Respond to over 7,700 requests for emergency services.
- Conduct 7,200 Community Right-to-Know (CRTK) inspections.
- Conduct 120 pre-fire plan inspections.
- Provide 48 hours of training per volunteer and 200 hours of training per auxiliary firefighter.

RESOURCES:

	1988 REVISED			1989 REVISED			1990 BUDGET		
	FT	PT	T	FT	PT	T	FT	PT	T
PERSONNEL:	193	0	0	178	0	0	191	0	0
PERSONAL SERVICES							\$14,915,170		
SUPPLIES							256,840		
OTHER SERVICES							3,401,620		
DEBT SERVICE							322,240		
CAPITAL OUTLAY							88,400		
TOTAL DIRECT COST:							\$18,984,270		

PERFORMANCE MEASURES:

- Total alarms	6,780	7,040	7,700
- Training hours per volunteer	48	48	48
- Training hours per auxiliary	200	200	200
- Community Right-to-Know inspections conducted	0	3,420	7,200
- Fire cause/origin investigations	1,500	1,500	1,500

21 SERVICE LEVELS ARE FUNDED FOR THE DEPARTMENT. THIS PROGRAM HAS LEVELS:
1, 5, 6, 11, 19, 20

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. **Direct Cost Comparison:** Compares the total revised direct cost (as of 6/30) for each department over the past four years. More information on direct costs can be found in the Department Detail section.
- B. **Tax Limitation 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.
- 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. **Personnel Summary:** Indicates personnel positions by type (full-time, part-time, temporary) and department. Three years' information is included for comparison.
- E. **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.
- F, G, H and I. **Overtime, Vacancy Factor, Travel and Capital Outlay Summaries:** These appendices summarize overtime, vacancy factor, travel and capital outlay by department. Significant changes are explained in the department detail section.
- J. **Debt Service Summary by Program:** Provides detailed information regarding the outstanding debt and the principal and interest payments for the budget year.
- K. **Function Cost Comparison by Fund:** Compares operating budget function costs (direct costs with intragovernmental charge additions and subtractions) by fund.
- L. **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.

- M. **Fund Balance Summary:** Lists the forecasted balance in each fund as of December 31. Also shows the amount of any fund balance to be appropriated to offset function costs in the current budget.
- N. **Calculation of Average Mill Levy:** Shows the computation of the overall mill levy for the Municipality of Anchorage without regard to service area. Compares to previous year and shows the net change for the computations. Also shows the average mill levy trend.
- O. **Areawide Assessed Valuation Trends:** Shows the trend in areawide assessed valuations. Total property valuation (both real and personal property) is displayed in the first three columns. The next four columns separate the real property valuation into existing property and new construction.
- P. **Mill Levy Comparison by Taxing District:** Shows each taxing district's anticipated change in mill levy, indicating what service is causing the change.
- Q. **1990 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.
- R. **Mill Levy Trends:** Shows the ten-year mill levy trend by taxing district. Included is the mill levy for school district operations.
- S. **Mill Levy Comparisons by Fund:** Displays the proposed mill levies by fund (service area). Included for comparison are the approved mill levies for the previous two years.
- T. **Spending Limitation Calculation:** Presents the spending limitation calculation as required by the Anchorage Municipal Code 6.10.037.
- U. **"B" Budget - Items Funded From Tobacco Tax or ATU Sale:** High priority services to be funded from the Tobacco Tax or proceeds of the ATU sale and included in the proposed budget.
- V. **"C" Budget - Priority Services Not Funded in 1990:** Services identified as a priority if additional revenues are available when the Assembly considers the budget. Revenues could be from the sale of ATU or another source.
- W. **Personnel Comparison 1990 to 1981-1982 Average:** Compares the number of personnel in each department to the 1981-82 average. The Municipal population of 1981-82 more closely equates to the current population than any prior year.

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).
Amount Required to Continue Existing Programs	The current year's budget adjusted by the amount necessary to pay for the existing personnel, known debt service and certain other one-time costs or known new requirements.
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 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.

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 The appropriation level for funds (or service areas). Function cost is calculated as follows:

$$\begin{array}{r} \text{Direct} + \text{Intragovernmental} - \text{Intragovernmental} = \text{Function} \\ \text{Cost} \quad \text{Charges From} \quad \text{Charges to Others} \quad \text{Cost} \\ \quad \quad \quad \text{Others} \end{array}$$

The function cost of a particular fund is the sum of the function costs of all budget units assigned to the fund.

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.

**Mill Levy or
Mill 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:

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

Net Program Cost

The amount required to support a program that is not directly 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

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). 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:

- Chugiak Fire Service Area
- Anchorage Police Service Area
- Anchorage Roads and Drainage Service Area
- Girdwood Valley Service Area
- Glen Alps Service Area

Service Level	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.
Spending Limitation	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.
Tax Limitation	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.
Tax Requirement	The amount of property tax allowed and necessary to fund the budget.
Tax-supported	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.
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.