

Transmittal Letter

Board of Finance

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City of Bristol

Mayor's Budget Message

Dear Residents and Taxpayers,

Over the course of the last year, the City Hall team has concentrated on leveraging scarce and dwindling resources through collaboration with key partners, employees and citizens. We acknowledge that citizens want to feel pride in where they live. To that end, we are showcasing the best of Bristol's assets and its strengths, while also tackling challenges such as the opioid crisis, changing socio-economic demographics, and additional costs and demands upon the Education budget; all of which is positioned against the backdrop of reduced state and federal aid.

Some of priorities were to identify key areas that need to be boosted. We feel strongly that the role of government is to encourage our non-profits to help fill in the gaps of the social services safety net.

We also now have a Youth Cabinet, an Opioid Task Force, a Diversity Council, a Committee that explored Senior Tax Relief, and expanded Strategic Planning focus and a vibrant Arts & Culture Commission.

We are proud of the aggressive economic development strategy to recruit, retain and help businesses expand to add jobs and grow the Grand List. Key successes include Amazon, high-tech manufacturing and activity within both industrial parks; as well as partnerships with Bristol Adult Education, Bristol Technical High School, Central CT Chambers of Commerce, Tunxis Community College, Capital Workforce Partners and the American Jobs Center.

We have also been focusing resources on quality of life issues that include safe streets, strong schools, clean parks and vibrant neighborhoods. We have also successfully used the invigorated Farmers Market as a business incubator for start-ups. The development of the downtown Centre Square Parcel continues with several parcels sold. Meanwhile, the Memorial Boulevard Theater will soon serve as a catalyst for additional downtown activity.

We will also continue to review every job position and better position our city workforce to deliver cost-effective and efficient services. We welcome opinions and ideas to continue to make Bristol better.

Sincerely,

A handwritten signature in blue ink that reads "Ellen Zoppo-Sassu".

Ellen Zoppo-Sassu
Mayor, City of Bristol



Board of Finance Chairman's Budget Message

To the City Council, Citizens and Taxpayers of Bristol:

On behalf of the members of the Bristol Board of Finance, I present its recommended budget for the 2019-2020 fiscal year for adoption by the joint meeting of the City Council and Board of Finance as mandated by Section 25(l) of the Charter of the City of Bristol.

This budget represents a 3.19% increase that translates to an increase of 1.17 mills and a 3.17% tax increase. Expenditure increases from 2018-2019 are as follows:

- General City \$1.77 million or 2.41 %.
- Debt Service and Capital Transfers \$0.81 thousand or 8.41%
- Education \$3.63 million or 3.26%

Acknowledgements

First, the Board wishes to acknowledge those who played a significant role in the budgetary process beginning with City department heads and Board of Education Administrators who were asked to submit not only financial data for 2019-2020 but also department goals and objectives for the coming year and in some instances for future years as well.

To Diane Waldron, Comptroller, and her staff: Robin Manuele, Assistant Comptroller, Jodi McGrane, Assistant to the Comptroller, Skip Gillis, Senior Accountant and Sharon Chaika, Budget and Accounting Assistant --- Thank you for your leadership, for providing current information, for expressing notes of caution when necessary and for your sage advice and counsel throughout the process.

A personal thank you to the members of the Board of Finance who gave freely of their time and talents attending meetings, listening to and reviewing data, participating in discussions and making difficult decisions regarding the City's 2019-2020 budget plan. Additionally the Mayor's Capital and Strategic Planning Committee was involved reviewing major capital requests, financing alternatives, and presenting recommendations to be included in the capital budget.

Revenue

Revenue estimates remain relatively constant with 2018-2019 with the exception of the Education Cost Sharing Grant, which is estimated to be reduced by \$410,000; however, increases in investment income (\$425,000), building permit fees (\$150,000) and the motor vehicle supplemental tax (\$300,000) partially mitigate the impact of the reduction. In addition the City's Grand List increase from \$3.917 billion to \$3.945 billion generates an estimated \$1.03 million in new tax revenue at the current mill rate.

Expenditures

Budget requests from all sources represented an increase of \$14.7 million (7.59%) over the existing 2018-19 budget:

- General City, \$4.95 million or 6.75%
- Education, \$8.58 million or 7.71%
- Debt Service, \$1210 thousand or 12.56%

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Additionally capital request totaled \$2.55 million and there was an increase of 5.14% in employee health insurance.

Recommended Budget

Following department budget presentations the task of the Board of Finance was to consider all the information and develop a balanced budget for 2019-2020 that would continue to provide outstanding service to the residents and businesses located in Bristol. The Board believes the recommended 2019-2020 budget achieves that goal.

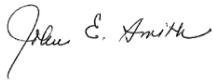
Summary

The Board of Finance, along with the Mayor, the Comptroller and staff continue to play a significant role in the financial operations of the City. They, along with the City Council, are committed to establishing policies and procedures that will maintain the City's favorable bond ratings by Fitch, Moody's and Standard and Poor's. They are committed to developing a balanced budget without a transfer from the City's fund balance. They are committed to supporting the administration's initiatives regarding inter-departmental collaboration and to advocate for additional operational efficiencies. NOTE: initiatives in facilities and IT management are presently underway.

The Mayor has expanded the role of the City's Capital Committee to include a strategic planning component. Strategic planning is critical not only from a financial perspective but also because it provides the elements necessary for those involved to recognize and adapt to the issues that will have to be addressed and resolved in the future.

The 2019-2020 recommended budget totaling \$200,614,740 is a result of consultation, collaboration, and coordination among the operational and governance sections of the City. The future will mandate that all levels of public sector government function as a cohesive unit. It would appear that we, in Bristol, are working towards that process.

Respectfully submitted,



John Smith
Board of Finance Chairperson

Comptroller's Budget Message

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

It is my pleasure to present this 2019-2020 budget message and budget document. It is the culmination of many months of effort on the part of elected officials, citizens appointed to Boards and Commissions of the City, management and City staff who worked diligently on the development of the budget requests as well as preparation of this document in its completed format.

This letter provides an overview of the City's approved 2019-2020 budget. This budget, approved by the City Council and Board of Finance on May 20, 2019, totals \$221,881,118 for all funds. The General Fund budget, on which the mill rate is primarily based, is \$200,614,740. The new mill rate is 38.05 which represents a 1.17 mill rate increase over the prior mill rate of 36.88 or a 3.17% increase.

Budget - Early Preparation Stage

The City's budget process started in November 2018. There were a number of issues affecting the 2019-2020 budget that City officials were aware of through its strategic planning initiative as well as from analyzing recent expenditure trends. Specifically:

- Debt Service was projected to increase approximately \$950,000 due to payments coming due on the May, 2017 bond issue as well as the October 2018 Taxable and Tax-Exempt bond issues to fund various capital improvement projects
- Outstanding union contract settlements; and,
- Funding significant increases in special education costs at the Board of Education.

Also, as 2018 was a gubernatorial election year there was no certainty with regard to state revenues once the legislative session was scheduled to begin in early 2019. Fortunately, once the State legislative process was complete there were no significant reductions in State revenues for FY 2019-2020.

Regardless of these factors, departments were asked to submit budget requests based on what they felt was necessary to effectively operate their respective departments. To assist the Board of Finance with their budget hearings, departments were also directed to complete a narrative that included their department goals and accomplishments for the current fiscal year; highlights of their budget request; goals for the upcoming year; and long term goals. The purpose of this narrative was for the Board of Finance to have this information in advance to encourage a deliberative and meaningful discussion at the budget hearings on the level of funding needed by each department to accomplish their respective goals, objectives and long term initiatives.

Economic Forecast

Part of the preliminary stages of the budget process includes an Economic Forecast prepared by the City's Purchasing Agent that provides guidance on trends in costs for various commodities used by City departments. Areas addressed included fuel costs, utility pricing, costs for tires, postage and office supplies. The Economic Forecast is used year-to-year to provide consistency throughout department budget requests when estimating these operating costs within department budgets. If actual costs are higher than estimated, budgetary adjustments may be made as necessary during budget implementation.

Major Highlights of the 2019-2020 Budget

A significant effort was devoted to adopt a 2020 budget that is balanced fiscally, philosophically and meets the demands of the citizens of the City. 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.

Overall department requests totaled \$209,155,925 representing a 7.59% increase. The Chart below highlights the overall requests:

Requested 2019-2020 Budget:

	Adopted 2018-2019	Requested 2019-2020	Increase \$	Increase %
General City	\$73,362,990	\$78,312,395	\$4,949,405	6.75%
Debt Service	\$9,635,000	\$10,845,000	\$1,210,000	12.56%
Education	\$111,411,195	\$119,998,530	\$8,587,335	7.71%
Total General Fund	\$194,409,185	\$209,155,925	\$14,746,740	7.59%

After significant review budget requests were revised and the Board of Finance approved a General Fund budget of \$200,614,740 representing a \$6,205,555 or 3.19% increase over the 2018-2019 budget. The General City budget increased 2.41%, Debt Service 8.41% and Education 3.26%, as noted in the chart below.

Approved Budget:

Department	Adopted 2018-2019	Adopted 2019-2020	Increase \$	Increase %
General City	\$73,362,990	\$75,128,880	\$1,765,890	2.41%
Debt Service	\$9,635,000	\$10,445,000	\$810,000	8.41%
Education	\$111,411,195	\$115,040,860	\$3,629,665	3.26%
Total General Fund	\$194,409,185	\$200,614,740	\$6,205,555	3.19%

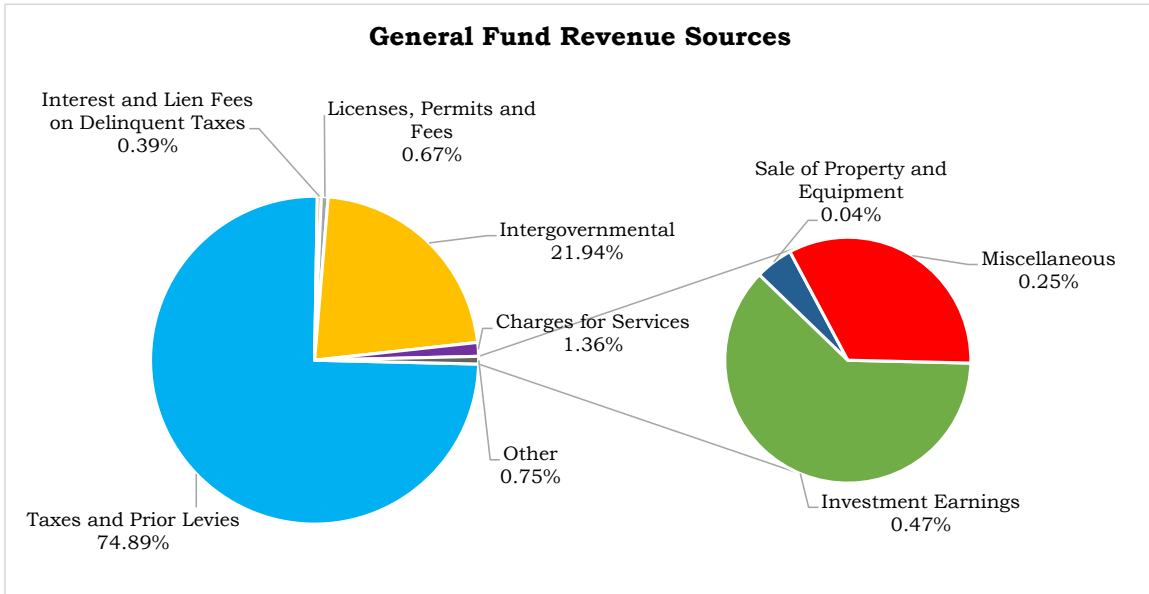
The adopted general fund budget by a Joint Meeting of the City Council and Board of Finance incorporated adjustments/reductions totaling \$8,541,185. These adjustments were based on recommendations from the Comptroller’s office that were identified through budget discussions with Departments, analyzing trends, and projecting needs and costs for the new year as well as recommendations from the Mayor and Board of Finance.

A discussion of the budget follows.

General Fund Revenues

Estimated Revenues:	Adopted 2018-2019	Adopted 2019-2020	Increase/ (Decrease) \$	Increase/ (Decrease) %
Taxes and prior levies	\$144,386,745	\$150,243,760	\$5,857,015	4.06%
Interest and lien fees on delinquent taxes	775,000	775,000	0	0.00%
Licenses, permits and fees	1,185,400	1,345,800	160,400	13.53%
Intergovernmental	44,256,020	44,018,670	(237,350)	(0.54%)
Charges for services	2,745,635	2,723,245	(22,390)	(0.82%)
Investment earnings	508,000	933,000	425,000	83.66%
Sale of property and equipment	75,000	75,000	0	0.00%
Miscellaneous	474,385	500,265	25,880	5.46%
Operating transfers in	3,000	0	(3,000)	(100.00%)
Total Estimated Revenues	\$194,409,185	\$200,614,740	\$6,205,555	3.19%

Revenues increased \$6,205,555 to balance the adopted appropriations.



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

Revenues and Forecasting

Other than Tax and Intergovernmental Revenues, as highlighted below, all other 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. The City's forecasting uses a combination of three to five year trend analysis, consensus, and a review of economic conditions. 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. Revenue increases in Motor Vehicle Supplement Tax revenues, Investment Earnings, and Building Permit Revenues were warranted this year based on historical data, trends and reasonable projections. All other revenue estimates remained flat or near prior year levels for the fiscal 2019-2020 budget estimates.

Tax Revenues and Mill Rate: Result of Budget Deliberations

The 2018-2019 mill rate was 36.88. The mill rate for 2019-2020 is 38.05 mills, a 1.17 mill increase or 3.17%. For the 2018-2019 budget there was an increase of 0.85 in the mill rate from the prior year or 2.36%.

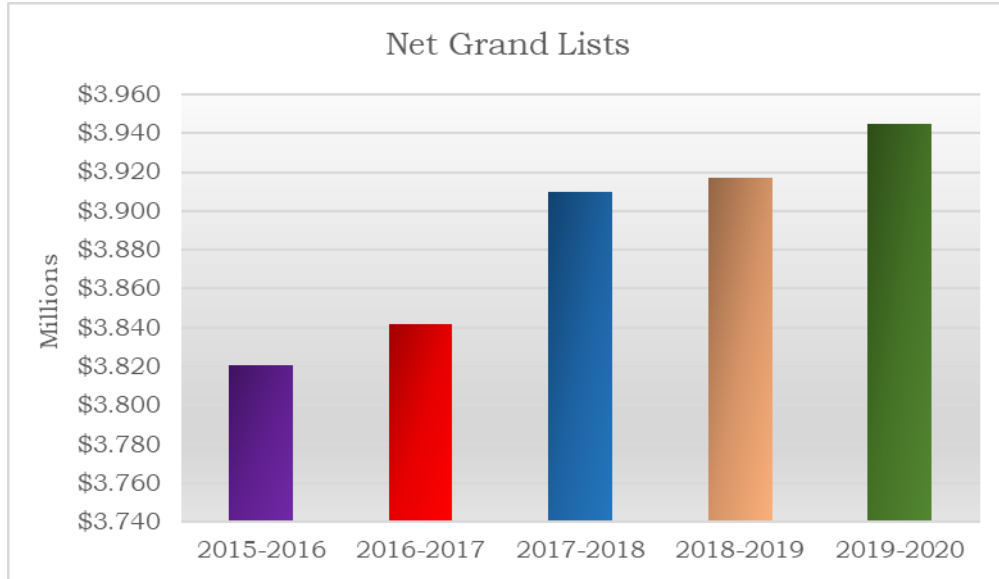
Property taxation is the largest source of the City's revenue. Taxes are levied against real estate, personal property and motor vehicles based on an assessed value which is equivalent to 70% of the market value. The City performs a revaluation of real estate every five years as mandated by State Statutes. The last revaluation for the October 1, 2017 Grand List was effective for the 2018-2019 fiscal year budget.

The total of all taxable property less exemptions is the "Net Taxable Grand List". For 2019-2020, the October 1, 2018 Net Taxable Grand List, after Board of Assessment Appeals adjustments, totaled \$3.945 billion representing an increase of \$28 million over the prior year grand list of \$3.917 billion. Growth in the grand list helps offset any growth in budgeted expenditures to minimize mill rate increases. The \$28 million increase will generate approximately \$1.03 million in new tax revenue at the 2018-2019 mill rate of 36.88. The remaining \$4.83 million to balance the budget will be generated from an increase in the mill rate of 1.17 mills.

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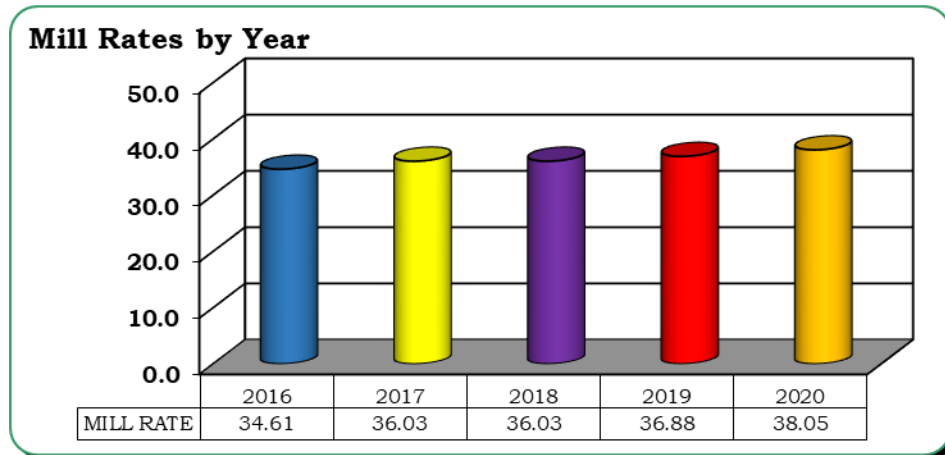
The City has seen modest grand list growth. The following chart presents the annual net grand list growth for a five year period.

CITY OF BRISTOL NET GRAND LISTS LAST 5 BUDGET YEARS					
Grand List Year	2014	2015	2016	2017	2018
Budget Year	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Net Grand List	\$3,821,929,916	\$3,842,668,911	\$3,910,692,532	\$3,917,268,810	\$3,945,511,672



Taxes (75% of all revenues)

Combined tax revenues increased \$5,857,015 and represents 75% of all revenues. The City uses a collection rate of 98.515% when calculating the mill rate to allow for estimated uncollectible taxes throughout the year. This allowance is approximately \$2.2 million. The actual tax collection rate was 98.63% at June 30, 2018 which was a slight decrease from the previous year’s collection rate of 98.92%.



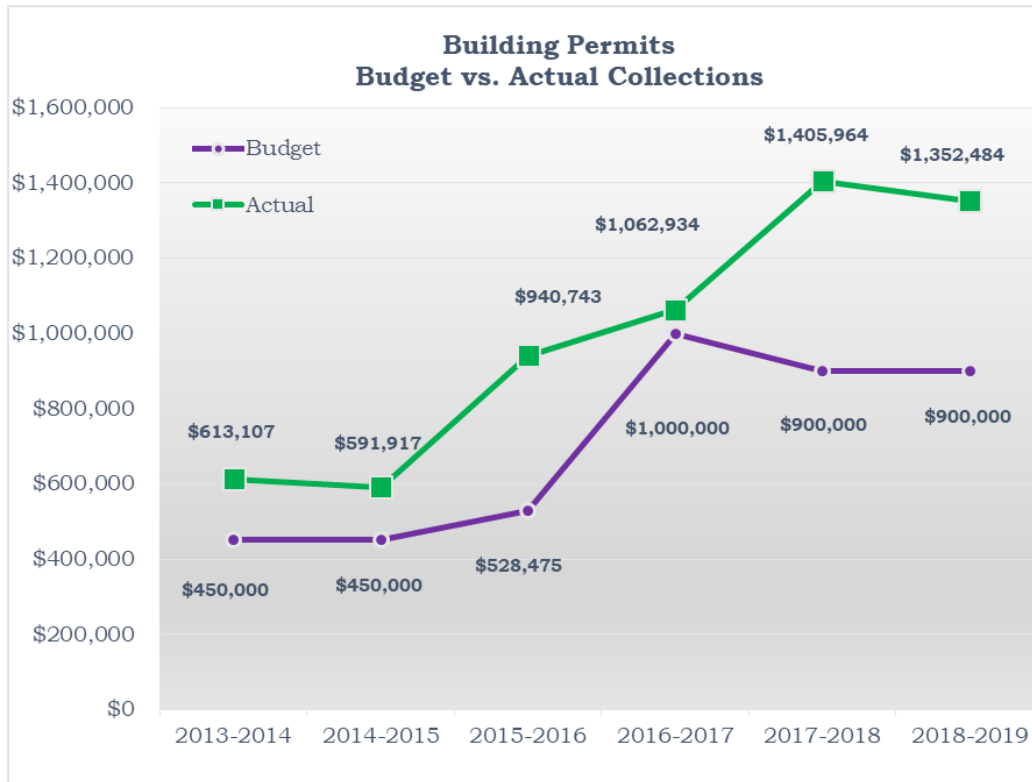
Shown above are the City of Bristol mill rates for the last five budget years

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Several statistical tables are available in the Appendix tab of this document relative to tax levies and collections as well as comparative assessed valuation of taxable property.

Licenses, Permits and Fees

General Fund Licenses, Permits and Fees are anticipated to increase by \$160 thousand. The City has experienced an increase in Building Permit revenue over the last couple of years and based on trends and current economic data this revenue estimate was increased by \$150 thousand accounting for the majority of the increase in this category. The following chart is a comparison of the revenue collected vs. budgeted amounts for building permits during the last six budget years.



Intergovernmental Revenue (22% of all revenues)

Local governments depend on state and federal grants to supplement their property tax and other revenue sources. The city estimates State grants based on the Governor's proposed budget in February and then revises the estimates as more information on the State budget becomes available. The General Fund receives the largest share of state aid. For 2019-2020 the General fund is expected to receive \$44,018,670 in grants. The Education Cost Sharing grant is the largest with \$41,657,310 budgeted. Estimates for Federal grants increased \$113 thousand. The primary reason for this is the City included an estimate in the amount of \$100 thousand for the Housing Authority (Payment in Lieu of Taxes) PILOT grant that had not been budgeted in previous years but has been a steady revenue source.

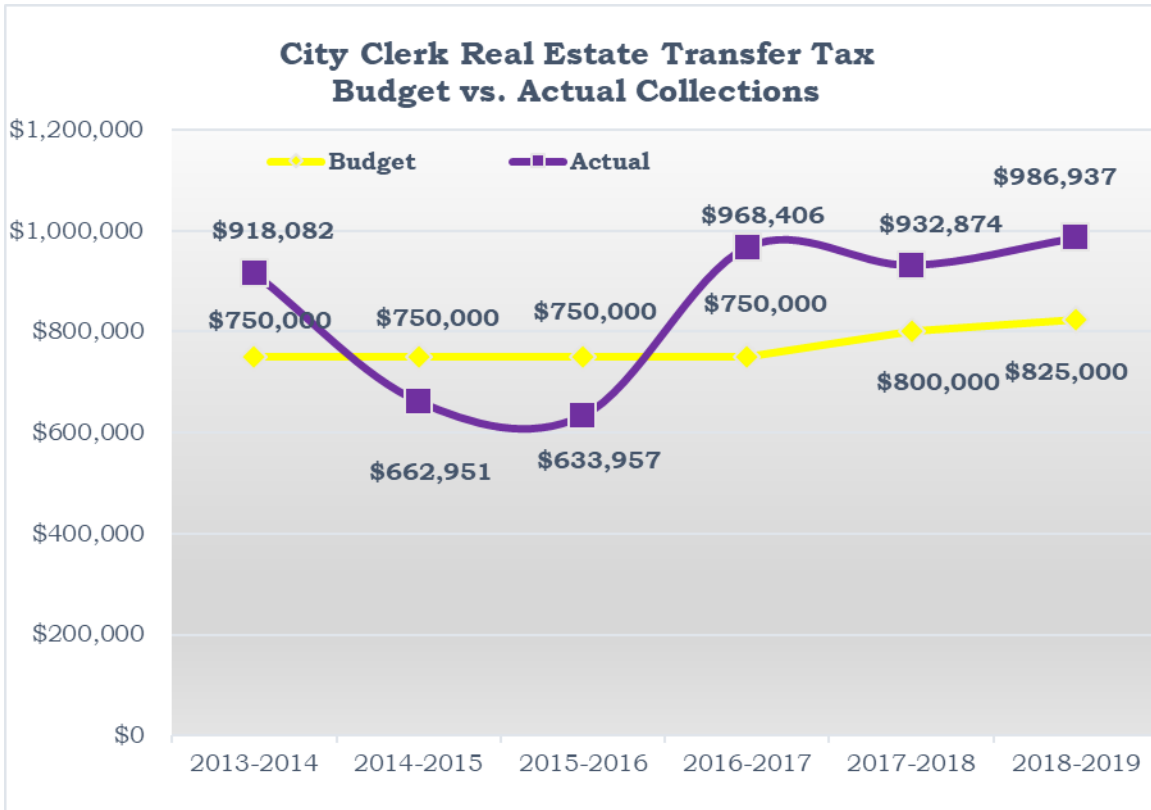
Estimates for State grants decreased in total by \$342 thousand. There were no significant changes to highlight. The primary decrease was in the Education Cost Sharing Grant of \$410,835 which was offset by slight increases in other grants.

Charges for Services

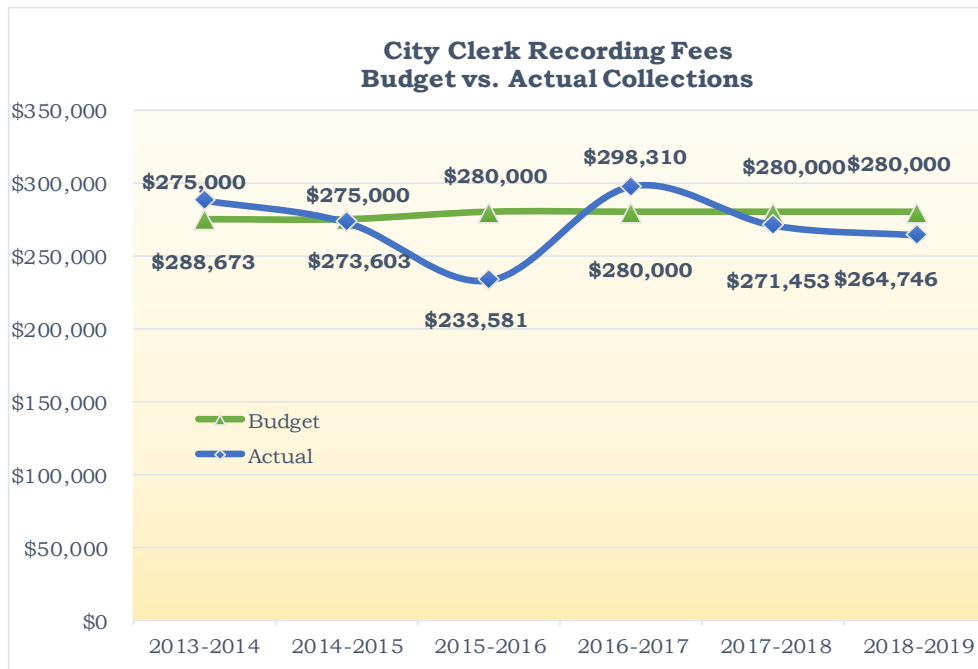
There is a slight decrease in this revenue category. However, the two main General Fund sources within this category are City Clerk Recording Fees and Real Estate Transfer (Conveyance) Fees remain at 2018-2019 levels. Both of these fees have a correlation with Building Permit revenue and have experienced slightly increasing levels of activity over the past few years due to an increase in development and housing starts as well as mortgage refinancing.

The City enacted a policy effective April 1, 2004 to increase the conveyance tax fee from \$0.25 per \$1,000 property sold to \$0.50 per \$1,000 property sold as allowed by State Statutes for 18 “target investment communities” of which Bristol is included. As part of the 2011-2013 biennial budget approval by the State of Connecticut the conveyance tax was made permanent at \$0.50 per \$1,000 property sold.

Below is a revenue trend graph representing six years of budgets and collections for the Real Estate Transfer (Conveyance) Tax.

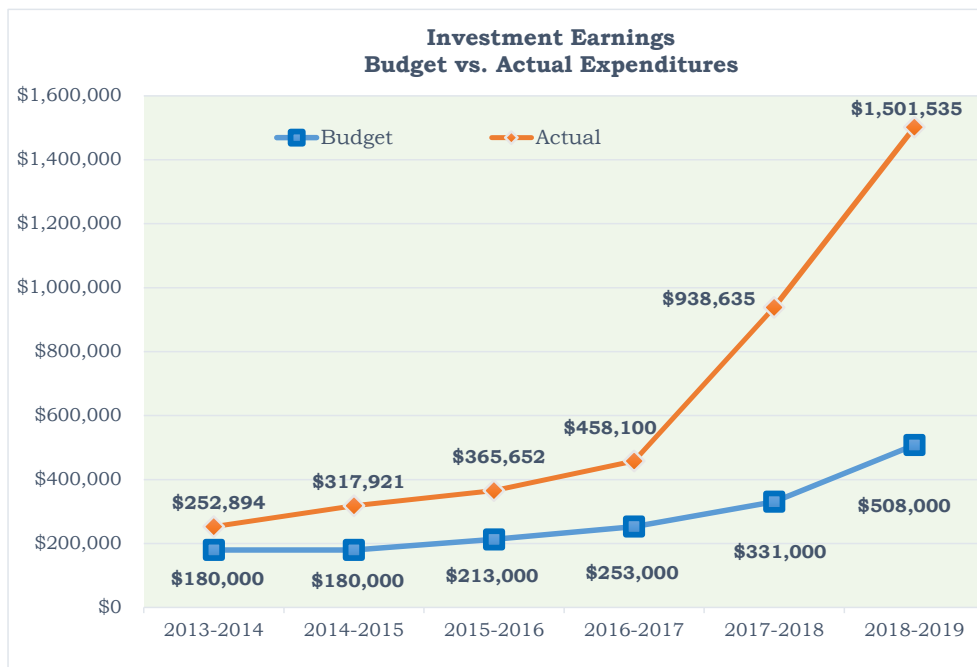


The City Clerk’s Office collects fees for the recording of documents. The fees are charged as set by the State of Connecticut. This revenue source has remained steady over the years and collections have been consistent with budget estimates. On the next page, is a six year revenue trend for the Recording Fees account.



Investment Earnings

The City has experienced an increase in Investment Earnings over the last couple of years. For the 2018-2019 fiscal year the City anticipates it will earn over \$1,000,000 in investment income, exceeding the budget estimate of \$508,000. For the 2019-2020 year investment income was increased \$425,000 to a total of \$933,000. While still relatively below estimates for 2018-2019, the City prefers to monitor trends and implement changes (positive and negative) conservatively.



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Investment Earnings revenue is accounted for through the Treasurer's office and is allocated monthly to all City funds. The allocation is determined by each funds average cash balance at month-end.

Sale of Property and Equipment/Miscellaneous

This accounts for the disposal of phased-out, old or ineffective City property such as vehicles, equipment and furnishings. Revenue generated usually offsets the cost of replacement items for the departments disposing of assets.

Miscellaneous is a catch all classification which primarily includes income generated from Park and Library Trust Funds. Trust fund interest is used to offset or add to Park and Library Appropriations. More information on these Trusts can be found in the "Library" and "Parks and Recreation" sections of this budget document.

There are no significant changes in these revenue sources estimated.

Operating Transfer In

Revenue anticipated to be received from other sources within the government are accounted for here. A decrease of \$3,000 to \$0 is anticipated for 2019-2020 that in prior years represented a debt payment on Capital Projects for the sewer system paid for by the City. As of July 1, 2019 this debt service is fully retired.

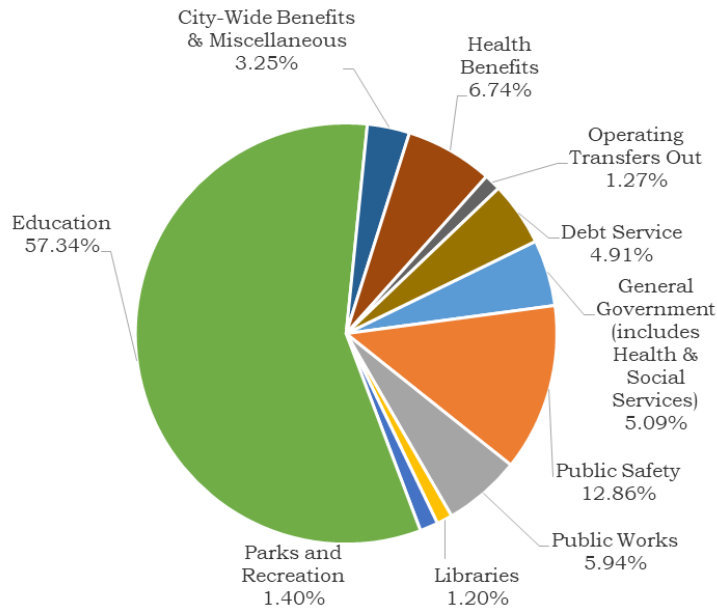
Other Financing Sources

Use of Fund Balance is occasionally used to balance the operating budget for a number of reasons, primarily as an alternative to increasing the mill rate. The City of Bristol's Board of Finance established a policy to reduce the reliance on surplus to balance the General Fund budget. From an historical high of \$3.66 million years ago, the City has achieved its goal and since 2016-2017 has not used any amount of fund balance to balance the budget. The City's total fund balance at the end of June 30, 2018 is \$37.8 million and unassigned fund balance is \$28.3 million, representing 19.1% and 14.3 % of June 30, 2018 expenditures. This is well within the City's policy of 15%-20% and 12%-15%, respectively.

General Fund Expenditures

Delivery of public services while maintaining a structural balance to stabilize taxes is the goal of the budget process. Below illustrates the components of the expenditures of the City of Bristol General Fund budget:

General Fund Expenditure Objects



Department Budget Expenditures

	Adopted 2018-2019	Adopted 2019-2020	Increase/ (Decrease) \$	Increase/ (Decrease) %
General Government	\$6,606,185	\$6,664,350	\$58,165	0.88%
Public Safety	25,409,185	25,795,695	386,510	1.52%
Public Works	12,277,410	11,924,830	(352,580)	(2.87%)
Health and Social Services	3,440,080	3,538,605	98,525	2.86%
Libraries	2,234,770	2,404,680	169,910	7.60%
Parks and Recreation	2,580,645	2,808,815	228,170	8.84%
Miscellaneous & Other Uses	30,449,715	32,436,905	1,987,190	6.53%
Education	111,411,195	115,040,860	3,629,665	3.26%
Total General Fund	\$194,409,185	\$200,614,740	\$6,205,555	3.19%

The most significant changes were in the following departments:

- Public Works decreased overall 2.87% primarily due to a \$400,000 reduction in the Public Works Major Road Improvement account. Over the last few years this appropriation has been supplemented with Grants in Aid funding from the State of Connecticut in the amount of approximately \$2.49 million appropriated for major road construction projects. Over the last few years this account has had significant balances carried over to the following fiscal year, and the same is anticipated for the 2018-2019 fiscal year. This decrease is not anticipated to affect the Public Works road improvement program at this time. All intentions are to reinstate this account to current levels in future years, as needed, and as the budget allows.
- Health and Social Services increased 2.86% primarily due to an increase to the City's share of the Bristol/Burlington Health District budget.
- Libraries increased 7.60% or \$169,910 primarily as a result of salary increases due to union contract settlements.
- Parks and Recreation increased 8.84% due to a staff re-organization and wage increases due to union contract settlements. Repairs and maintenance to recreation facilities are also a factor for the increase.
- Education increased 3.26% or \$3.63 million. In addition to increased wages due to union contract settlements the other driving factor for this increase is the cost to provide Special Education Services. This component of the Education budget has been increasing dramatically over the last couple of years. A chart of historical expenditures is shown with the discussion of Education's budget.
- All other City department controllable appropriations remained at prior levels.
- Debt Service increased \$950,000 due to increased debt service costs on long term borrowing as a result of bonds issued in May, 2017 and October, 2018.
- Miscellaneous and Other Uses increased 6.53% primarily due to an increase in the transfer to the Internal Service Fund. The Internal Service Fund increased due to projected health insurance claims and related costs for the City's medical insurance benefits.
- Transfers Out for Special Revenue Funds increased 17.64% or \$308,010 due to a significant increase in costs to dispose of recycled materials as the resale market for such materials collapsed.

Capital outlay requests in the General Fund totaled \$2,557,775 on the City side within the General Fund, excluding Board of Education. This amount included Public Works-Fleet requests of \$1,256,000, of which \$1,138,000 in funding was approved. Of the remaining \$1,301,775, \$713,915 was approved for funding through the Equipment Building Sinking Fund. As in prior years the City anticipates funding this with a transfer of available surplus reserves at June 30, 2019. Items not funded but deemed a priority or essential to the department will be funded through 2018-2019 departmental transfers as funding is available.

On a preliminary basis, the 10-Year Capital Improvement Plan (CIP), which incorporates the Capital Budget, was reviewed with the Capital Improvement and Strategic Planning Committee along with the operating budget, in order to incorporate the full impact of the CIP on the City's finances. The tab labeled 'Capital Budget Summary' contains the Capital Budget and CIP information for 2019-2020.

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 City budget increased \$2,575,890 or 3.01% while the Board of Education increase \$3,629,665 or 3.26%. This results in a net operating budget increase of \$6,205,555 or, 3.19%, over the 2018-2019 General Fund approved budget.

Operating Budget: General Fund – City

The appropriated expenditures presented below have been regrouped in order to better compare significant recurring expenditures. As such, debt service and capital items have been excluded and other transfer out items have been grouped with the type of expenditure to which they relate. For example, health insurance and workers’ compensation insurance have been moved from Operating Transfers out to Benefits/Insurance.

GENERAL FUND - CITY OPERATIONS BY CHARACTER					
	Adopted 2018-2019	Adopted 2019-2020	\$ Change	% Change	% Increase
Salaries	\$39,015,855	\$39,857,850	\$841,995	2.16%	1.15%
Contractual Services	11,268,420	11,438,815	170,395	1.51%	0.23%
Benefits/Insurance	16,142,020	17,049,080	907,060	5.62%	1.24%
Supplies	3,069,525	3,058,305	(11,220)	(0.37%)	(0.02%)
Capital Outlay	1,517,220	1,493,720	(23,500)	(1.55%)	(0.03%)
Other/Miscellaneous	1,256,805	1,209,805	(47,000)	(3.74%)	(0.06%)
Operating Transfers Out	1,093,145	1,021,305	(71,840)	(6.57%)	(0.10%)
TOTAL	\$73,362,990	\$75,128,880	\$1,765,890	2.41%	2.41%

Salaries increased 2.16% over the prior year salary accounts which represents 1.15% of the overall increase in the City budget. This increase reflects wage increases for union contracts that have settled and estimates for those that are currently in negotiation. In addition, there were a number of retirements during the 2019 fiscal year that provided an opportunity for some departments to restructure or reorganize and/or reduce the number of full time employees through attrition.

A detailed analysis of personnel expenditures, including wages, salaries and benefits can be found on page. A listing of authorized positions can be found in the Appendix.

Contractual Services increased 1.51%. This accounts for most professional fees, service and repairs and maintenance. The slight increase is attributable to software maintenance on new systems implemented over the last year as well as increased costs on current service contracts. One of the City’s initiatives is to improve process through the use of technology. Most recently the City has implemented a Building Permit software system, Document Management system and SeamlessDocs, a form development software that can be used by all City departments.

Benefits and Insurance increased \$907 thousand or 5.62%. This is attributable to an increase in the City's expected health insurance claims. Funds for the City's health insurance and workers' compensation estimates are transferred to the Internal Service Fund. The City's contribution to the Other Post Employments Benefits Trust fund is also included at a budget amount of \$1,450,000 which is unchanged from the 2019 budget. There is no required contribution to the City's General Retirement Fund which provides a defined benefit pension to all City employees, certain Board of Education employees, and Police and Fire employees. The City retirement fund is funded at 143.6% at July 1, 2018.

Another factor in the increase in City Employee Benefits/Insurance is increases in FICA and Medicare directly related to contractual wage increases as well as a slight increase in life insurance costs.

Supplies decreased slightly and were estimated at current year levels.

Capital Outlay decreased 1.55% or \$23,500. This accounts for recurring capital expenditures expected to last more than one year and cost more than \$1,000 and generally includes vehicles, maintenance equipment, computers, office furniture, and replacements or enhancements to City buildings and facilities. For all funds department requests totaled \$2,916,775 and \$2,210,915 was recommended and approved for funding from the City's Equipment Building Sinking Fund. The remaining amount of \$705,860 is primarily for Public Works and Parks vehicle and equipment purchases.

Miscellaneous/Other is comprised of all other expenditures not included in other groups. This category has decreased \$47,000 or 3.74%.

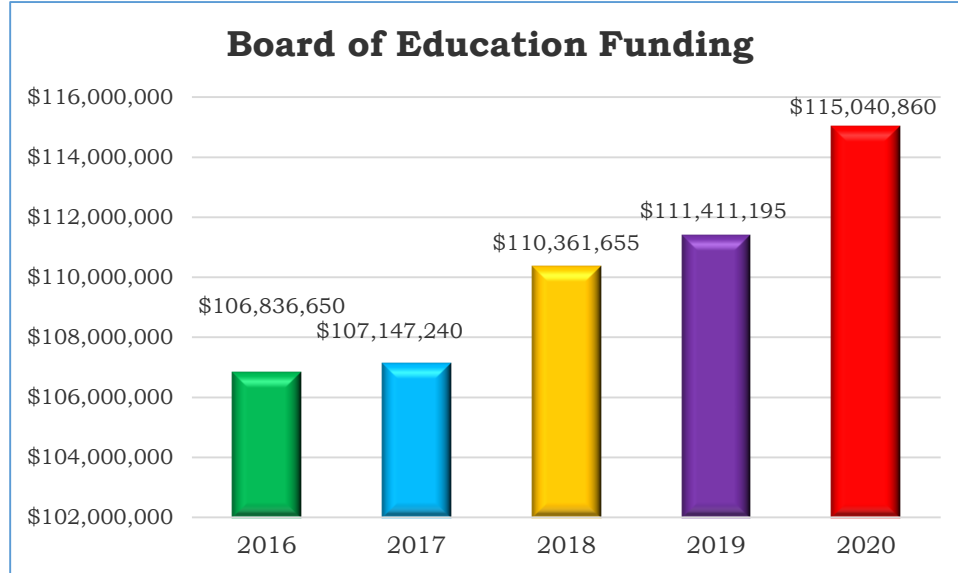
Operating Transfers Out decreased \$71,840 or -6.57% and represents an overall decrease of 0.10% to the City budget.

Contingency

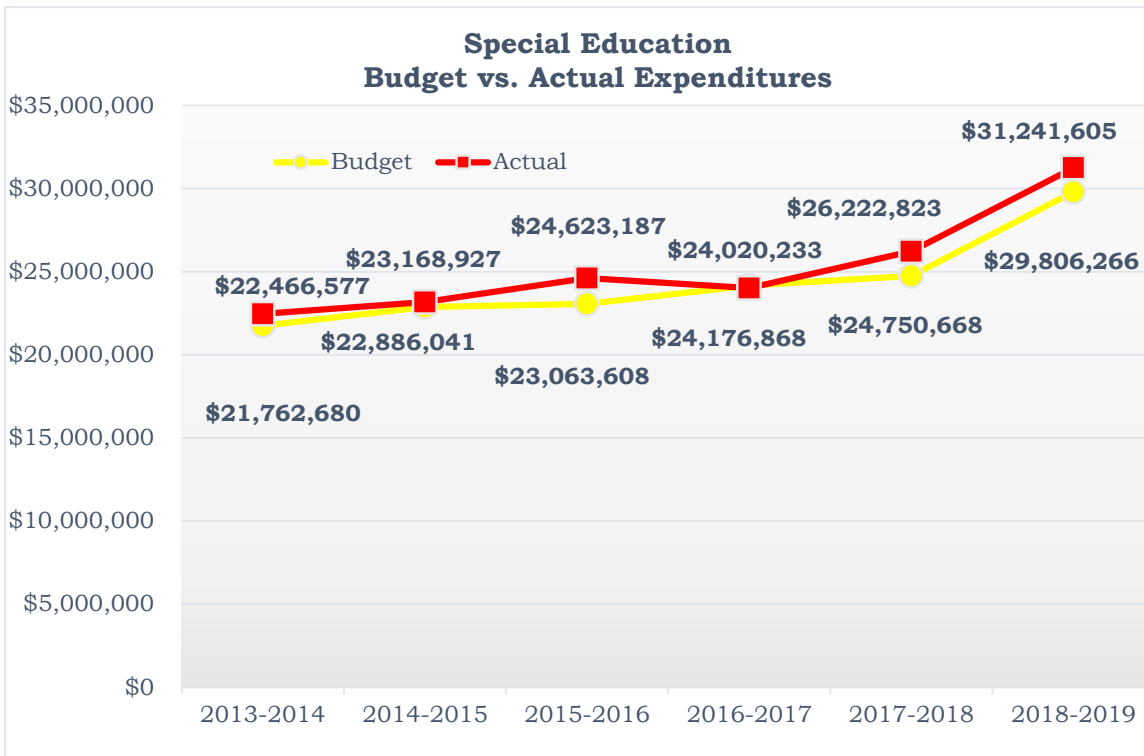
Each fiscal year, City officials "worry" if the funding level for the City's budget will be sufficient to handle emergency expenditures such as for a bad winter storm year or unforeseen emergencies or opportunities. A Contingency account provides the first line of defense to any potential use of the City's fund balance levels. The Contingency line remained the same at \$1,000,000 for 2019-2020.

Operating Budget: General Fund – Education

The Board of Education (BOE) adopted budget of \$115,040,860 is an increase of \$3,629,665 over the current year. State statute mandates a BOE budget, which 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. The Board of Education anticipates a deficit in FY 2018-2019 between \$650 and \$900 thousand primarily due to increased Special Education costs. Even with an anticipated additional appropriation for 2019 it is expected the budget for 2019-2020 will be within the MBR.



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



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Other BOE funding sources not affecting the Minimum Budget Requirement (MBR):

Use of Revenue Estimates:	
Tuition Revenue	\$165,180
School Building Revenue	79,297
Medicaid Revenue	360,966
Excess Student Cost Revenue	<u>4,261,479</u>
Total Other Funding Sources	<u>\$4,866,922</u>

Looking at past history, actual revenues have been higher than estimates, therefore the Board of Education may receive more than the \$4,866,922 estimate for 2019-2020.

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

Other Funds

There are a number of other funds for which the City approves budgets – the Capital Projects Fund which appropriates funding for the current year of the Capital Improvement Program, seven Special Revenue Funds (Community Development Act, Sewer Operating and Assessment Fund, Solid Waste Disposal Fund, School Lunch Program, Pine Lake Challenge Course, LoCIP Projects, and the Transfer Station Fund), the Internal Service Fund comprised of two individual funds for Health and Workers’ Compensation insurances and one Enterprise Fund – the Bristol Water Department. The following is a brief synopsis of each:

Community Development Block Grant Fund (CDBG) (Bristol Development Authority) - This fund accounts for the operations of the Bristol Development Authority. The Bristol Development Authority is responsible for community development including aid to low to moderate-income persons and neighbors, grants administration, legislative liaison activities and economic development. The Bristol Development Authority is funded by two sources; the City share and the Community Development Block Grant (referred to as CDBG). The City share costs are budgeted within the General Fund and can be found as a transfer-out to a special revenue fund. The CDBG grant includes the salary and related costs of the Housing and Project Specialist. The City share pays for an Executive Director, 50% of a Grants Administrator, clerical support and a Marketing and Public Relations Specialist, their benefits and costs for running the office. The 2019-2020 City share is \$415,020 which represents a decrease of \$62,615 over the 2018-2019 budget primarily the result of the elimination of a position. Of the remaining budget amount \$666,188 is funded by the Federal CDBG grant and \$17,000 in program income.

Sewer Operating and Assessment Fund – This fund accounts for the operations of the City's Wastewater Treatment Plant. The fund is supported by sewer user charges billed by the Bristol Water Department. Additionally, Water Pollution Control currently bills for assessments on Sewer Capital Projects. The revenues from these assessments are used to pay outstanding debt issued for these capital projects. Water Pollution Control has undertaken several capital projects known as Infiltration/Inflow Studies. These completed studies will result in a reduction of flow into the wastewater treatment plant. This will eventually reduce some of the operating costs associated with the treatment supplies and costs. In anticipation of the wastewater treatment plant upgrades, the City set up a Water Pollution Capital and Non-Recurring Fund several years ago to help defray costs for the taxpayers as well as the users. This fund is currently being used for the repayment of loans and capital project costs associated with the studies taking place. The Sewer Operating and Assessment Fund approved 2019-2020 budget is \$7,629,365, or a \$379,865 increase over the approved 2018-2019 budget.

Solid Waste Disposal Fund – This special revenue fund accounts for the operations of the City’s solid waste disposal program. It is subsidized primarily by a transfer in from the General Fund. Other revenue sources of the fund are disposal permits, hauler charges, the City’s host fee, and interest income. The total 2019-2020 budget for this self-balancing fund is \$1,483,850, an increase of \$372,100 from 2018-2019 which is primarily due to the increase in disposal fees for recycled materials.

School Lunch Program - This special revenue fund is used to account for the sales of school lunches in the Bristol School system. This fund has several revenue sources. The two largest revenue sources within the fund are the sale of school lunches budgeted at \$348,545 and federal reimbursement at \$2,675,420. The expenses of the fund include the salaries of the employees needed to operate and supervise the cafeterias, food supplies, and employee benefits. The total budget is \$3,163,465 or an increase of \$240,793.

Pine Lake Challenge Course - This special revenue fund is used to account for a recreational facility used mainly by outside groups. This budget is one of the City's smaller funds and is generally accepted as presented. This year's budget is \$150,890.

LoCIP Projects - This special revenue fund is used to pay for projects approved under the Capital Budget with the yearly state grant allocation of money to the cities and towns in Connecticut under this program. The City is reimbursed after the expenditure is made on approved projects under this State grant. The City of Bristol receives approximately \$500,000-\$600,000 yearly for this program. This year, the City received \$540,000.

Transfer Station Fund- This special revenue fund is used to account for the Pay as You Throw (PAYT) program at the Transfer Station. PAYT is also known as SMART (Save Money and Reduce Trash). The PAYT System seeks to equalize the cost of using the transfer station. This year’s budget is \$705,985, a decrease of \$15,825.

Internal Service Fund – The Health Benefit and Workers’ Compensation Funds provide reserves necessary to support a self-insurance program for health benefits and workers’ compensation claims. The Health Benefits fund increased 5.1% as a result of projected health claims. The Workers’ Compensation Fund decreased 1.36% due to a projected decrease in Heart and Hypertension benefit payments. The Insurance Committee (a subcommittee of the Board of Finance) is charged with oversight as well as plan design changes within the Health Benefits Fund.

Enterprise Fund - The enterprise fund is used to account for the operations of the Bristol Water Department. The supervision of the Bristol Water Department is entrusted to the Board of Water Commissioners. These operations are financed and operated in a manner similar to that of a private business. It has been an ongoing practice to accept the Water Department's revenue estimates and expense estimates as projected. For the 2019-2020 appropriations for this fund have increased slightly or approximately \$27,000.

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 10 year Capital Improvement Program (CIP) that is a forward looking, multiyear plan identifying capital projects to be funded over the next five to ten years. 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. The City recently implemented a process where the 10 year CIP will be reviewed at a minimum on a quarterly basis and more frequently during the budget process. It is believed that more frequent discussion of the City's long range capital needs in concert with the City Plan of Development will provide a more deliberative discussion to assist the City in achieving its long term goals.

The City and the Education elected/appointed Board and respective management teams 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, the City administration from time to time will adopt informal long-term goals as needed.

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. More of the City's non-financial goals are highlighted in the Mayor's budget message.

Budget Document

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 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, the document is a staff and citizens' useable policy, objective, and goal-orientated document. It focuses budget decisions on results and outcomes,

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incorporates a long-term perspective and lastly, 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 that includes criteria review, rewriting, proofing, and a 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, Sharon Chaika, Budget and Accounting Assistant, 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,



Diane M. Waldron
Comptroller