

**Board of Finance**

**Cheryl Thibeault, Chairman**  
**John Smith, Vice Chairman**  
**Ken Cockayne, Mayor**  
**Ron Burns**  
**Orlando Calfe**  
**Jake Carrier**  
**Derek Czenczelewski**  
**Mike Fiorini**  
**Mike LaMothe**



**City Council**

**Ken Cockayne, Mayor**  
**Calvin Brown**  
**Anthony D'Amato**  
**Dave Mills**  
**Mary Fortier**  
**Dave Preleski**  
**Jodi Zils Gagne**

**City of Bristol**

June 1, 2016

***BOARD OF FINANCE CHAIRMAN'S BUDGET MESSAGE***

**TO THE CITY COUNCIL, CITIZENS AND TAXPAYERS OF BRISTOL:**

As we adopt our budget today, June 1, 2016, I reflect back on the challenges faced when preparing this budget. There were and continue to be significant headwinds. It is important as we implement this budget and start to look forward to 2017-18 that we do so with combined forces. We are a City of great talent and unfettered gifts and enthusiasm, and departmental or partisan differences need to be put aside to focus on what is best for the City as a whole. Each investment, each expenditure and each fiscal decision is important to all taxpayers no matter what season they are in life's journey. This year, coming off a year with no increase in mill rate – we do have a modest increase of 1.42 mills. This is also accomplished with no decrease in services to our citizens. We are able to invest in the future of our City with requested and desired capital improvements that include state of the art playing fields which also provide increased capacity and an investment to downtown with revitalization dollars allocated in laying a foundation to restoring the Memorial Boulevard Cultural Center. We continue to allocate funds to improve city buildings, we have restored funds to street improvements and appropriated capital to replace aging infrastructure and technology. Prudent increases in some departmental budgets were provided where warranted. Lastly, but importantly we are able to assure many hard working city employees that their jobs were safe.

The Board of Finance, the Mayor, and the Council, while mindful of the taxpayers of Bristol, are asked to approve this budget.

**Breakdown of Increasing Expenditures and Declining Revenues**

**Expenditures**

The Board of Finance had to bridge a gap of \$8.5 million between requests and revenues.

- Requests totaled \$194.9 million from the City side and Board of Education. This is a \$9.9 million or 5.3% increase over the current budget.
- The Board of Education request was originally an increase of \$4.7m or 4.4%. Through combined efforts and workshops between the Board of Finance and the Board of Education, this increase was reduced to .29% impact to MBR (minimum budget requirement). However, the General City provided an

## **Transmittal Letter**

---

additional \$3.6 million or 3.3% in funding by allocating revenues from the General City budget to the BOE.

- General City requests increased by \$3.8m or 4.92%, however as noted above \$3.6m was due to funding Board of Education.

### Revenue Decline

The General City budget also absorbed recent state budget cuts to the Alliance Grant funding that would have impacted the BOE for \$599,000 for fiscal year 2016-17.

### Strategies used in balancing the 2016-2017 budget:

- Department Heads were asked to submit a budget between two and three percent
- Minimal bonding of the Ten-Year Capital Improvement Plan
- Continue to develop and implement fiscal policies to keep the City's bond rating strong
- Develop a plan to prioritize Capital spending in a way that spread these costs over time to minimize the tax impact

The Grand List increased from \$3.82 billion to \$3.84 billion, and our tax collection rate is strong at over 98%.

The initial gap between revenues and expenditures was a 2.50 mill increase to the mill rate and a 5.40% budget increase to start the process.

Capital requests of \$2.02 million within the General Fund were reduced by \$826,000; and an additional \$527,000 funded out of the Equipment Building Sinking Fund which does not impact mill rate.

Health Insurance increased 6% this year for employee health benefits based on the City's consultants cost projections.

### State Budget

The final adopted state budget saw State grants decrease in total by \$1,266,611 for the City. The City's Educational Cost Sharing grant, the largest grant from the State, decreased \$599,135. It is a direct reduction to the Board of Education Alliance Grant. Public and Non-Public School Transportation grants were eliminated by the State. They totaled \$567,516 for 2016.

### Summary

Bristol's finances have strong financial management from the Mayor, City Council, Board of Finance, as well as a very dedicated and efficient Comptroller's Office. We also have a very strong reserve which results in favorable ratings by Standard & Poor's for future borrowing and we have eliminated the need to rely on fund balance. As we face the headwinds of the future, we need to prepare for additional impacts from the State budget as well as any potential effects from the Presidential election. We need to continue to focus on business growth to attract more companies to our City which would create jobs and increase our Grand List. We need to find synergies between departments to eliminate duplicate duties and spending. We must continue to invest in ourselves by maintaining buildings and roads. We will continue to support and build strong schools but spend money wisely. Our goal is to be recognized for educational accomplishments as opposed to being judged by what we spend. Most importantly we

**Transmittal Letter**

---

need to work together. To quote my favorite book: “Every kingdom divided against itself will be ruined, and every city or household divided against itself will not stand.” Now is time to do so.

**ACKNOWLEDGEMENTS**

I personally want to recognize every member of this Finance Board for your numerous hours of work on behalf of the citizens of Bristol. Your attendance during evening meetings of public hearings and workshops regarding this budget, in addition to regular meetings shows your enduring voluntary commitment to your City.

I would be remiss on behalf of the Board if I didn’t thank our Comptroller, Glenn Klocko, Assistant Comptroller, Robin Manuele, Senior Accountant, Skip Gillis, and Assistant to the Comptroller, Jodi McGrane, for guidance and assistance to the Board in this process. Again, many, many thanks.

**IN CONCLUSION:**

The annual budget process is a dynamic process that provides the City of Bristol with the opportunity and means to review past accomplishments and evaluate goals and objectives for the future. The Mayor, the City Council, and Department Heads came together, as a team, at a number of hearings and workshops to address and meet the challenges of this budget year. We will look forward to the successful implementation of this budget and to the challenges of next year’s budgetary process.

Respectfully submitted,



Cheryl Thibeault  
Board of Finance Chairman

## **Comptroller's Budget Message**

### **To the Citizens, Taxpayers, and Businesses of Bristol, Connecticut,**

It is my pleasure to present this 2016-2017 budget message and budget document for review. It is the culmination of months of effort on the part of many. Elected officials, citizens appointed to Boards and Commissions of the City, management and staff employees worked diligently to present this document in its completed format.

This letter provides a concise overview of the City's approved 2016-2017 budget. The budget is balanced for all funds and was approved by the Joint Board of the City Council and Board of Finance on June 1, 2016. The approved budget for all funds is \$217,250,557. The General Fund portion of the budget on which the mill rate is primarily based is \$189,162,910. There is a 1.42 mill rate increase to the current mill rate of 34.61.

The budget process started with a December Mayoral "kick-off" meeting in the Council Chambers with Department Heads. All City officials were invited to attend.

#### **Budget - Early Preparation Stage**

Mayor Cockayne expressed to Department Heads at the December kick-off budget meeting his concerns, priorities, and goals for the upcoming budget session. This is the second budget kick-off for Mayor Cockayne.

The Mayor stressed how the State of Connecticut budget affects the City of Bristol's budget. The City will approve its budget two weeks after the State budget approval, which was delayed until May 13th. Due to the uncertainty of State grant information, the City budget approval was delayed from its normal 3<sup>rd</sup> Monday in May to Wednesday, June 1<sup>st</sup>. The Mayor asked that all Departments keep their budget increases in a two to three percent range. It turned out that almost all departments were able to keep their increases at or very close to the Mayor's request, in spite of increases in areas such as contractual obligations and utilities that are out of direct departmental control.

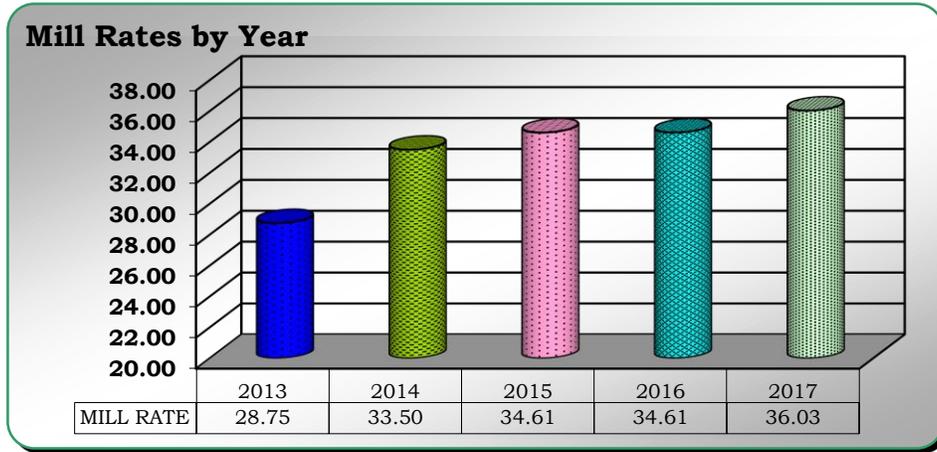
The State of Connecticut has serious budgetary structural concerns. It is projected that the State will have approximately a \$900 million deficit for fiscal year 2016-17 and that deficit will be even greater in the following years.

Capital Outlay requests totaled \$2,020,220 on the City side within the General Fund, excluding Board of Education. Public Works submitted requests of \$1,125,000, which were approved. The Mayor also indicated the 10-year Capital Improvement Plan (CIP), which incorporates the Capital Budget, will be reviewed for approval along with the operating budget, to gain the total impact of the state of the City's finances. The tab labeled 'Capital Budget Summary' contains the Capital Budget and CIP information for 2016-2017.

#### **Balanced Budget**

The fiscal year 2017 operating budget is balanced financially and philosophically. It embraces many tenets that are reviewed in this budget message. It is the desire of this administration, through this budget, to advance the quality of life for residents of the City of Bristol.

**MAJOR HIGHLIGHTS OF THE 2016-2017 BUDGET**



Shown above are the City of Bristol mill rates for the last five budget years

**Economic Forecast: Recession Continues**

Each year the Economic Forecast is prepared by the City’s Purchasing Agent. The forecast is used year-to-year to provide a consistency factor for departments estimating operating costs contained within the various budgets. If actual costs are higher than estimated, budgetary adjustments will be necessary during budget implementation.

**State Budget**

The final adopted State budget saw State grants decrease in total by \$1,266,611 for the City. The City’s Educational Cost Sharing grant, the largest grant from the State, decreased \$599,135. It is a direct reduction to the Board of Education Alliance Grant. Public and Non-Public School Transportation grants were eliminated by the State for 2017. They totaled \$567,516 for 2016.

**Mill Rate: Result of Budget Deliberations**

The 2015-2016 mill rate was 34.61. The mill rate increased for 2016-2017 to 36.03. Last year, there was no mill rate increase.

Perhaps the most annually debated budget is the Board of Education budget due to their significant proposed increases in fiscal funding. Any increase results in increasing the Minimum Budget Requirement (MBR) as required by State statute. An in depth analysis of fiscal year 2016-2017 funding for Education is discussed on page 15-16.

## **OTHER HIGHLIGHTS**

### **Revenue Sources:**

#### **Forecasting**

Revenue forecasting involves the use of analytical techniques to produce estimates of the inflow of resources in the future.

Revenues of the City are annually forecasted (estimated) based on revenue type, growth or reduction patterns, underlying historical assumptions, as well as revenue reliability and validity of the estimates. Our forecasting uses a combination of three to five year trend analysis, consensus, and human judgment (as opposed to random guessing) methods. The underlying assumptions for each major source of revenue are identified and documented. The Comptroller's Office works closely with department heads responsible for revenue estimates to identify any changes in local, regional, or national economic conditions, citizen demands, as well as changes in professional associations' guidance relative to revenues, and changes in state and local government programs and policies. Changes in the City's political environment are also considered. All assumptions, when identified, must be reasonable, valid, and current. Obviously, obsolete assumptions due to changing conditions are identified and no longer considered. Most current revenue estimates remained flat at prior year levels for the fiscal 2016-2017 budget estimates. This has been a trend consistent over the past several fiscal years, with the exception of building permit revenue estimates which increased \$471,525 due to an expected increase in permits and an approved change to the permits fee structure.

#### **Taxes (73% of all revenues)**

The combined current and prior tax levy increased \$6,286,125 due to the increase in the mill rate and minor growth of the grand list. Also, the prior year tax levy increased due to the aggressive collection of back taxes. The City of Bristol tax collection rate was 98.47% at June 30, 2015 a slight increase from the previous year's collection rate of 98.46%.

#### **Intergovernmental (24% of all revenues)**

Cities rely heavily upon intergovernmental revenues (State & Federal grants) to balance their budgets. Bristol is no exception to that fact. The total State grant revenue budget decreased by \$2,269,775. Excess Student Cost is a State formula grant to partially reimburse Special Education student costs. The City agreed to shift this grant from General Fund revenue to the Board of Education as a reduction of their Special Education expenditures. The grant amount was estimated at \$2,600,000. The State approved \$1,276,120 in a new Municipal Revenue Sharing Account – Sales Tax grant due to the City in fiscal year 2016-17.

#### **Federal Grants**

Federal grants have been shrinking over the past several years. Nevertheless, any grant is important to the City. Federal grants are a very small portion of the overall 2016-2017 grant picture of the City at \$9,500 in estimated Civil Preparedness grant awards. There was no changes to federal grants for 2016-2017.

### **Appropriations (Expenditures):**

It is said that budgeting is not an exact science. The structural-balance concept in budgeting seeks to ensure that stable and reliable delivery of public services is the goal of the budget process.

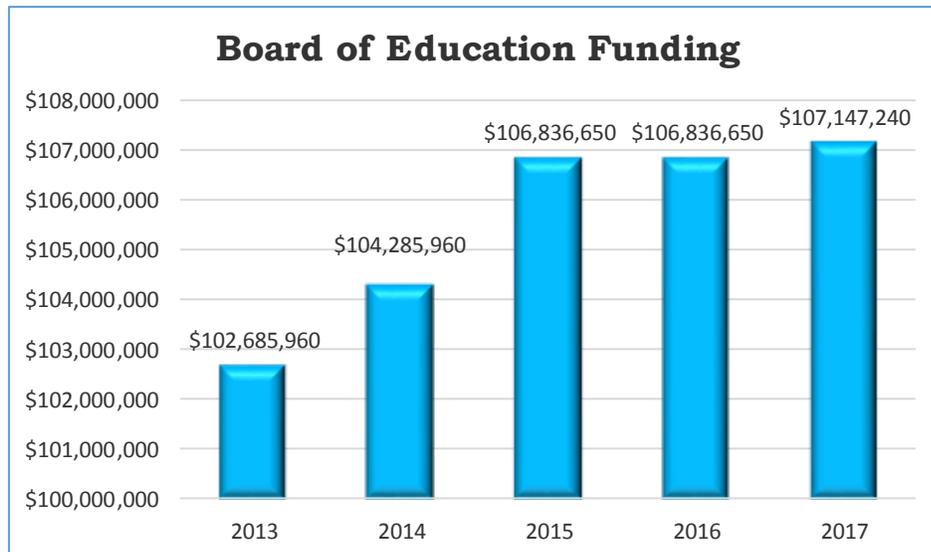
**Transmittal Letter**

---

The following factors were significant components within the appropriation side of the budget this year:

- A significant pending State deficit puts a large degree of uncertainty on its effect to Bristol’s State grant revenue projections resulting in the Mayor invoking a charter provision to delay final approval of the budget
- The largest increase was realized by the Miscellaneous Section at 10.24%
- The Public Works Department had an increase of 4.02%
- All controllable appropriations remained at prior levels
- Use of Fund Balance to balance the operating budget was reduced from \$195,000 to \$0. This was the first time this was accomplished in decades
- Funding for education increased to \$107,147,240. This increases the State’s Minimum Budget Requirement (MBR) by \$310,590. Below is a graph of Board of Education approved funding levels since fiscal year 2013.

**Education**



**Shown above is the Joint Board approved funding for the Board of Education for the last five budget years**

The 2016-2017 final approved funding level for the Board of Education was certainly financially interesting and varied from past approval processes. This year’s funding had several unique components.

The Board of Education (BOE) Joint Board adopted budget increase to \$107,147,240, an increase of \$310,590. A state statute mandates a BOE budget, at a minimum must be funded to at least the prior year approved funding level. This is known as the Minimum Budget Requirement, or MBR.

An additional \$100,000 was appropriated as an operating transfer-out to the Equipment Building Sinking Fund to establish a means to replace aging BOE infrastructure. This funding does not affect the MBR. This funding is the third year \$100,000 funding to assist the BOE with infrastructure upgrades or refurbishments.

In summary, the BOE budget is as follows:

**Transmittal Letter**

Approved budget 2016-2017 \$107,147,240

Other BOE funding sources not affecting MBR:

- ❖ Infrastructure upgrades or refurbishments \$100,000
- ❖ Transfer to offset Alliance Grant \$599,135

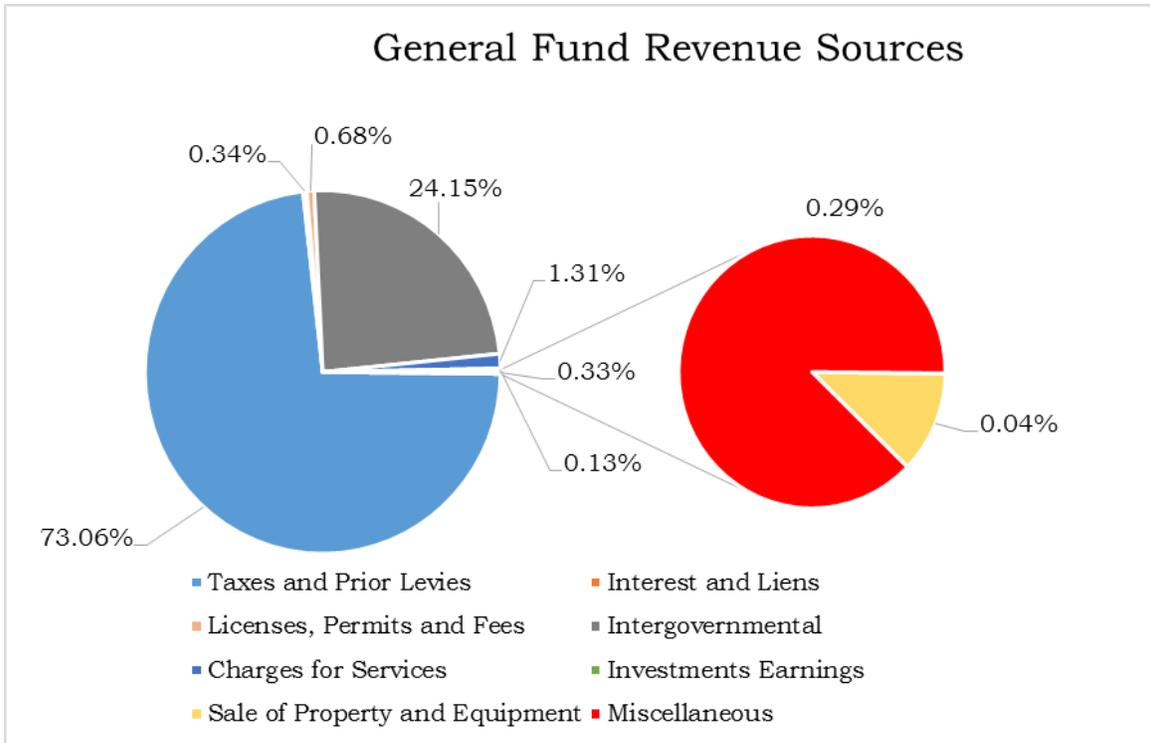
Use of:

- ❖ Tuition Revenue \$150,000
- ❖ School Building Revenue \$ 35,000
- ❖ Medicaid Revenue \$100,000
- ❖ Excess Student Cost Revenue \$2,600,000

Total Other Funding Sources \$3,584,135

For further commentary on the Education Department’s service efforts, please turn to the ‘Board of Education’ tab.

***Shown in the graph below are the main categories of revenue in the General Fund and their respective percentages of the budget.***



**PROFILES OF THE APPROVED 2017 OPERATING BUDGET BY FUND**

**FISCAL IMPACT**

**OPERATING BUDGET: GENERAL FUND**

Even with appropriation reductions, the City of Bristol's General Fund continues to support the majority of the City’s public services including police, fire, public works, general government, parks & recreation, libraries, debt service, and other miscellaneous

items. The 2016-2017 General Fund operating budget reflects an increase of \$4,157,045 or a 2.25% increase over the 2015-2016 General Fund approved budget.

**Contingency**

Perhaps the most unpredictable yet probably highly favorable budgetary impact account is the General Fund Contingency appropriation. Each fiscal year, City officials “worry” if the funding level will be sufficient to handle emergency expenditures for a bad winter storm year or unforeseen emergencies. A Contingency account provides the first line of defense to any potential use of the City’s fund balance levels. The Contingency line received funding at \$1,599,135. The increase of \$599,135 is for the loss of State revenue for alliance portion of the Education Cost Sharing (ECS) grant.

**Public Works**

Overall, the Public Works budget had an increase of 4.02%. The three major increases within the Public Works budget were \$275,000 for Fleet to purchase vehicles and equipment, \$451,500 for Public Roads improvements and \$95,830 for Snow Removal.

**THE FUTURE OUTLOOK**

**Long-Term Goals and Objectives**

The City faces the challenge of meeting aging infrastructure and equipment needs with limited resources.

With its long-term financial goals and objectives in mind, the City develops and prepares a Capital Improvement Program (CIP) that is a forward looking multiyear plan identifying capital projects to be funded during the planning period. The Capital budget represents the first year of the CIP. The CIP and Capital Budget also serve as links to the City’s planning process in other ways. The CIP is developed in concert with the City’s Comprehensive Land Use Plan, its Debt Management strategy, the City’s downtown redevelopment plans, and a multi-year plan to refurbish the City’s parks. It was expanded, several years ago to become a 10-year CIP Plan. Previously it was a 5-year plan.

The City and the Board of Education elected/appointed and respective management have agreed to meet on education related funding matters throughout the fiscal year to gain a mutual understanding of financial situations affecting the educational system and the City’s ability to pay for proposed increases. This is a new initiative in the interest of mutual cooperation and understanding.

**Financial Goals and Objectives**

In addition to the formal long-term planning process, City administration from time to time adopts a set of informal long-term goals and policies. Increasing expenses related to snow removal, fleet replacement and road upgrades are on-going financial problems. Presented on the previous page are three informal five to seven year funding policies which increase appropriations for the three aforementioned programs. A discussion will take place next year to decide if expansion of the policies is warranted.

**Non-Financial Goals and Objectives**

The City is expected to continue its review of programs and services in light of the rising costs of providing a wide variety of services to the community.

**BUDGET DOCUMENT**

## **Transmittal Letter**

---

Much of the format and content of this document changes year-to-year. This is due, in part, to changing administrations, changes in local fiscal priorities, changes in State grant funding levels, and certainly economic changes on local, regional and national levels.

In addition, to keep pace with related changes in financial statement requirements, the Government Finance Officers Association (GFOA) Budget Awards Program criteria incorporates annual mandatory changes to the budget document that must be addressed each year by City management and staff and noted on the application for peer review. This is a GFOA Award winning document with regard to the GFOA's criteria. The appropriate changes have been made based on criteria and suggestions from budget award reviewers to match current award standards.

I encourage all City Officials and employees to use this document year-round. This document moves beyond the traditional concept of line item expenditure control, and provides information to managers that can lead to improved program efficiency and effectiveness with its format. Under the criteria established by the GFOA Distinguished Budget Award Program, our document is a staff and citizens' useable policy, objective, and goal-orientated document. It focuses budget decisions on results and outcomes, incorporates a long-term perspective and lastly, we believe it is an easy to read and understand communication device for interested parties.

### **Review and Award Process**

After a preliminary screening, eligible budget documents are sent to three independent reviewers, who are members of GFOA's Budget Review Panel. To receive the award, a budget must be judged proficient in all four major award categories as well as all "mandatory" criteria by two of the three reviewers. Those budgets that are rated "outstanding" by all three reviewers in any of four major award categories, receive special recognition. Budgets are categorized by size and assigned to reviewers based on their experience and familiarity with reviewing documents of a similar size. Reviewers operate independently of GFOA officers and staff. The identities of reviewers to whom particular budgets are assigned for review are kept confidential. We believe this budget document will be favorably judged to continue to receive the GFOA's Budget Award on behalf of the City. Every attempt is made by staff to incorporate all past reviewers' suggestions into the current document.

**ACKNOWLEDGEMENTS**

The annual budget process provides the community with the opportunity and means to review past accomplishments and enunciate collective goals and objectives for the future.

It is with great pleasure that I present this completed and City approved budget to the reader. A conscious effort was made by staff to make it a readable and useable document. Suggestions for improvement are always welcome.

Most City officials believe that once our City budget is approved the process is over for another year. This is far from true. It is actually the start of a 90-day document preparation, criteria review, rewriting, proofing, and finalized cross-checking for accuracy process. With that said, I would be remiss if I did not extend a special thank you to Robin Manuele, Assistant Comptroller, Skip Gillis, Senior Accountant, and Jodi McGrane, Assistant to the Comptroller, all from the Comptroller's Office, for their seemingly endless efforts in continuing to contribute to producing this GFOA award-winning document on behalf of the citizens, taxpayers, and elected and appointed officials of the City of Bristol.

Respectfully submitted,



Glenn S. Klocko  
Comptroller

