



**From: Kelli Williams, Chief Communications Officer
City of Bartlesville**

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City begins 2016-17 budget process

Each year at this time, the City of Bartlesville begins its budgeting process for the upcoming fiscal year. Some of the first steps in completing the budget is identifying needs and potential cost reductions and efficiencies throughout City operations, and considering those needs and reductions in conjunction with projected growth or decline in overall revenue.

Once these steps are completed, a proposed budget is prepared and provided to the City Council. The council typically reviews the proposed budget over several meetings and determines whether changes are in order. A public hearing is held and the budget receives final approval by the council in June. The new budget goes into effect at the beginning of the new fiscal year, on July 1. The fiscal year ends on June 30.

The City of Bartlesville relies primarily on two sources of funding: Sales tax revenue, which is used to fund City operations, and Enterprise funding, which is revenue derived from fees that are collected through the City's three Enterprise Funds — Water, Waste Water and Solid Waste. (The City receives several other sources of funding as well, including the voter-approved ½-cent Capital Improvement Projects tax and the ¼-cent Economic Development tax, both of which are sunset taxes and budgeted separately, following the start of the fiscal year. Bartlesville also has a 5 percent hotel/motel tax, 60 percent of which helps fund the Bartlesville Community Center and 40 percent of which is used to fund the Bartlesville Convention and Visitors Bureau. The City also collects a small portion of property taxes — 15 mils — for General Obligation Bond projects, also approved by voters.)

Projected growth or decline is an important part of the budgeting process. Projections are made based on economic indicators at the time the budget is constructed, which are sometimes not as reliable as we would like. While sales tax collections and fees for services fluctuate based on a variety of factors, the City, like all government entities, must budget for fixed, reoccurring expenses — such as employee salaries and benefits — despite those fluctuations. Because the potential exists for declines in revenue beyond our

control, the City of Bartlesville makes every attempt to project conservatively and budget accordingly.

The FY 2015-16 budget, under which the City is currently operating, was completed with anticipated declines in sales tax revenue for the first half of the year with eventual increases over the second half. Overall, it was projected that the current year's budget would reflect a .2 percent decrease in revenues.

This was a conservative estimate at the time the current budget was constructed; however, depressed energy costs have had a less than optimal impact on state and local tax revenues.

Currently, the City of Bartlesville is operating with a 3.11 percent decrease in sales tax revenue compared to the same seven-month period last year. It is unlikely we will hit our target for the second half of the fiscal year, indicating internal mid-year adjustments to the City's budget may be necessary.

These declines will play a role in planning the FY 2016-17 budget as City staff reviews and conservatively estimates what impact the national markets and a significant revenue shortfall on the state level are likely to have on the local economy.

One bright spot in the City's economic outlook for the next fiscal year is the projected addition of approximately \$2 million in the FY 2016-2017 budget. On Oct. 13, 2015, voters approved a 4/10 of a cent sales tax increase for City operations — the bulk of which will be spent to bring staffing levels back to desired levels in the police, fire, streets and park departments. This increase went into effect on Jan. 1, and revenue from the increase should be reflected in the City's March/April sales tax report. While these additional funds won't affect the current year's budget, they will make a significant difference in our budget next year — in the areas for which the funds are committed.

Bartlesville is a unique community in which voters have shown consistent support for ideas and projects that move our community and economy forward and enhance our quality of life. The Bartlesville City Council and City administration are thankful to everyone who turned out to vote in the recent election. We will proceed with this trust in mind as we work toward adoption of the FY 2016-17 budget.

To learn more about the City of Bartlesville, visit www.cityofbartlesville.org or call 918-338-4132. City Council meetings are held the first Monday of every month at City Hall, 401 S. Johnstone Ave., and are open to the public. Special meetings are called as needed.