

## Glossary of Terms

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| <b>Ad Valorem Tax</b>     | A tax based on value. Property taxes in the Municipality are an ad valorem tax. Taxpayers pay set rate per dollar of assessed value of taxable property.  |
| <b>ADA</b>                | Americans with Disability Act is a civil rights law that prohibits, under certain circumstances, discrimination based on disability.  |
| <b>Allocated Revenues</b> | Revenues received or earned by the Municipality which are not attributed to a particular department, program or service. Examples are state revenue sharing and interest earned on cash investments. These revenues are distributed to funds (for service areas) and not to specific programs. The method of allocation varies, depending on the type of revenue.                                 |
| <b>Allowed Budget</b>     | Amount the total budget can be without exceeding the tax limitation. It is calculated by adding the amount of taxes allowed under the tax limitation and other anticipated revenues (programs and allocated revenues and intra-governmental charges to non-tax-supported units such as grants and utilities).   |
| <b>AMATS</b>              | Anchorage Metropolitan Area Transportation Solutions. Every metropolitan area with a population of more than 50,000 residents must have a designated Metropolitan Planning Organization (MPO) for transportation in order to qualify for federal highway or transit assistance. AMATS is the MPO for the Anchorage Bowl and Chugiak-Eagle River areas when federal transportation funds are used. |
| <b>AMC</b>                | Anchorage Municipal Code  |
| <b>AMEA</b>               | Anchorage Municipal Employee Association, Inc.  |
| <b>Amendment</b>          | A change to a budget that is made after the budget has been proposed.   |
| <b>Anchorage Charter</b>  | The governing document that 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.   |
| <b>APDEA</b>              | Anchorage Police Department Employee Association  |
| <b>Appropriation</b>      | An authorization by the Assembly to make expenditures. The Assembly makes appropriations in the operating budget for each department's direct cost and each fund's function cost. Appropriations lapse at the end of the fiscal year.   |
| <b>Approved Budget</b>    | Budget approved by the Assembly in November/December of each year that goes into effect on January 1 <sup>st</sup> . This version includes amendments   |

approved by the Assembly to the budget that was originally proposed by the Mayor in October.

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| <b>Areawide Services</b>  | Services provided throughout the entire Municipality. Examples are education, planning and zoning, library, health and transit.   |
| <b>ASD</b>                | Anchorage School District   |
| <b>Assessed Valuation</b> | 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.   |
| <b>Average Mill Rate</b>  | The average tax rate (mill levy) computed by:<br><br>$\frac{\text{Total Property Tax Required}}{\text{Total Areawide Assessed Valuation}} \times 1,000 = \text{Average Mill Rate}$  |
| <b>BABs</b>               | Build America Bonds are taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bond holder. Build America Bonds were created under Section 1531 of Title I of the American Recovery and Reinvestment Act (ARRA) in 2009. This program expired December 31, 2010.  |
| <b>Balanced Budget</b>    | A budget in which sufficient revenues are available to fund anticipated expenditures.   |
| <b>Bonds</b>              | A financial instrument, similar to a loan, by which the Municipality borrows money for a specified purpose that it then repays plus interest over time.   |
| <b>Bond Rating</b>        | An indicator of the credit worthiness of the Municipality (the same as credit ratings for individuals). Ratings are assigned by credit rating agencies such as Moody's Standard & Poor's (S&P), and Fitch Ratings at the time the Municipality will be issuing (selling) a bond. A high rating indicates a high quality bond, which means lower interest rates that the Municipality will have to pay. The Municipality has earned high ratings: AA Stable from S&P; AA+ Stable from Fitch. |
| <b>Budget</b>             | A document that lays out a plan for financial operation for the Municipality based on estimates of proposed expenditures and revenue for the upcoming fiscal year. It also is a controlling document by setting the upper limit for the amount that can be spent by a department.   |
| <b>CAFR</b>               | The Comprehensive Annual Financial Report (CAFR) is a set of government financial statements that comprise the financial report of the Municipality and its compliance with accounting requirements (generally accepted accounting principles, or GAAP). The information is compiled by municipal staff and audited by an external accountant.  |
| <b>CAMA</b>               | Chronic & Acute Medical Assistance (CAMA) is a state funded program designed to help needy Alaskans who have specific illnesses get the   |

medical care they need to manage those illnesses. It is a program primarily for people age 21 through 64 who do not qualify for Medicaid, have very little income, and have inadequate or no health insurance.

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| <b>Capital Improvement Budget (CIB)</b>  | A plan for capital expenditures and the means to finance them. Capital projects are improvements to the Municipality's assets-from buildings to parks to streets to drainage. The CIB is a one-year plan (compared to the six-year CIP). Funding for capital projects primarily comes from State of Alaska grants and voter-approved local. The CIB is submitted to the Assembly for its approval. |
| <b>Capital Improvement Program (CIP)</b> | A longer-range plan for capital improvement projects and proposed sources of funding for the next six years.   |
| <b>Charter</b>                           | The governing document that 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.  |
| <b>Code</b>                              | Local laws by which the Municipal Charter is interpreted and implemented. The code is approved by the Assembly and may also be revised by an ordinance. Passage of a code or code change requires approval by at least six (out of eleven members) of the Assembly.  |
| <b>Continuation Level</b>                | Projection of what it would cost in the budget year to continue existing programs and services at the same level of activity.  |
| <b>CPI</b>                               | Consumer Price Index measures changes in the price level of consumer goods and services purchased by households over time.   |
| <b>CWIP</b>                              | Construction work in progress  |
| <b>Debt Service</b>                      | Principal and interest payments on debt incurred (bonds sold) by the Municipality.   |
| <b>Direct Costs</b>                      | Salaries and other personnel expenses, supplies, contracts and other purchased services, debt service, machinery and other capital expenses (basically a department's operating budget).   |
| <b>Employee Benefits</b>                 | The cost for contribution to employee retirement, social security, health, and workers' compensation programs.   |
| <b>Enterprise Activities</b>             | An enterprise charges external users for goods or services they receive. The Municipality has three enterprises: Merrill Field, the Port of Anchorage, and Solid Waste Services. Budgets for these organizations are not included in General Government's operating budget; they are budgeted separately.  |
| <b>ERP</b>                               | Enterprise resource planning is an integrated software application to facilitate the flow of information between all business functions inside the   |

boundaries of the organization and manage the connections to outside stakeholders.

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| <b>Expense</b>                         | General government expenses include salaries, wages, supplies, contracts, debt service, and purchases of machinery and equipment.  |
| <b>Federal Revenue</b>                 | This is a category of revenue that helps pay for government services. The Municipality only gets about \$1 million each year, which is about 0.2 percent of revenue. This amount does not include Federal funds received as a grant for a specific program or service.   |
| <b>Fees</b>                            | A charge to cover the cost of a service (i.e. building inspection fee, zoning fee, etc.)   |
| <b>First Quarter Budget Amendments</b> | A process in April of each year during which the current year spending and revenues are finalized. Based on these final numbers, mill levies are calculated upon which property tax bills are based.   |
| <b>Fiscal Year</b>                     | An accounting term for the budget year. The fiscal year of the Municipality is January through December 31.  |
| <b>Function Cost</b>                   | <p>The appropriation level for funds (or service areas). Function cost is calculated as follows:</p> $\begin{array}{rcccc} \text{Direct} & + & \text{Intragovernmental} & - & \text{Intragovernmental} & = & \text{Function} \\ \text{Cost} & & \text{Charges from} & & \text{Charges to Others} & & \text{Cost} \\ & & \text{Others} & & & & \end{array}$ <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> |
| <b>Fund</b>                            | An accounting entity designed to separately track 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 name.  |
| <b>Fund Balance</b>                    | The unused balance of governmental funds, which includes certain set asides of funds established for certain purposes (see Reserves)   |
| <b>GASB</b>                            | Governmental Accounting Standards Board  |
| <b>GGOB</b>                            | General Government Operating Budget  |
| <b>General Obligation Bonds</b>        | A municipal bond backed by the credit and taxing power of the issuing jurisdiction. Voter approval is required to incur this debt. General Obligation (GO) bonds appear on a general election ballot and require approval by a majority of those voting in that service area. The debt is repaid over time by property tax payers in that service area.  |

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| <b>GIS</b>                            | Geographic Information Systems (GIS) Services supports all municipal departments by providing geographic data, data management, products and services.  |
| <b>Grant</b>                          | Cash given by the Federal or State government to the Municipality for a specified for a certain purpose and time period.  |
| <b>IAFF</b>                           | International Association of Fire Fighters (Local 1264)   |
| <b>IBEW</b>                           | International Brotherhood of Electrical Workers Union (Local 302)   |
| <b>Inflation</b>                      | A change in the general level of prices of goods and services in an economy over a period of time. When the general price level rises, each dollar buys fewer goods and services. As a result, inflation also reflects erosion in purchasing power. A primary measure of inflation is the inflation rate, the annualized percentage change in the Consumer Price Index over time.   |
| <b>Infrastructure</b>                 | Long-lived assets such as highways, bridges, buildings, and public utilities.   |
| <b>Interest and Other Earnings</b>    | A category of revenue that primarily includes interest earnings on investments (i.e. the Municipality's Trust Fund (created with the earnings from the sale of the Anchorage Telephone Utility); management of pools cash and other dividend income).   |
| <b>Intragovernmental Charge (IGC)</b> | The charge for a service that one budget unit (servicer) provides to another (requester). Charges to other budget units are counted as revenues; charges from others are counted as expenses.   |
| <b>Kronos</b>                         | An operating system that automates workforce business processes with time and attendance, absence management, employee scheduling, HR and payroll, and labor analytics.   |
| <b>Mandated Increase</b>              | Budget increase required to meet Federal, State, or Municipal legally mandated services or programs.  |
| <b>Mayor's Veto</b>                   | The Charter gives Anchorage's mayor the authority to stop an action approved by the Assembly. A mayor can stop (veto) an ordinance (code change) from being enacted. Anchorage's mayor also has "line-item" veto authority, which enables the mayor to reduce the dollar amount approved in a budget. Eight (out of eleven) members of the Assembly then can override a mayor's veto, thereby allowing the ordinance to become law. |
| <b>MESA or MUSA</b>                   | Municipally-owned utilities (AWWU, ML&P) and enterprises (Port, Merrill Field, Solid Waste Services) do not pay property taxes. Municipal Enterprise Service Assessment (MESA) or Municipal Utility Service Assessment (MUSA) is a payment similar to a property tax that is assessed on these entities.  |

**Mill Levy or 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:

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

**MOA** Municipality of Anchorage

**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:

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

**Non-Property Taxes** A category of revenue that helps pay for city services. It consists of all taxes other than property taxes: automobile registration, aircraft registration, room, and motor vehicle rental.

**Ombudsman** The Office of the Ombudsman is a non-partisan, neutral, fact finding agency that ensures the municipality actions are fair and reasonable.

**Operating Budget** The funding allotted to departments to pay for the day-to-day operations of municipal services. This does not include funding for capital projects.

**PACE** Internal assembly document tracking system.

**Performance Measures** Measures that can be consistently used to analyze and improve service; they must be meaningful to both program managers and citizens, useful and sustainable.

**PERS** Public Employee Retirement System for Alaskan state and local governments.

**Program Revenue or Program-Generated 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:

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

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| <b>Proposed Budget</b> | The budget for the upcoming year submitted by the mayor to the Assembly for its consideration, amendment, and approval. The Assembly conducts two public hearings on the proposed budget at which the public can testify. The Mayor is required to submit the proposed budget by October 1 of each year for the fiscal year that starts on January 1.   |
| <b>PVRs</b>            | “Anchorage: Performance. Value. Results.” Initiative is a framework designed to communicate to citizens the services currently being delivered and the results being achieved. This strategic framework aligns program purposes with key services and measures by which citizens and decision makers can evaluate program results.  |
| <b>Revenues</b>        | Various sources of money that pay for expenditures approved in the budget. Major categories of revenue are: federal; state; property and non-property taxes; interest earnings; and program-generated revenues (fees and fines).  |
| <b>Reserves</b>        | Amounts of revenue set aside for a specific purpose. One major reserve protects the Municipality’s high bond rating. About \$26 million (8.25% of revenue) is set aside to assure those that purchase a bond will get repaid. This assurance results in the Municipality paying a lower interest rate. Another \$6 to \$9 million (1 to 3% of revenue) is set aside in a second reserve for emergencies.  |
| <b>Revised Budget</b>  | The budget approved in April by the Assembly after first quarter budget amendments.   |
| <b>Resources</b>       | 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).  |
| <b>SAFER</b>           | Staffing for adequate fire and emergency response grant program was created to provide funding directly to fire departments in order to help increase the number of trained, “front line” firefighters available in communities. The goal of SAFER is to enhance the local fire departments’ abilities to comply with staffing and operational standards established by the National Fire Protection Association (NFPA) and Occupational Safety Health Administration (OSHA). |
| <b>SAP</b>             | “System Applications & Products in Data Processing” is a software company known for its enterprise resource planning (SAP ERP) applications.  |
| <b>Service Area</b>    | A legal entity that 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. Services in a specific service area are paid for from taxes on property within that area (after all other available revenue is put toward the cost of that service).   |

Areawide services (i.e. education, emergency 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 Metropolitan Police Service Area
- Anchorage Roads and Drainage Service Area (ARDSA)
- Girdwood Valley Service Area
- Glen Alps Limited Road Service Area (LRSA)

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| <b>SOA</b>                               | State of Alaska  |
| <b>Spending Limitation</b>               | 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.  |
| <b>State Revenue</b>                     | A category of revenue that comes from the State of Alaska that helps pay for the operating budget. The primary program is a form of revenue sharing that provides general assistance to support municipal programs (it doesn't have a specified purpose). The Municipality also receives grants from the state that are for specified programs.  |
| <b>TANS</b>                              | Tax Anticipation Notes - A short term debt security issued by a state or local government to finance current operations or immediate projects that will be repaid with future tax collections. The duration of a tax anticipation note is typically one year or less.  |
| <b>Tax Limitation<br/>or<br/>Tax Cap</b> | A charter amendment passed by the voters of Anchorage in October 1983 that sets an upper limit on the amount of taxes the Municipality amount levied in the previous year, increased by the five year average rate of inflation and population growth. Exceptions to the limit are taxes allowed for payment of debt service, voter approved services, and judgments against the Municipality. |
| <b>Taxes</b>                             | Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. Taxes levied in Anchorage are approved by the Assembly.  |
| <b>Tax Requirement</b>                   | The amount of property tax allowed and necessary to fund the budget.   |
| <b>Tax-supported</b>                     | A term used to indicate programs or funds that require as a source of revenue. Programs or funds that are not tax-supported earn sufficient program revenues, allocated revenues and/or intragovernmental charge revenues in order to balance their budgets.   |
| <b>TIP</b>                               | Transportation Improvement Program – The TIP is the region's short range project plan for transportation improvements. It outlines the investment program of capital improvements to the metropolitan transportation system.   |



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| <b>Utilities</b>       | The municipality owns two utilities: Anchorage Water & Wastewater Utility (AWWU) and Municipal Light & Power (ML&P). Each entity submits its own budget which is separate and distinct from general government.  |
| <b>Vacancy Factor</b>  | A percentage of expected time a position is expected to be vacant through the course of the year. Since it is assumed that not all positions will be filled 100% of the fiscal year, this too realizes up front budgetary savings.   |
| <b>Vacancy Savings</b> | A percentage or dollar amount of salaries which can be expected to remain unspent during the fiscal year due to vacancies and employees receiving less than the top-step pay of a position's classification.   |
| <b>Veto</b>            | The Charter gives Anchorage's mayor the authority to stop an action approved the Assembly. A mayor can stop (veto) an ordinance (code change) from being enacted. Anchorage's mayor also has "line-item" veto authority, which enables the mayor to reduce the dollar amount approved in a budget. Eight (out of eleven) members of the Assembly then can override a mayor's veto, thereby allowing the ordinance to become law. |