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**City of Bristol**  
**Mayor's Budget Message**

Dear Residents and Taxpayers,

As we begin our new fiscal year it is important to note that it is also the second half of calendar year 2020. The first half of the year derailed the ordinary schedule of tasks as we pivoted to respond to a pandemic and all that it affected. Today, Bristol is trying to get back on track, with a mix of both cautious optimism and precautions in place. The last 3 months have presented a series of challenges to the City and Board of Education, and together, our departments are continuing to assess community needs and chart a path forward.

The relationship with our community partners has also resulted in great collaborations, which we will nurture and continue to sustain. Departments that traditionally did not work together now have solid relationships. Our City Hall staff continued to perform critical functions and provide services to the public. Most notably, the Bristol-Burlington Health District managed data collection, contact tracing, and worked with city departments, the Board of Education, the Hospital and others to ensure mitigation strategies were in place and provided leadership on the weekly conference calls.

City departments and residents together continue to show their resilience and will be continuing our discussions on Diversity, Equity and Inclusion, as well as defining community policing, and monitoring the budget and evaluating opportunities to share resources, work with the Board of Education on delivering quality programs for all, -and pursue an aggressive economic development agenda to grow the Grand List.

The City Council and I are grateful for the level of professionalism displayed by staff, board and commission members, and all of the residents who volunteered during the pandemic. We are stronger together, and we are All Heart.

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 Mayor, 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 2020-2021 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 2.49% increase above the City's 2019-2020 budget that translates to an increase of 0.50 mills and equates to a 1.18% tax increase. Expenditure changes from 2019-2020 are as follows:

- General City increased \$1.75 million or 2.38%.
- Debt Service and Capital Transfers decreased \$0.99 thousand or 8.29%
- Education increased \$4.23 million or 3.68%

**Revenue**

Revenue estimates remain relatively constant with 2019-2020 with the exception of Investment Income, which is estimated to be reduced by \$337,000. In light of current economic conditions resulting from the COVID 19 pandemic, interest rates have plummeted over the last few weeks and it is highly unlikely the City will be able to invest its cash balances at rates similar to the current and prior year. However estimated increases in building permit fees (\$150,000) and police special services (\$250,000) may partially mitigate the impact of that reduction. In addition the City's Grand List increase from \$3.945 billion to \$3.998 billion will generate an estimated \$2.03 million in new tax revenue at the current mill rate.

At June 30, 2019 the Joint Meeting set aside \$1 million in a Mill Rate Stabilization Fund primarily to be used to offset anticipated increases in future debt service costs as well as other expenses. Of this amount \$400,000 will be used to offset the increase in anticipated FY2021 health insurance expenses while \$600,000 will be used to help lessen the impact of the mill rate increase as well as \$1,000,000 that was segregated in Fund Balance for Economic Development. Additionally, in light of the economic issues resulting from the pandemic, the City extended the timeline for payment of all taxes to October 1, 2020 as allowed by the Governor's recent Executive Orders.

**Expenditures**

The budget process began well before there was any knowledge of a health crisis that would impact millions throughout the world. Department requests addressed both immediate and future goals and objectives and in total represented an increase of \$11.1 million (5.53%) over the existing 2019-2020 budget:

- General City, \$3.6 million or 5.38%
- Debt Service and Capital Transfers, \$385 thousand or 3.22%
- Education, \$6.76 million or 5.87%

Additionally, capital requests totaled \$2.58 million and there was a projected 8% increase in health insurance.

As discussion at every level continued issues surrounding COVID-19 became more widespread. It was soon apparent that the virus was becoming a devastating factor not only to human life but also to the world economy. New health protocols were promulgated in most countries including the United States. Both the Federal and State Government issued health alerts and mandates led to a major shutdown of the economy. The impact on local businesses was severe. Consequently members of the Board of Finance, both individually and collectively, posed alternatives to reduce expenditures. The Mayor, Comptroller, along with their staff, and others reviewed various aspects of the City's operations as did the Superintendent of Schools and her Staff. With all parties

## **Transmittal Letter**

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working collaboratively, additional expenditure reductions were made resulting in a recommended 2.49% budget increase.

The economic impact of COVID-19 on State and Local governments is filled with conjecture. However, at the present time, Bristol is well prepared to deal with both operational and financial issues as they arise. We are strong financially and as a result are able to fund all municipal services albeit some are shuttered for health reasons. Additionally, Capital Projects such as the complete renovation of the Page Park Pool are continuing and we have policies in place to meet our financial obligations and maintain our favorable bond ratings from Fitch, Moody's and Standard and Poor's. Additionally, operational silos are beginning to disappear and with more shared services among Departments operational efficiencies are being achieved.

However, we do need to exercise caution as the financial picture for the immediate future is blurred. The Mayor's initiative to engage strategic planning is becoming a critical resource as the City is forced to deal with issues presently unknown.

### **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 2020-2021 that would continue to provide outstanding service to the residents and businesses located in Bristol. The Board believes the recommended 2020-2021 budget achieves that goal.

### **Summary**

The 2020-2021 Board of Finance adopted budget totaling \$205,608,100 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. With the Mayor's expansion of the role of the City's Capital Improvement Committee to include a strategic planning component the City will be better prepared to address short and long term goals not only from a financial perspective but also to recognize the elements necessary to pursue economic growth for the community.

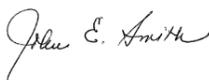
### **Acknowledgements**

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 2020-2021 but also department short term and long term goals and objectives.

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 2020-2021 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.

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 2020-2021 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 and review as well as preparation of this document in its completed format.

A significant effort was devoted to adopt a 2021 budget that is balanced fiscally, philosophically and meets the demands of the citizens of the City while keeping in mind the uncertainty of the economy and best interests of the taxpayers during these unsettling times. It is the desire of this administration, through this budget, to advance the quality of life for residents of the City of Bristol.

This budget messages provides an overview of the City's approved 2020-2021 budget. This budget, approved by the City Council and Board of Finance on June 2, 2020, totals \$224,758,509 for all funds. The General Fund budget, on which the mill rate is primarily based, is \$205,078,100. The new mill rate is 38.35 which represents a 0.30 mill rate increase over the prior mill rate of 38.05 or a 0.79% increase.

### **Budget – Planning and Challenges**

The City's 2020-2021 budget process started in November 2019. At that time there were a number of issues City officials were aware of to impact the 2020-2021 budget. Specifically:

- A planned phased in of Debt Service increases primarily as a result of the October 2019 bond issue. In addition, gradual increases to the debt service line item were expected over the next few years to meet future capital needs of the City and stay well within acceptable debt service guidelines, policies and ratios. The premium from the October 2019 issue will be spread out over the next couple of years to achieve this.
- Negotiated union contract wage and benefit increases. Three union contracts were still pending in the fall and were subsequently negotiated prior to the completion of the budget process. In addition to wage increases, the impact of restructuring the salary scale for one of the unions was a factor as well.
- Significant increases in special education costs at the Board of Education.

Due to these challenges, and different from prior years where departments were not restricted with their requests, departments were asked to stay within current year levels with no significant requested increases or new items unless justified. Departments also prepare a budget narrative that includes the 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 the narrative is to assist the Board of Finance in their departmental budget reviews. By having this information in advance it encourages a deliberative and meaningful discussion on the level of funding needed by each department so as to accomplish their goals, objectives and long term initiatives.

Shortly after the Comptroller's Office received and reviewed all department budget requests in early 2020 the Coronavirus Pandemic hit and drastically altered the City's approach to the development of the 2020-2021 budget. Faced with a spiraling economy, unprecedented unemployment and unanticipated additional costs and lost revenues City officials were looking at how they could adopt a maintenance budget, maintain Education funding and meet contractual obligations without a significant tax increase. How this was accomplished will be discussed and highlighted throughout this budget message.

**Economic Forecast**

Provided with the budget instructions is 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 2020-2021 Budget**

Overall department requests totaled \$211,718,260 representing a 5.53% increase. The Chart below highlights the overall requests:

**Requested 2020-2021 Budget:**

	<b>Adopted 2019-2020</b>	<b>Requested 2020-2021</b>	<b>Increase \$</b>	<b>Increase %</b>
<b>General City</b>	\$73,628,880	\$77,591,075	\$3,962,195	5.38%
<b>Debt Service &amp; Capital Transfers</b>	\$11,945,000	\$12,330,000	\$385,000	3.22%
<b>Education</b>	\$115,040,860	\$121,797,185	\$6,756,325	5.87%
<b>Total General Fund</b>	\$200,614,740	\$211,718,260	\$11,103,520	5.53%

After significant review budget requests were revised and the Board of Finance and City council at a Joint Meeting approved a General Fund budget of \$205,078,100 representing a \$4,463,360 or 2.22% increase over the 2019-2020 budget. The General City budget increased 2.11%, Debt Service and Capital Transfers decreased 8.96% and Education 3.46%, as noted in the chart below.

**Approved Budget:**

<b>Department</b>	<b>Adopted 2019-2020</b>	<b>Adopted 2020-2021</b>	<b>Increase (Decrease) \$</b>	<b>Increase (Decrease) %</b>
<b>General City</b>	\$73,628,880	\$75,181,100	\$1,552,220	2.11%
<b>Debt Service &amp; Capital Transfers</b>	\$11,945,000	\$10,875,000	(\$1,070,000)	(-8.96%)
<b>Education</b>	\$115,040,860	\$119,022,000	\$3,981,140	3.46%
<b>Total General Fund</b>	\$200,614,740	\$205,078,100	\$4,463,360	2.22%

The adopted general fund budget by a Joint Meeting of the City Council and Board of Finance incorporated adjustments/reductions totaling \$6,640,160. These adjustments were based on recommendations from the Comptroller's office identified through budget discussions with Departments, analyzing trends, projecting needs and costs for the new fiscal year as well as recommendations from the Mayor, City Council members and the Board of Finance.

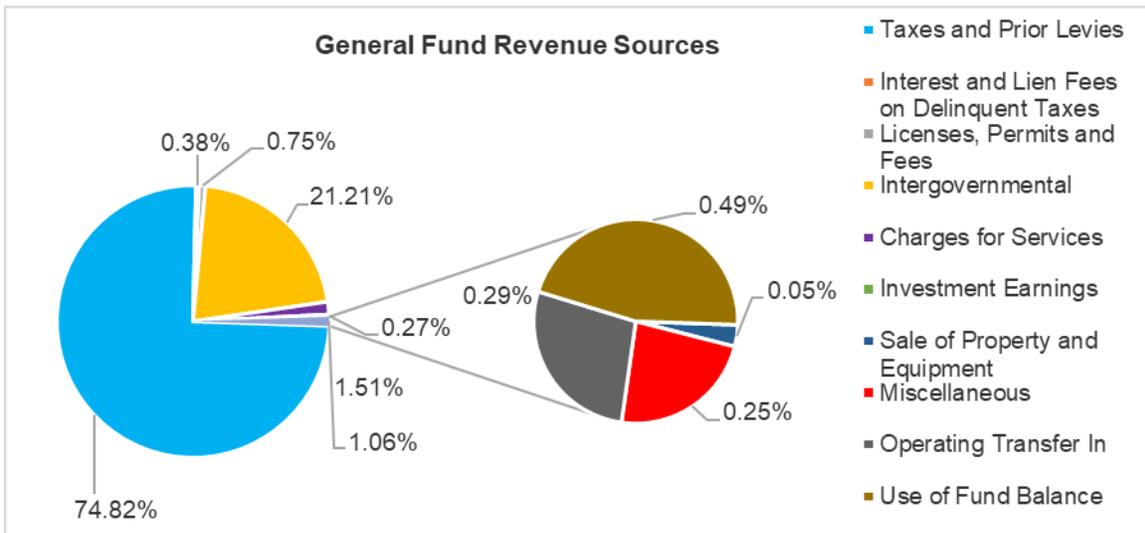
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A discussion of the budget follows.

**General Fund Revenues**

<b>Estimated Revenues:</b>	<b>Adopted 2019-2020</b>	<b>Adopted 2020-2021</b>	<b>Increase/ (Decrease) \$</b>	<b>Increase/ (Decrease) %</b>
Taxes and prior levies	\$150,243,760	\$153,431,450	\$3,187,690	2.12%
Interest and lien fees on delinquent taxes	775,000	775,000	0	0.00%
Licenses, permits and fees	1,345,800	1,528,300	182,500	13.56%
Intergovernmental	44,018,670	43,499,925	(518,745)	(1.18%)
Charges for services	2,723,245	3,104,210	380,965	13.99%
Investment earnings	933,000	556,000	(377,000)	(40.41%)
Sale of property and equipment	75,000	75,000	\$	0.00%
Miscellaneous	500,265	508,215	7,950	1.59%
Operating transfers in	0	1,600,000	1,600,000	0.00%
<b>Total Estimated Revenues</b>	<b>\$200,614,740</b>	<b>\$205,078,100</b>	<b>\$4,463,360</b>	<b>2.22%</b>

Revenues increased \$4,463,360 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 2020-2021 budget estimates.

**Tax Revenues and Mill Rate: Result of Budget Deliberations**

The 2019-2020 mill rate was 38.05. The mill rate for 2020-2021 is 38.35 mills, a 0.30 mill increase or 0.79%. For the 2019-2020 budget there was an increase of 1.17 in the mill rate from the prior year or 3.17%.

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 2019-2020 fiscal year budget.

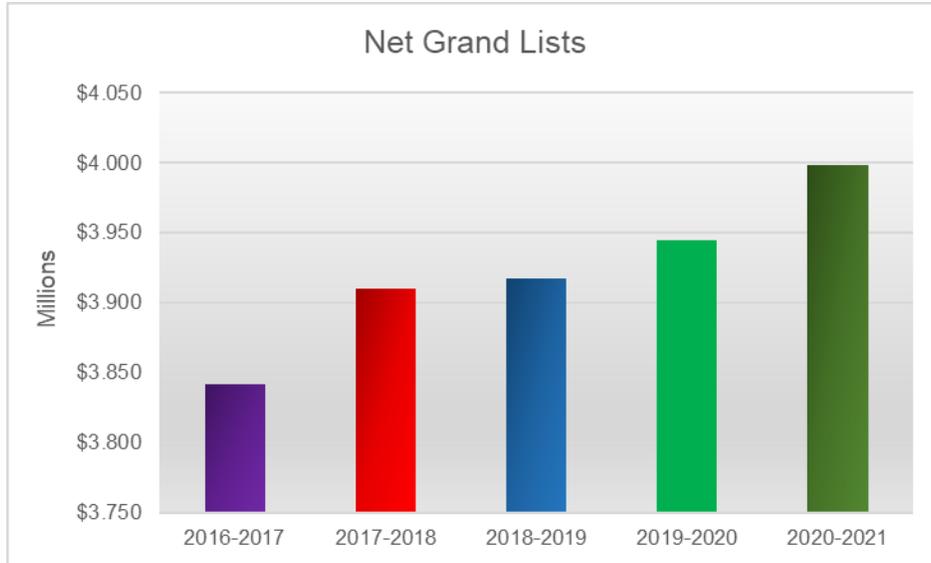
The total of all taxable property less exemptions is the "Net Taxable Grand List". For 2020-2021, the October 1, 2019 Net Taxable Grand List, after Board of Assessment Appeals adjustments, totaled \$3.998 billion representing an increase of \$53.4 million over the prior year grand list of \$3.946 billion. Growth in the grand list helps offset any growth in budgeted expenditures to minimize mill rate increases. The \$53.4 million increase will generate approximately \$2.03 million in new tax revenue at the 2019-2020 mill rate of 38.05. The remaining \$1.16 million to balance the budget will be generated from the 0.30 mill rate increase.

As noted in the chart below, the grand list growth was 1.35% for the current year with a \$29.7 million increase in Personal Property representing approximately 56% of the growth. The majority of the growth in Personal Property was attributable to Yankee Gas and Eversource completing a number of transmission lines which became operational and Disney streaming services associated with Disney Plus. In addition ESPN continued to add a significant amount equipment both purchase and leased. Real Estate and Motor Vehicle portions of the grand list increased 0.35% and 3.27%, respectively.

Category	2018 Grand List	2019 Grand List	\$ Change	% Change
Real Estate	\$3,248,232,749	\$3,259,603,599	\$11,370,850	0.35%
Personal Property	313,516,153	343,202,976	29,686,823	9.47%
Motor Vehicle	383,762,770	396,115,432	12,352,662	3.27%
Total	\$3,945,511,672	\$3,998,922,007	53,410,335	1.35%

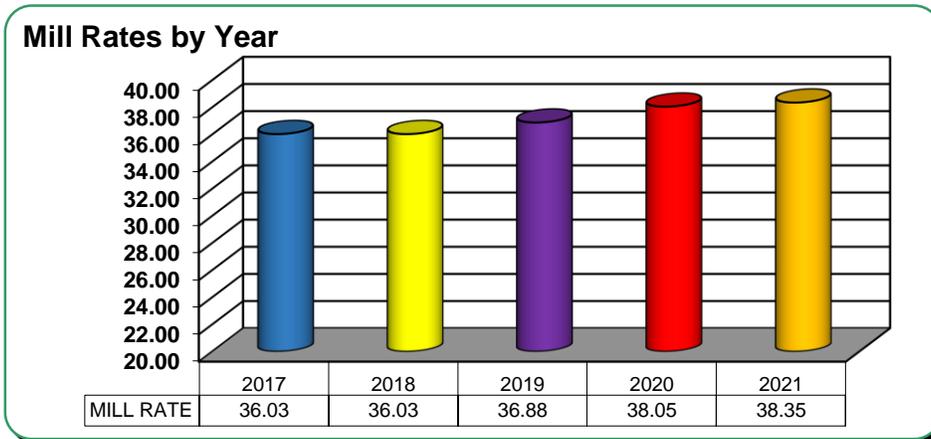
The following chart presents the annual net grand list growth for a five year period.

<b>City of Bristol Net Grand Lists Past Five Years</b>					
<b>Grand List Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Budget Year</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>
<b>Net Grand List</b>	<b>\$3.842</b>	<b>\$3.910</b>	<b>\$3.917</b>	<b>\$3.946</b>	<b>\$3.998</b>



**Taxes (75% of all revenues)**

Combined tax revenues increased \$3,187,690 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 99% at June 30, 2020 compared to the previous year's collection rate of 98.63%.



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

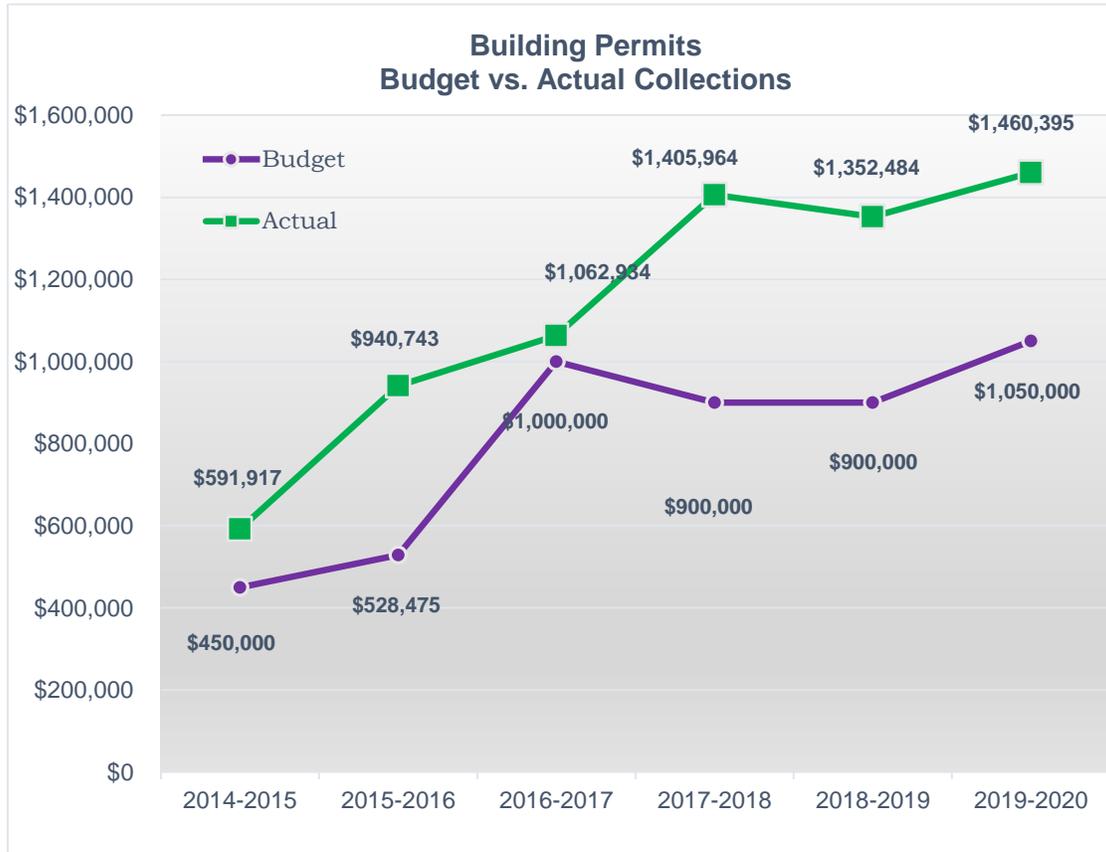
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Several statistical tables are available in the Appendix tab of this document relative to tax levies and collections as well as comparative assessed valuation of taxable property.

**Licenses, Permits and Fees**

General Fund Licenses, Permits and Fees are anticipated to increase by \$182 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 (21% 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 2020-2021 the General fund is expected to receive \$43,499,925 in grants. The Education Cost Sharing grant is the largest with \$41,657,310 budgeted.

Estimates for State grants decreased in total by \$518 thousand. The primary reason for the decrease was the shift of the Town Aid Road Grant to the Road Improvements Fund established in the 2019-2020 fiscal year and will no longer be budgeted in the General Fund and all road improvement costs will be accounted for there. The City received approximately \$663 thousand in Town Aid Road funding in prior years. Also, the City had not budgeted for the Enterprise Zone

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Reimbursement for the last few years as there was uncertainty as to whether the State would fund this grant or not. However, the State had funded it and while it was capped the City did receive approximately eighty percent of its eligible reimbursement. An estimate of \$145,000 was included in this budget.

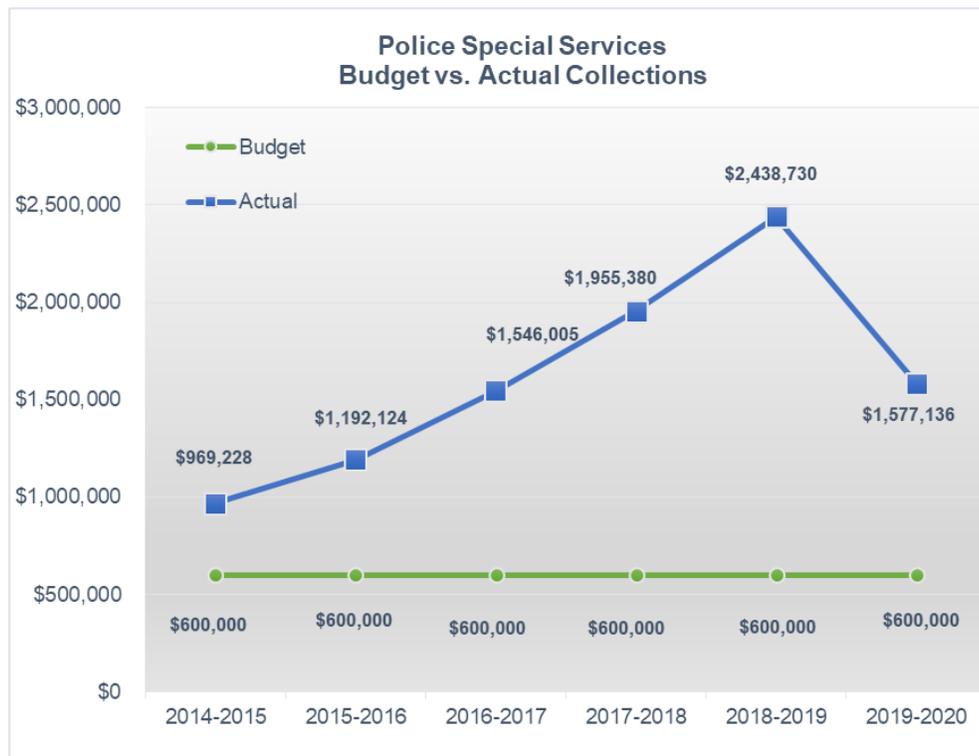
Estimates for Federal grants remained the same.

The City was in the middle of its budget process when COVID 19 hit. Uncertain how this was going to impact State funding for 2020-2021 the City was advised to keep estimates at levels approved by the legislature during its biennial budget process in 2019. Final State budget adoption was in line with those estimates. At this time the City is not anticipating any rescission of State grants, but is prepared in the event this is the case as the year progresses.

In addition, the City incurred significant costs in 2019-2020 related to COVID-19 and anticipates most, if not all, will be reimbursed through one or more of the following programs: Federal Emergency Management, Elementary and Secondary School Emergency Relief Fund (ESSERF) for Education COVID related costs, primarily for distance learning, Community Development Block Grant (CDBG) or ESG funds, and/or the State Coronavirus Relief Fund. While receipt of these grant funds is anticipated in 2020-2021 no estimates have been included in the approved budget.

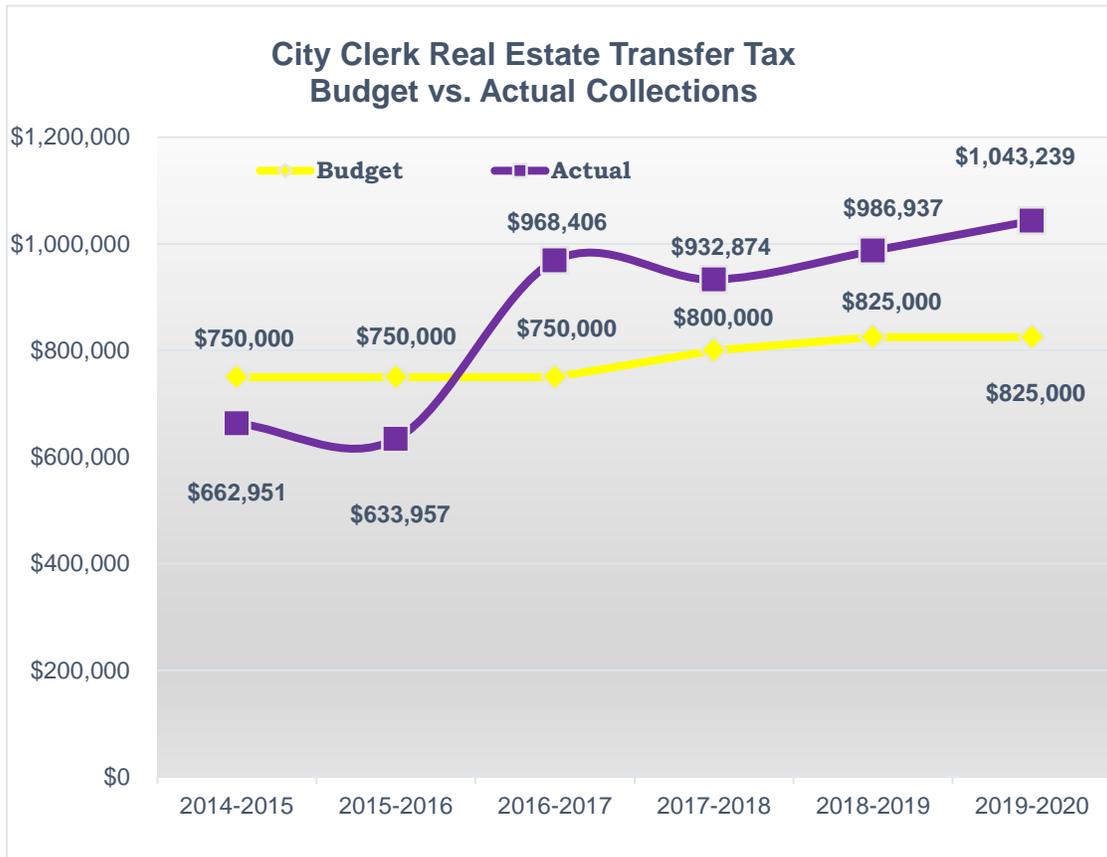
## Charges for Services

There is an increase in this revenue category of \$380 thousand. The two main General Fund sources within this category are City Clerk Recording Fees and Real Estate Transfer (Conveyance) Fees remain at 2019-2020 levels. While both of these fees have a correlation with Building Permit revenue and have experienced slightly increasing levels of activity over the past few years it was decided to remain conservative with these estimates. The increase is due primarily to increasing the Police Special Services revenues by \$250,000. After review of prior year revenues the City is collecting significantly more due to a number of major road improvement projects throughout the City by outside contractors. While \$250,000 is conservative compared to actual collections, there is a cushion in the event current economic conditions put a hold on some of these major projects.



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

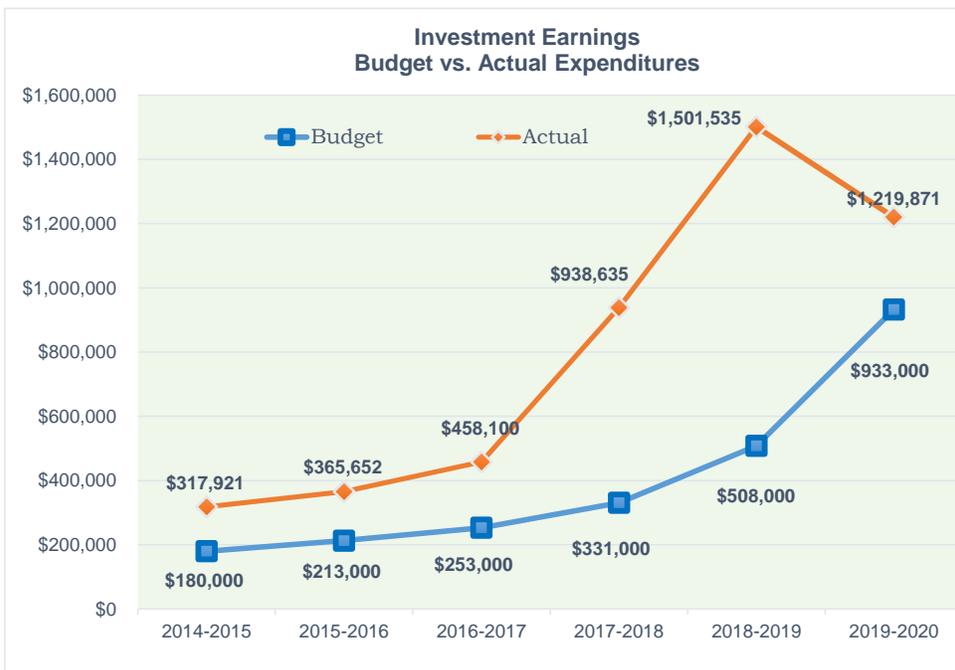


The City Clerk's Office collects fees for the recording of documents. The fees are charged as set by the State of Connecticut. This revenue source has remained steady over the years and collections have been consistent with budget estimates. On the next page, is a six year revenue trend for the Recording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



**Investment Earnings**

The City experienced an increase in Investment Earnings over the last couple of years. For the 2019-2020 fiscal year the City anticipates it will earn over \$1.2 million in investment income, exceeding the budget estimate of \$933,000. In light of the current economy and significant drop in interest rates the 2020-2021 year investment income estimate was decreased \$375,000 to a total \$556,000. While still relatively below estimates for 2019-2020, the City prefers to monitor the current economic trend 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**

At June 30, 2019 the Joint Board set aside \$1 million in a Mill Rate Stabilization Fund primarily to be used to offset anticipated increases in future debt service costs as well as other expenses. Of this amount \$600 thousand will be used to offset the mill rate impact.

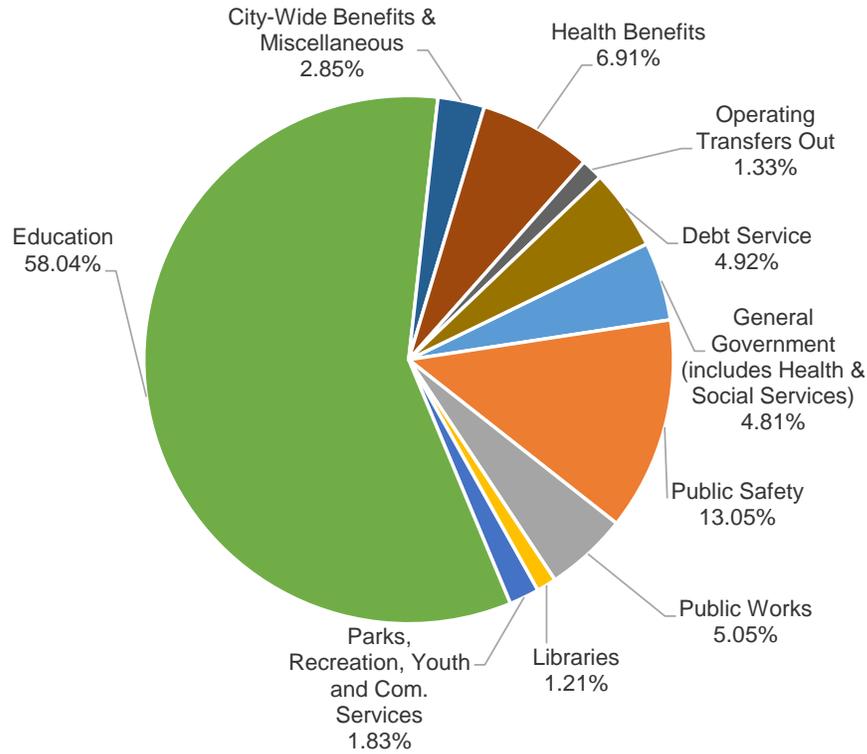
### **Other Financing Sources**

**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 Board of Finance had established a policy to reduce the City's reliance on the use of surplus to balance the General Fund budget. This was phased in over a five year period and was achieved for the first time with the 2016-2017 budget where no surplus funds were appropriated to the budget. In anticipation of future economic and budgetary challenges, primarily related to increases in Debt Service and the enactment of a new local Property Tax Relief Program for senior citizens, the Board established a Mill Rate Stabilization Fund (MRSF) as of June 30, 2019 with a transfer of \$1 million of surplus funds. Due to the unprecedented economic challenges related to COVID 19 and a sense of uncertainty entering the 2020-2021 fiscal year balancing the budget and meeting tax payer expectations for a minimal to no tax increase the Board of Finance opted to use the MRSF to help balance the 2020-2021 budget. Of the \$1 million reserve \$600,000 was budgeted as a transfer into the General Fund for the 2020-2021 budget. Additionally, \$1 million of the June 30, 2019 fund balance that was designated for Economic Development was released from that designation and was also used towards the 2020-2021 budget. In total, this represents approximately 0.4 of a mill or 1%. The City's total fund balance at the end of June 30, 2019 is \$40 million and unassigned fund balance is \$29.6 million, representing 18.6% and 13.8% of June 30, 2019 expenditures, respectively. 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 2019-2020	Adopted 2020-2021	\$ Increase (Decrease)	% Increase (Decrease)
General Government	\$6,175,735	\$6,263,755	\$88,020	1.43%
Public Safety	25,795,695	26,769,805	974,110	3.78%
Public Works	11,924,830	10,351,300	(1,573,530)	(-13.20%)
Health and Social Services	3,423,480	3,593,255	169,755	4.69%
Libraries	2,404,680	2,471,380	66,700	2.77%
Parks, Recreations, Youth and Community Services	2,808,815	3,757,805	345,250	10.12%
Miscellaneous & Other Uses	32,436,905	312,848,800	411,895	1.27%
Education	115,040,860	119,022,000	3,981,140	3.46%
<b>Total General Fund</b>	<b>\$200,614,740</b>	<b>\$205,078,100</b>	<b>\$4,463,360</b>	<b>2.22%</b>

The most significant changes were in the following departments:

- Public Works decreased overall 13.20% primarily due to a \$1,500,000 reduction in the Public Works Major Road Improvement account. Over the last few years this appropriation was 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. Historically significant balances have been carried over to subsequent fiscal years primarily due to timing of the grant. In 2020 the Board of Finance established a Road Improvements Fund to account for road improvement expenditures and any revenue sources dedicated for that purpose. Grants would include the Municipal Grants in Aid and Town Aid Road grants. In addition the City general fund would also budget funds for road improvements and starting in 2020-2021 the amount will be budgeted as an Operating Transfers.
- Health and Social Services increased 4.96% primarily due to an increase to the City's share of the Bristol/Burlington Health District budget.
- Libraries increased 2.77% or \$66,700 as a result of salary increases due to union contract settlements.
- Parks, Recreation, Youth and Community Services increased 10.12% due to re-organization to include the Youth Services and Community Services budget as well as budgeting for increases in minimum wage for part time seasonal recreation employees.
- Education increased 3.46% or \$3.98 million. In addition to increases in wages due to union contract settlements and benefit cost increases, the other contributing factor to the BOE increase is the cost to provide Special Education Services. This component of the Education budget has increased 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 \$250,000 due to increased debt service costs on long term borrowing as a result of bonds issued in May, 2017 and October, 2018. While debt service actually increased approximately \$967 thousand or 9.5%, the City is phasing in use of a premium that resulted from the October 2019 bond issue to offset actual debt service increases. The City historically has maintained very low debt service ratios. With many new projects planned in the Capital Improvement Program the City wants to gradually increase the debt service appropriation to meet the long term debt service needs. Planned use of the 2019 premium will help the City achieve this. Still, as projected, the City's debt service ratios will continue to be below the average.
- The Internal Service Fund increased due to projected health insurance claims and related administrative costs for the City's medical insurance benefits.
- Operating Transfers Out increased 4.2% or \$1,088,660 due to the increase to the Internal Service Fund for City Health Benefits as well as the creation of the Major Road Improvements Fund.

Capital outlay requests in the General Fund totaled \$2,584,845 on the City side, excluding Board of Education. This amount included Public Works-Fleet requests of \$1,361,000, of which \$818,000 in funding was approved. Of the remaining \$1,223,845, \$720,055 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, 2020. Items not funded but deemed a priority or essential to the department will be funded through 2019-2020 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 2020-2021.

## Transmittal Letter

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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 \$1,552,220 or 2.11% Debt Service and Capital decreased \$1,070,000 or (8.96%) while the Board of Education increased \$3,981,140 or 3.46%. This results in a net operating budget increase of \$4,463,360 or, 2.22%, over the 2019-2020 General Fund approved budget.

### **Operating Budget: General Fund – City**

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.

<b>GENERAL FUND - CITY OPERATIONS BY CHARACTER</b>					
	<b>Adopted 2019-2020</b>	<b>Adopted 2020-2021</b>	<b>\$ Change</b>	<b>% Change</b>	<b>% Increase (Decrease)</b>
<b>Salaries</b>	\$39,857,850	\$40,924,170	\$1,066,320	2.68%	1.45%
<b>Contractual/Professional Services</b>	4,685,190	4,980,430	295,240	6.30%	0.40%
<b>Supplies/Services/Utilities</b>	6,195,630	6,202,940	7,310	0.12%	0.01%
<b>General Insurance</b>	956,750	1,013,105	56,355	5.89%	0.08%
<b>Employee Benefits</b>	16,590,550	17,084,465	493,915	2.98%	0.67%
<b>Capital Outlay</b>	1,703,720	1,477,975	(225,745)	(13.25%)	(0.31%)
<b>Other/Miscellaneous</b>	1,685,435	1,534,360	(151,075)	(8.96%)	(0.20%)
<b>Operating Transfers Out</b>	1,953,755	1,963,655	9,900	0.51%	0.01%
<b>TOTAL</b>	<b>\$73,628,880</b>	<b>\$75,181,100</b>	<b>\$1,552,220</b>	<b>2.11%</b>	<b>2.11%</b>

Salaries increased 2.68% over the prior year salary accounts which represents 1.45% of the overall increase in the City budget. This increase reflects wage increases for settled union contracts. A listing of authorized positions can be found in the Appendix.

Contractual Services increased 6.30%. This accounts for most professional fees, service and repairs and maintenance. The increase is attributable to two factors. One, the Board of Finance funded the Bristol Burlington Health District with a \$200,000 increase over the 2019-2020 year; and two, a number of self-supporting recreation programs were transferred to the General Fund in the amount of approximately \$133,000. There are corresponding revenue increases that offset these accounts. In addition, 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. Increased annual maintenance costs for these items is also a factor for this increase.

Supplies remained relatively at current year levels with a slight increase.

General Insurance increased 5.89% or \$56,355 due to increases in auto and general liability insurances.

## **Transmittal Letter**

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Employee Benefits increased \$493,518 or 5.89%. 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 \$1,300,000 which is a reduction of \$150,000 from the prior year. 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 138.8% at July 1, 2019.

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.

Capital Outlay decreased 13.25% or \$225,745. 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 \$2,584,845. Of this amount \$818,000 was funded through the General Fund Fleet budget and \$720,055 was recommended and approved for funding from the City's Equipment Building Sinking Fund.

Miscellaneous/Other is comprised of all other expenditures not included in other groups. This category has decreased \$151,075 or 8.96%.

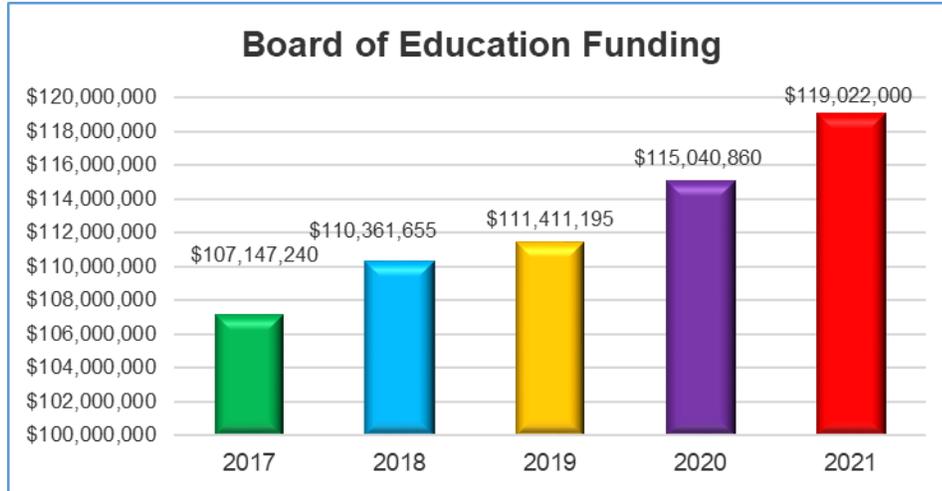
Operating Transfers Out increased slightly at \$9,900 or 0.51%.

### **Contingency**

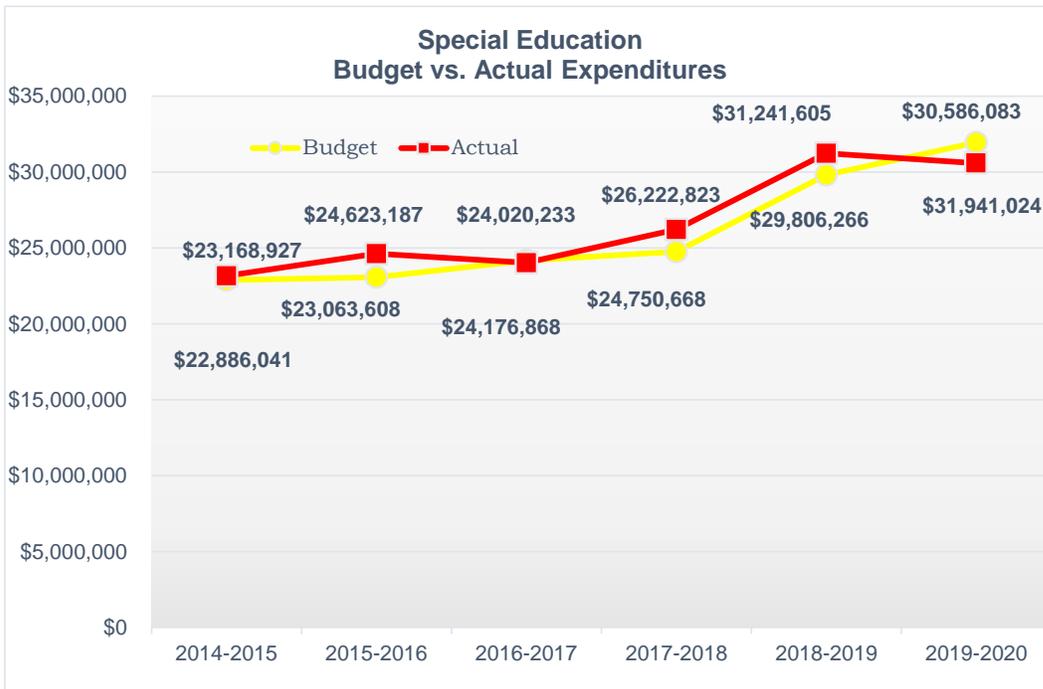
Each fiscal year, City officials "worry" if the funding level for the City's budget will be sufficient to handle emergency expenditures such as for a bad winter storm year or unforeseen emergencies or opportunities. A Contingency account provides the first line of defense to any potential use of the City's fund balance levels. Traditionally budgeted at \$1,000,000 the Contingency line decreased to \$935,380 for 2020-2021 in anticipation of union concessions in discussion at time of budget adoption.

### **Operating Budget: General Fund – Education**

The Board of Education (BOE) adopted budget of \$119,022,000 is an increase of \$3,981,140 or 3.46% 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 surplus in FY 2019-2020 primarily as a result of the closure of schools and the implementation of distance learning due to COVID 19. While teachers and staff continued to receive their salaries there were reduced operating and maintenance costs during this period primarily for transportation and fuel costs. It is expected that surplus funds will be reserved or carried over to the 2021 budget in the event additional funds are needed for Special Education or any other distance learning related costs.



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



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

Use of Revenue Estimates:	
Tuition Revenue	\$157,957
School Building Revenue	99,193
Medicaid Revenue	480,790
Excess Student Cost Revenue	<u>3,810,650</u>
Total Other Funding Sources	<u>\$4,548,590</u>

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)** - This fund accounts for the operations of the Economic and Community Development (ECD). The ECD 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 2020-2021 City share is \$431,010 which represents an increase of \$15,990 over the 2019-2020 budget. Of the remaining budget amount \$669,779 is funded by the Federal CDBG grant and \$17,910 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 2020-2021 budget is \$7,278,000, or a \$351,365 decrease over the approved 2019-2020 budget due to a decrease in the transfer to the Capital Projects Fund.

**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 2020-2021 budget for this self-balancing fund is \$1,500,000, an increase of \$16,500 from 2019-2020 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 are the sale of school lunches budgeted at \$318,445 and federal reimbursement at \$2,996,285. 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 \$3,483,165 or an increase of \$319,700 primarily due to an increase in food supplies.

**Pine Lake Adventure Park** - 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 \$115,000.

**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 (entitlements) 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 an entitlement of \$470,000.

**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 \$747,545 an increase of \$41,560.

**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 6.5% as a result of projected health claims. The Workers' Compensation Fund increased 10% due to a projected increase in Workers' Compensation 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 2020-2021 appropriations for this fund have increased slightly.

## **The Future Outlook**

The unprecedented events of the pandemic which has consumed most of 2020 has the potential to have a very dire long term impact on the economy over the next few years. City officials were mindful of this as discussions ensued and they were determined to adopt a responsible and affordable budget for its citizens for fiscal 2021 and looked ahead to 2022. This is a discussion that will be ongoing over the next few months and as the next budget cycle for the 2021-2022 budget commences.

With that being said the City continues to face 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, 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

