

Bozeman Public Schools



2016-17 Adopted Budget

Prepared By:
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Bozeman Public Schools



2016-17 Adopted Budget

Introductory Section/Executive Summary



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DATE: August 15, 2016
TO: Board Chair
Members of the Board of Trustees
FROM: Mike Waterman
Director of Business Services
RE: 2016-17 Budget Overview

This document is intended to provide the reader with a high-level overview of the Bozeman School District and its 2016-17 budgets. Like the budget document itself, it is organized into three sections: organizational, financial, and informational.

ORGANIZATIONAL SECTION

Board of Trustees

An eight-member Board of Trustees is responsible for the governance of the District. Board members are elected by the voters of the District and serve overlapping three-year terms. The current Board members, the expiration dates of their respective terms, the total number of years of Board service, and the member's respective occupation are as follows:

Board Member	Term Expires May,	Total Time Served on Board	Occupation
Andrew Willett, Chair	2019	3.5 years	Attorney
Heide Arneson, Vice Chair	2017	7.5 years	Administrative Assistant
Douglas Fischer	2018	1 year	Journalist
Bruce Grubbs	2018	1 year	Nonprofit CEO
Gary Lusin	2017	10.5 years	Physical Therapist
Tanya Reinhardt	2019	Newly Elected	Business Consultant
Wendy Tage	2018	6.5 years	Homemaker
Sandra Wilson	2018	1.5 years	Retired Teacher

Executive Administration

Bozeman School District staff is generally organized into an operational branch and an instructional branch. A Deputy Superintendent leads each branch, and both Deputy Superintendents report to the Superintendent. Dr. Rob Watson has served as the Bozeman Schools Superintendent since July 1, 2012. Prior to being selected as Superintendent, Dr. Watson served as the Bozeman High School Principal for 3 years. Mr. Steve Johnson, CPA, is the District's Deputy Superintendent Operations and has been employed by the District since 1986. Dr. Marilyn King serves as the District's Deputy Superintendent Instruction. She has worked for the Bozeman School District since 1999.

Long Range Strategic Plan

One of the primary functions the Board and Administrators serve is to develop and implement the District's Long Range Strategic Plan (LRSP). Bozeman Public Schools launched a new strategic planning process in the fall of 2007 to bring more rigor to the goals setting process; to ensure the wants, preferences, and needs of our community are well understood; and to strategically focus our resources. In so doing, the group reviewed and updated existing mission, vision and goal statements for the District. This type of systematic review will be an ongoing element of our strategic planning, evaluation, and budgeting processes.

The LRSP includes a very long-term vision to guide us over the next twenty years. With this vision in mind, the District then established interim five-year goals and identified trends and issues that are likely to have significant impact on achieving those goals. The Board has committed itself to studying and analyzing these issues in a proactive manner to ensure the District is best positioned to deliver on our long-term vision.

The LRSP, which can be accessed [online](#), centers around four Goal Areas:

1. Academic Performance. Each student meets or exceeds the high academic standards necessary for college and career readiness.
2. Operations and Capacity Building. District operations, facilities, and human resources promote an efficient and innovative educational system.
3. Community Engagement and Partnerships. Bozeman Public Schools has created an environment in which all education stakeholders at the local, state, and national level are supportive, engaged, and contribute to successfully educating our students.
4. Student and Staff Safety, Health, and Welfare. Bozeman Public Schools has effective systems in place for students and staff to learn and work in a safe and healthy environment.

With these goals in mind, the trustees and administrators establish specific strategic objectives and action plans each year. Annual reports assess the District's progress toward these goals at the conclusion of each year.

The LRSP is the focal point of the budget development process. Creating a budget that positions the District to meet these goals takes a good deal of time, and the 2016-17 budget has been in the planning stages since August 2015.

Budget Development Process and Timeline

Each fall, the Board of Trustees formalizes a calendar for the development of the ensuing year's budget. The calendar, which changes very little from year to year, establishes deadlines and assigns responsibility for each step in the budget development process. Generally, the budget process begins each fall with enrollment counts and developing a framework for the budget. Each winter, administrators and the District Budget Committee prepare and prioritize additional requests. Final budget limits become known after the annual May election, and in odd-numbered years, the adjournment of the Montana legislature. Over the summer, the Business Office finalizes budgets, receives the taxable values, and prepares the budget for Board approval in August. In compliance with Montana law, the adoption of the final 2016-17 budget occurred August 15, 2016.

Allocation of Human and Financial Resources

Human and financial resources are generally allocated based on the number of students enrolled in a school's attendance area. Management reserves the right to redistribute resources to accommodate enrollment shifts and educational needs within the District in conjunction with the goals specified in the LRSP. Teachers and paraprofessionals are assigned to buildings to meet Montana's accreditation standards and to address goals established in the LRSP. Specialized staff, including special education and Title staff, are assigned based on need and program qualification.

FINANCIAL SECTION

Overall, the Bozeman School District's finances remain very healthy. As a testament to this fact, Moody's reaffirmed the Elementary District bond rating of Aa2 this past winter, which is in line with the High School rating. Moody's upgraded the District last year based on several factors including the District's diverse and growing tax base, the strong institutional presence of Montana State University, healthy financial position with growing reserves, and a manageable debt profile. The District is pleased with this rating not only for the interest savings on our recent bond issue, but because it is indicative of the District and community's overall financial health.

Budget Overview

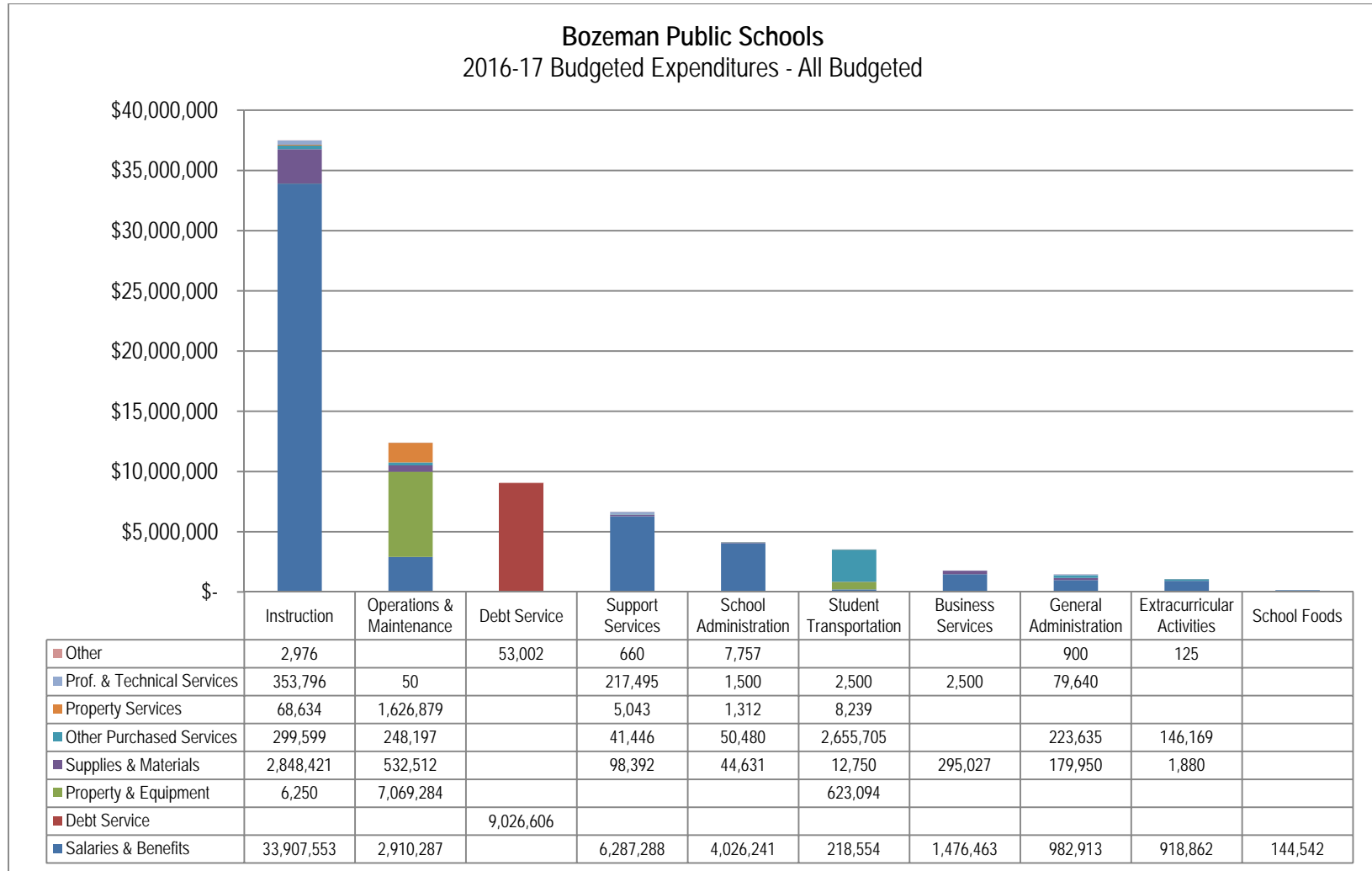
The State of Montana establishes eleven budgeted funds: accounting units whose spending authority is determined annually by the Board of Trustees. The Bozeman School District uses ten of these eleven budgeted funds. The Districts' spending authority in these budgeted funds is increasing to meet the needs of our growing student population. As the following table shows, the total combined elementary and high school expenditure budgets for all budgeted funds is \$77,709,738, an increase of \$5,443,230 (7.5%) over 2015-16:

	FY2015-16 Budget	FY2016-17 Budget	Change \$	Change %
General	\$ 45,114,628	\$ 47,800,628	\$ 2,686,000	6.0%
Debt Service	7,426,394	9,079,608	1,653,214	22.3%
Retirement	6,760,000	7,300,000	540,000	8.0%
Building Reserve	6,796,973	7,069,284	272,311	4.0%
Transportation	3,070,269	3,086,841	16,572	0.5%
Technology	1,816,021	2,036,502	220,481	12.1%
Adult Education	330,267	339,537	9,270	2.8%
Bus Depreciation	568,744	571,094	2,350	0.4%
Tuition	383,212	424,494	41,282	10.8%
Flexibility	0	1,750	1,750	0.0%
Total K-12	<u>\$ 72,266,508</u>	<u>\$ 77,709,738</u>	<u>\$ 5,443,230</u>	<u>7.5%</u>

Expenditure Summary

Expenditures in Montana are categorized in several ways, most notably by “function” and “object”. *Function* refers to the purpose for which an activity or program exists or is used, while *object* refers to the specific good or service obtained.

Of the \$77,709,738 in total budget, the District plans to spend \$37,487,229 (48%) on Instruction and \$50,872,702 (65%) on Salaries and Benefits – the largest single function and object amounts, respectively. The following graph summarizes total budgeted expenditures by function and object:



The budget document further details these planned expenditures.

Significant Trends, Events, and Initiatives

Notable budget changes in FY2016-17 include:

- \$2,686,000 increase in the General Funds. The State of Montana establishes caps for school district General Fund spending in the state. At the most basic level, those caps are a function of enrollment and a series of legislatively-determined rates. For the upcoming budget year, the Bozeman School District General Fund budgets will grow due to increases in both factors. The budget growth results from elementary and high school Average Number Belonging (“ANB” - a factor of enrollment) increases of 110 and 144, respectively. The 2015 legislature also increased most the funding rates by inflation, calculated to be 1.79%.

One of the most important scrutinized measures of our General Funds is their ‘structural balance’: a comparison of planned General Fund costs and the spending authority available to fund them. This year, the High School General Fund has a small (1.08%) amount of remaining spending capacity while the Elementary has a structural imbalance. System-wide, the General Funds have a \$312,819 (0.65%) structural imbalance:

	Elementary	High School	K-12 Total
General Fund Budget Limit	\$ 31,260,838	\$ 16,539,790	\$ 47,800,628
Budgeted General Fund Expenditures	\$ 31,752,065	\$ 16,361,382	\$ 48,113,447
Remaining Capacity/(Structural Imbalance)	<u>\$ (491,227)</u>	<u>\$ 178,408</u>	<u>\$ (312,819)</u>

The District will use budgeted contingency amounts and, if necessary, non-renewable/one-time resources to balance the budget.

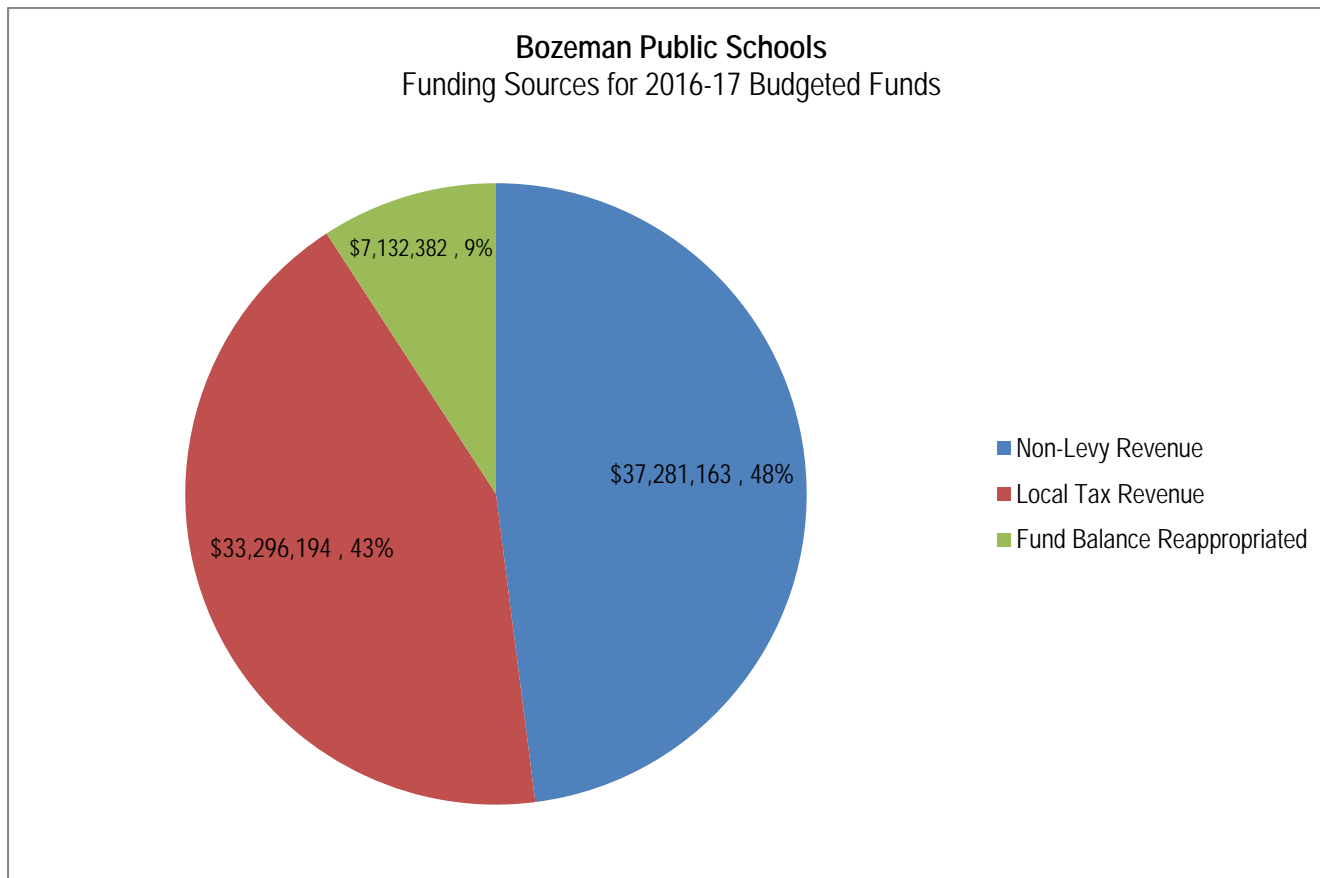
- \$1,653,214 increase in the Debt Service Funds. In November 2016, Bozeman Elementary voters approved two bonds totaling \$21.5 million to renovate and expand Sacajawea Middle School and Hawthorne Elementary buildings. Repayment of these bonds will begin in 2016-17, and the debt service payments on these bonds, \$1,647,150, represent the bulk of this budget increase.
- \$540,000 increase in the Retirement Funds. The Retirement Fund finances District contributions for Social Security, Medicare, Teachers’ and Public Employees’ Retirement Systems, and Unemployment Insurance. The budgets are increasing to accommodate wage increases due to additional staff and negotiated pay raises, higher retirement contribution rates, and the need to optimize reserves in these funds.
- \$272,311 increase in the Building Reserve Funds. In May 2016, high school voters approved a six-year, \$9.9 million Building Reserve levy. This levy replaces a six-year \$9 million levy that expires at the end of this year. This extension and increase, coupled with the increased funds carried over from 2015-16, accounts for the 4.0% increase in spending authority.
- \$220,481 increase in Technology Funds. The Elementary Technology Fund levy is 3.00 mills. The District’s increased taxable value (discussed below) means this levy yields more revenue for the District than it did in prior years. This increase, coupled with the increased funds carried over from 2015-16, accounts for the 12.1% increase in spending authority.

- \$41,282 increase in Tuition Funds. The bulk of this increase is due to the creation of an in-house day treatment program.
- \$1750 increase in Flexibility Funds. The District reopened its Flexibility Funds to account for donation revenue received through the provisions of [SB410](#) in the 2015 legislative session.

Each budget is explained in detail on the corresponding pages of the Financial Section.

Revenue Summary

Each budget is fully funded by a combination of fund balance remaining from the previous fiscal year (fund balance reappropriated), non-levy revenue, and levied local taxes. The \$77,709,738 in expenditure budgets adopted for 2016-17 will be funded as follows:



The following table compared these budgeted funding sources for 2016-17 with those budgeted for the prior year:

	2015-16	2016-17	Change
Non-Levy Revenue	\$ 34,979,673	\$ 37,281,163	\$ 2,301,490
Local Tax Revenue	\$ 31,313,221	\$ 33,296,194	\$ 1,982,973
Fund Balance Reappropriated	\$ 5,973,614	\$ 7,132,382	\$ 1,158,767
Total	\$ 72,266,508	\$ 77,709,738	\$ 5,443,230

As with the expenditures, the budget document details these revenue sources.

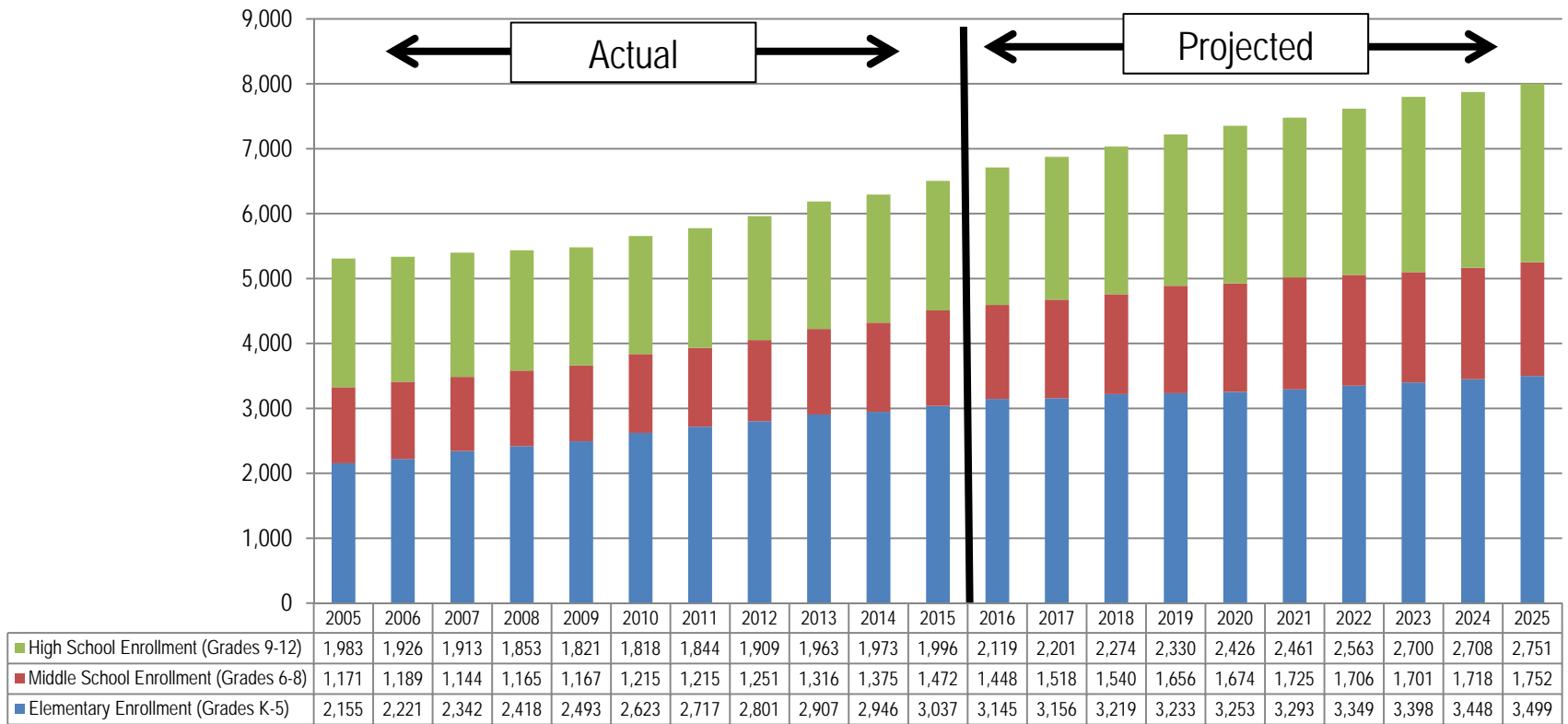
INFORMATIONAL SECTION

This section of the budget document includes information on enrollment, taxation, personnel, and debt.

Enrollment

Enrollment represents the single most important factor in determining the District's General Fund operating budget. As the graph below indicates, Bozeman School District's enrollment continues to grow. K-12 student populations have increased by 22% over the past ten years. Our projections—based on information received from the State of Montana, Gallatin County, and Bozeman Deaconess Hospital—indicate this growth will continue into the foreseeable future.

Bozeman Public Schools
Actual and Projected Enrollment
October 1,

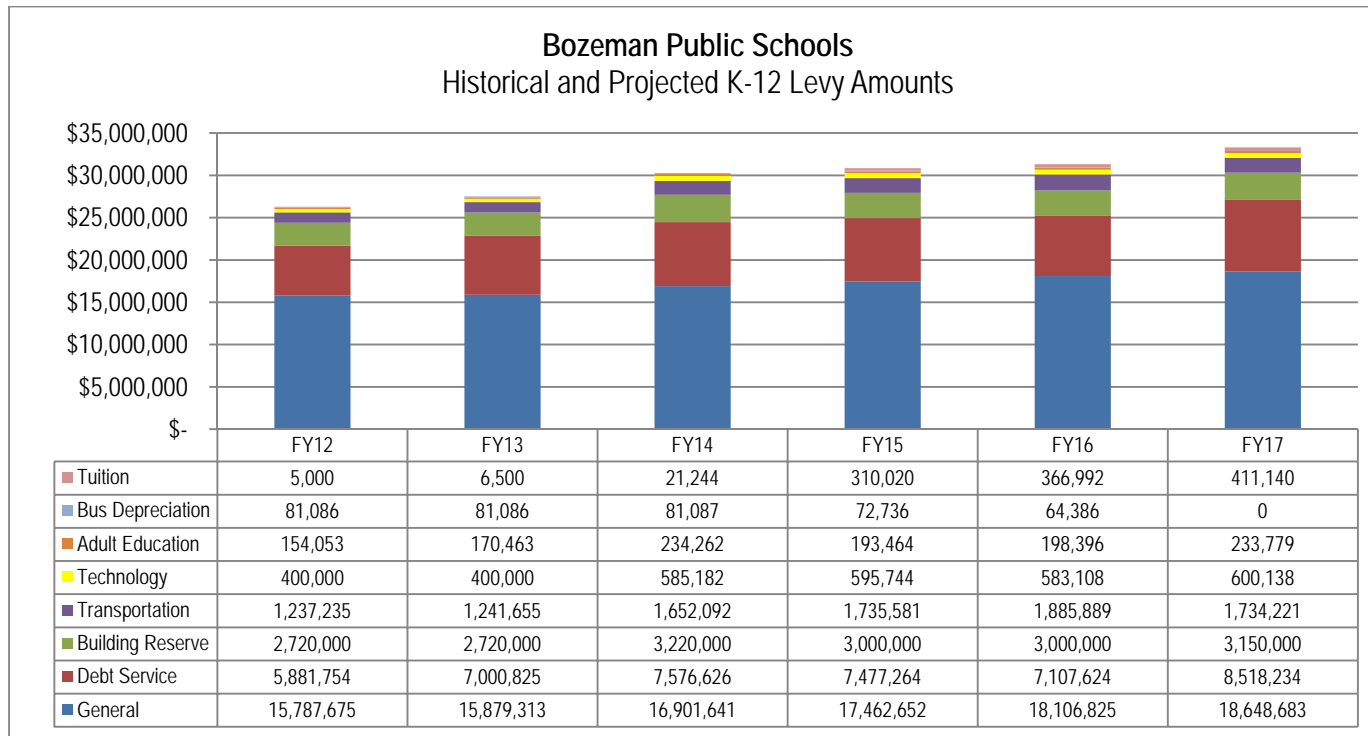


Overall, the District expects enrollment to increase by 207 students (3.2%) from 2015-16 to 2016-17:

	October 1, 2015 Actual Enrollment	October 1, 2016 Anticipated Enrollment	Anticipated Change
Elementary (grades K-5)	3,037	3,145	108
Middle School (grades 6-8)	1,472	1,448	(24)
High School (grades 9-12)	1,996	2,119	123
Total (K-12)	<u>6,505</u>	<u>6,712</u>	<u>207</u>

Taxation

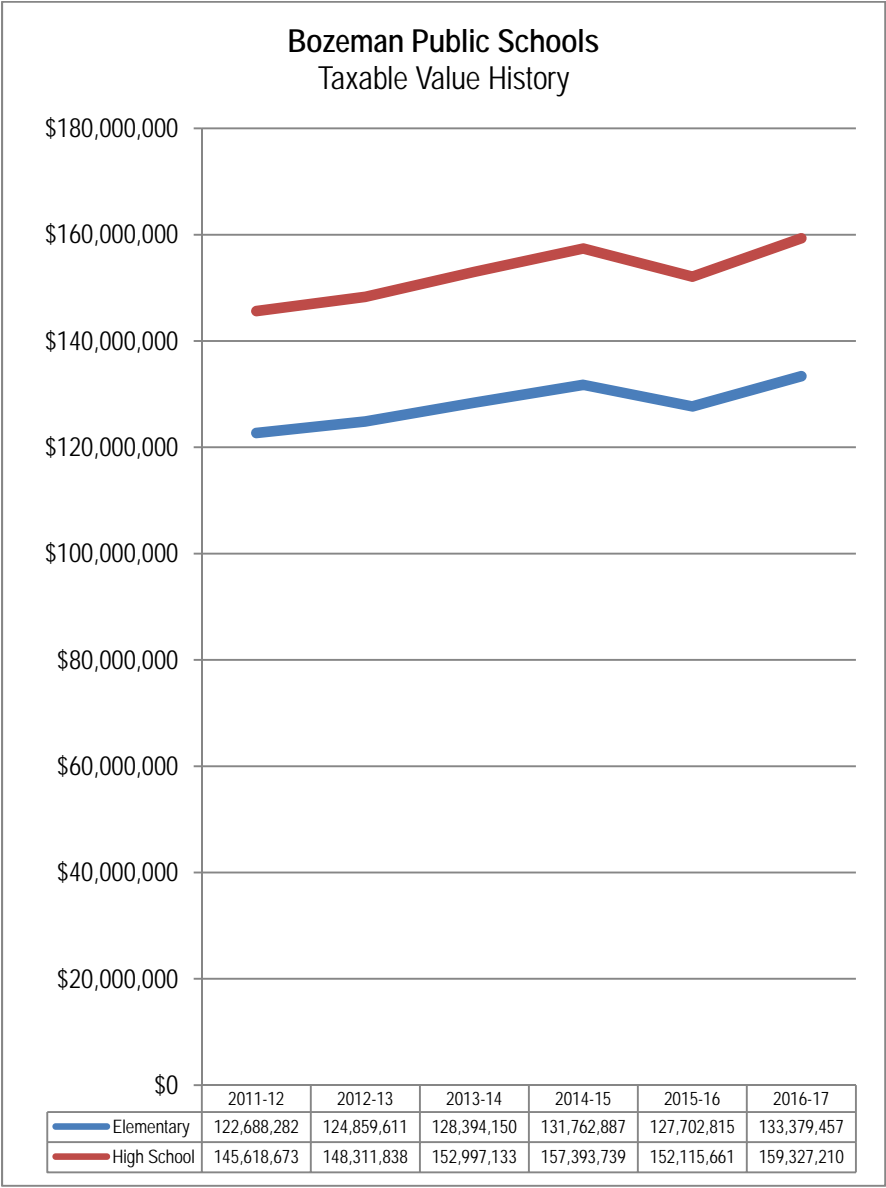
Montana does not have a sales tax, and income tax revenue goes directly to the State Department of Revenue. As a result, local property taxes are a primary funding source for school budgets. As Bozeman's budgets grow, local property tax levies continue to increase as well. The FY2017 budget is funded by \$33,296,194 in property taxes, an increase of \$1,982,973 (6.33%) over FY2016:



Over the course of the past year, voters actually approved tax increases of \$3,847,150. Through the use of Tax Increment Finance District proceeds, bond market and structural savings, the expiration of an existing High School Building Reserve levy, and other permissive (i.e., unvoted) levy changes, however, the District was able to reduce this voter approved increase to \$1,982,973.

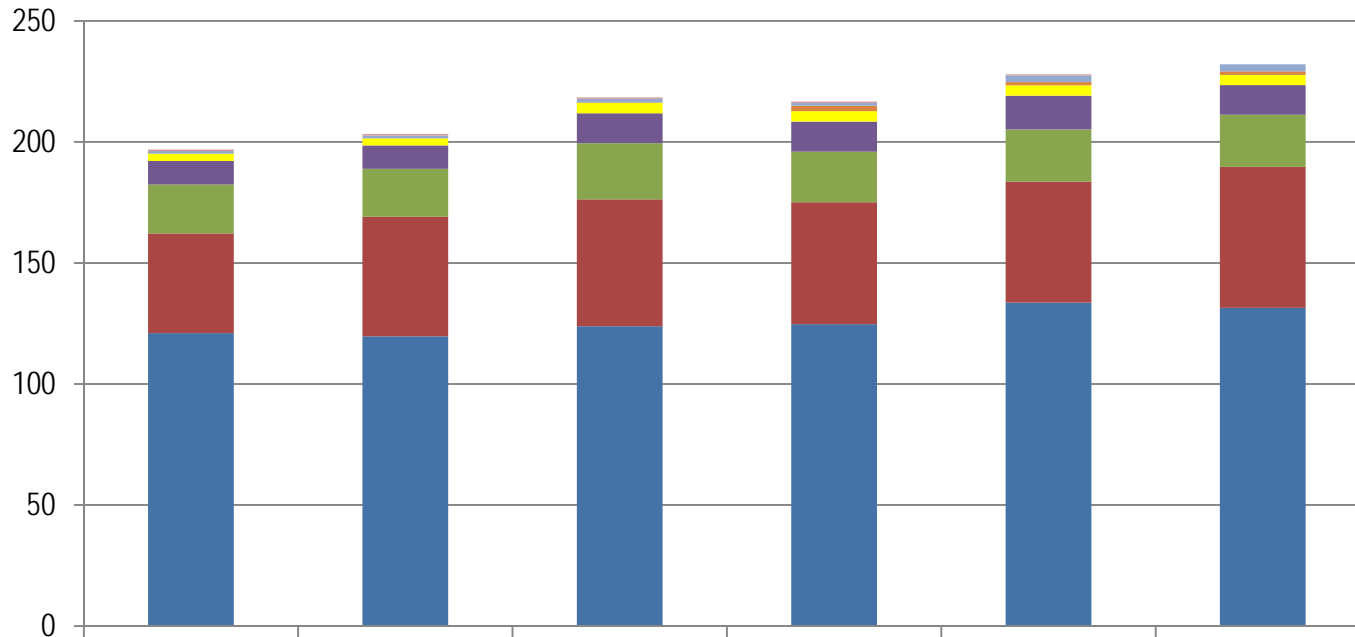
Fortunately, Bozeman has historically had a strong tax base to support the School District's revenue requirements, which helps to mitigate the tax impact on individual taxpayers. The Districts saw taxable values dip for the first time in over 15 years in 2015-16—the result from the Montana Department of Revenue's period revaluation. However, the 2015 Legislature did make significant changes to the formula through the passage of [SB157](#). Properties will now be reassessed every other year instead of every six years, as was the case with the former system.

The District believes that dip was an aberration, as growth in the Gallatin valley remains strong and values have since rebounded:



As a result of the increase in tax revenue and the decrease in taxable value, total mills will increase from 227.91 mills in FY2016 to 232.06 mills in FY2017— an increase of 4.15 mills (1.82%):

**Bozeman Public Schools
K-12 Levied Mills**



	FY12	FY13	FY14	FY15	FY16	FY17
Bus Depreciation	0.61	0.59	0.58	0.51	0.46	0.00
Adult Education	1.06	1.15	1.53	1.23	2.72	2.88
Tuition	0.03	0.04	0.15	2.25	1.30	1.47
Technology	3.00	2.95	4.31	4.27	4.31	4.26
Transportation	9.75	9.61	12.34	12.41	13.95	12.18
Building Reserve	20.24	19.88	23.20	20.91	21.61	21.61
Debt Service	41.13	49.36	52.46	50.39	49.93	58.20
General	121.04	119.68	123.84	124.70	133.63	131.46

Personnel Resources

Montana’s state accreditation standards provide the basic framework for the District’s staffing model. As detailed above, the District anticipates the 207 additional students to enroll in the District during 2016-17. To accommodate that increasing enrollment and comply with the accreditation standards, the 2016-17 budget includes a total of 23.49 FTE in new positions at an estimated cost of \$1,257,064:

	Elementary	High School	K-12 Total	K-12 Budgeted Cost
Projected Enrollment Increase	84	123	207	207
<u>Certified</u>				
Regular Programs	9.13	6.00	15.13	\$ 907,500
Special Ed	1.90	1.00	2.90	\$ 174,000
Nurses	0.25	0.25	0.50	\$ 30,000
<u>Specialists (Psychologists, Therapists, etc.)</u>	<u>0.20</u>	<u>1.00</u>	<u>1.20</u>	<u>\$ 72,000</u>
Subtotal: Certified	11.48	8.25	19.73	\$ 1,183,500
<u>Classified</u>				
Regular Programs	0.75	-	0.75	\$ 14,664
Special Ed	<u>2.01</u>	<u>1.00</u>	<u>3.01</u>	<u>\$ 58,900</u>
Subtotal: Classified	<u>2.76</u>	<u>1.00</u>	<u>3.76</u>	<u>\$ 73,564</u>
Grand Total FTE Additions	<u>14.24</u>	<u>9.25</u>	<u>23.49</u>	<u>\$ 1,257,064</u>

In addition to addressing growth needs, much of the 2016-17 budget discussion—especially in the Elementary—centered around obtaining additional behavioral support, accreditation standards for counseling, and the District’s professional development model:

- Behavioral Support. The Bozeman School District, like many schools across the country, is struggling to meet the needs of students with behavioral issues. At the Elementary level in particular, these duties tend to fall to the building principal—which reduces the time the principal can devote to instructional leadership. This issue was identified as a top priority during this year’s budget development process.
- Accreditation Standards for Counseling. Montana accreditation standards prescribe that districts must maintain a 1:400 counselor/student ratio. The Bozeman School District obtained an approved variance to this standard, and there are two years left on this approved variance. A contract with THRIVE, a local non-profit, serves as the basis for the variance. That contract has two primary components:
 - Parent Liaison: Parent Liaisons are professionals who facilitate parenting classes, connect parents to community resources and support parents and teacher collaboration.

- CAP mentors: The Child Advancement Project (CAP) matches community volunteers with children grades K-12. These mentors work one-on-one with children to increase academic and social competency and to enhance opportunities for academic challenge. They provide support and encouragement, help students discover and build upon their individual strengths, and affirm student's ability to shape their own futures.

The THRIVE contract will cost the District \$356,640 in 2016-17.

Preliminary indications from the State indicate that the variance might not be extended, so the District is taking steps to come into compliance with the accreditation standards.

- Professional Development Model. For the last several years, the District has used an embedded professional development model whereby the District employed "instructional coaches." The coaches' role was to assist teachers with implementing best practices in their classrooms and collaborate on district projects related to curriculum and instruction. These positions satisfied the professional development requirements of Title I and Title IIA, so they were largely funded by those grants. This year's passage of the Elementary and Secondary Schools Act provided more flexibility for those dollars. These changes allowed the District to reconsider its priorities for this funding stream.

Ultimately, the District settled on a multi-faceted plan to address these issues. The plan includes:

- Elimination of the coaching positions at the eight K-5 buildings and two middle schools. Each building previously had 0.5 FTE, so eliminating these positions freed up 4.0 FTE for other uses.
- Creation of 0.5 FTE behavior support positions at each of the K-5 buildings. Each building principal was given discretion on how exactly to use this FTE in his/her building; however, the positions must be filled with certified counselors so the District could make progress toward meeting the accreditation standard.
- Embedded professional development will be eliminated in the K-8 buildings. Districtwide professional development, if any, will be funded through the Deputy Superintendent Instruction/Curriculum budget. As always, building principals may also provide professional development using their building budgets.
- The THRIVE contract was approved by the Board and will continue for the 2016-17 school year. THRIVE was notified that the District does not intend to reapply for the variance in 2018-19.

Although significant to our structure and operations, there is no budgeted cost increase for these changes.

Debt Outlook

The Bozeman School District has been quite active in the debt market over the last couple of years, and it appears that trend will continue in 2016-17.

During FY2015, the District refinanced over \$36 million in debt—roughly 48% of total outstanding debt at that time. The following table summarizes the principal amounts of and taxpayer savings generated by those issues:

Refinance Date	Elementary		High School		K-12 Total	
	Principal Amount	Interest Savings	Principal Amount	Interest Savings	Principal Amount	Interest Savings
August 2014 Issue	\$9,500,000	\$775,612	\$9,150,000	\$787,821	\$18,650,000	\$1,563,433
March 2015 Issue	\$8,935,000	\$564,806	\$8,750,000	\$568,034	\$17,685,000	\$1,132,840
Total	\$18,435,000	\$1,340,418	\$17,900,000	\$1,355,855	\$36,335,000	\$2,696,273

On November 3, 2015, Bozeman Elementary voters authorized the District to issue \$16,000,000 and \$5,500,000 to expand and renovate Sacajawea Middle School and Hawthorne Elementary School, respectively. The bonds were offered for sale and successfully sold on January 7, 2016. Final true interest cost of the issue is 2.60%. Proceeds from the Downtown Bozeman Tax Increment Finance District will completely offset the cost of the Hawthorne bond.

Highlights of the 2016 bond issues are as follows:

	Sacajawea Middle School	Hawthorne Elementary
Bond Par Amount	\$16,000,000	\$5,500,000
Term	20 years	16 years
Estimated Mills	11.02	4.29 (expected to be offset using Tax Increment Finance District proceeds)
Estimated Annual Tax Impact on a \$100,000 home	\$14.88	\$5.79
True Interest Cost	2.678351%	2.337955%
Total Interest	\$7,648,615.28	\$2,139,555.56
Total Debt Service	\$23,648,615.28	\$7,639,555.56
Average Annual Debt Service	\$1,161,459.96	\$466,933.79

Additional details can be found in the Debt Service portion of the Financial Section.

Additional new debt appears to be on the horizon. Over the past year, the District has engaged the Bozeman community regarding solutions for anticipated overcrowding at Bozeman High School. Administration expects that Bozeman High School will reach its 2,400 student capacity in the year 2020. An Advisory Committee was created to study the issue and solicit community feedback, and in May 2015, the Committee recommended the District build a second

comprehensive High School at Flanders Mill and Oak Streets. The proposed new facility will house 1,500 students. The committee further recommended that obsolete wings at the existing Bozeman High School facility be removed so that facility will also hold 1,500 students.

In June 2016, the Board ratified the Committee's recommendation and decided to move ahead with plans for a second comprehensive high school. At the time of this writing, educational specifications, cost estimates, and tax impacts of the proposed facility are still under development. However, preliminary estimates indicate the project could approach \$100 million—roughly 56 mills, or \$75 per year for a taxpayer with a home valued at \$100,000. Voters will decide the issue at the May 2, 2017 election.

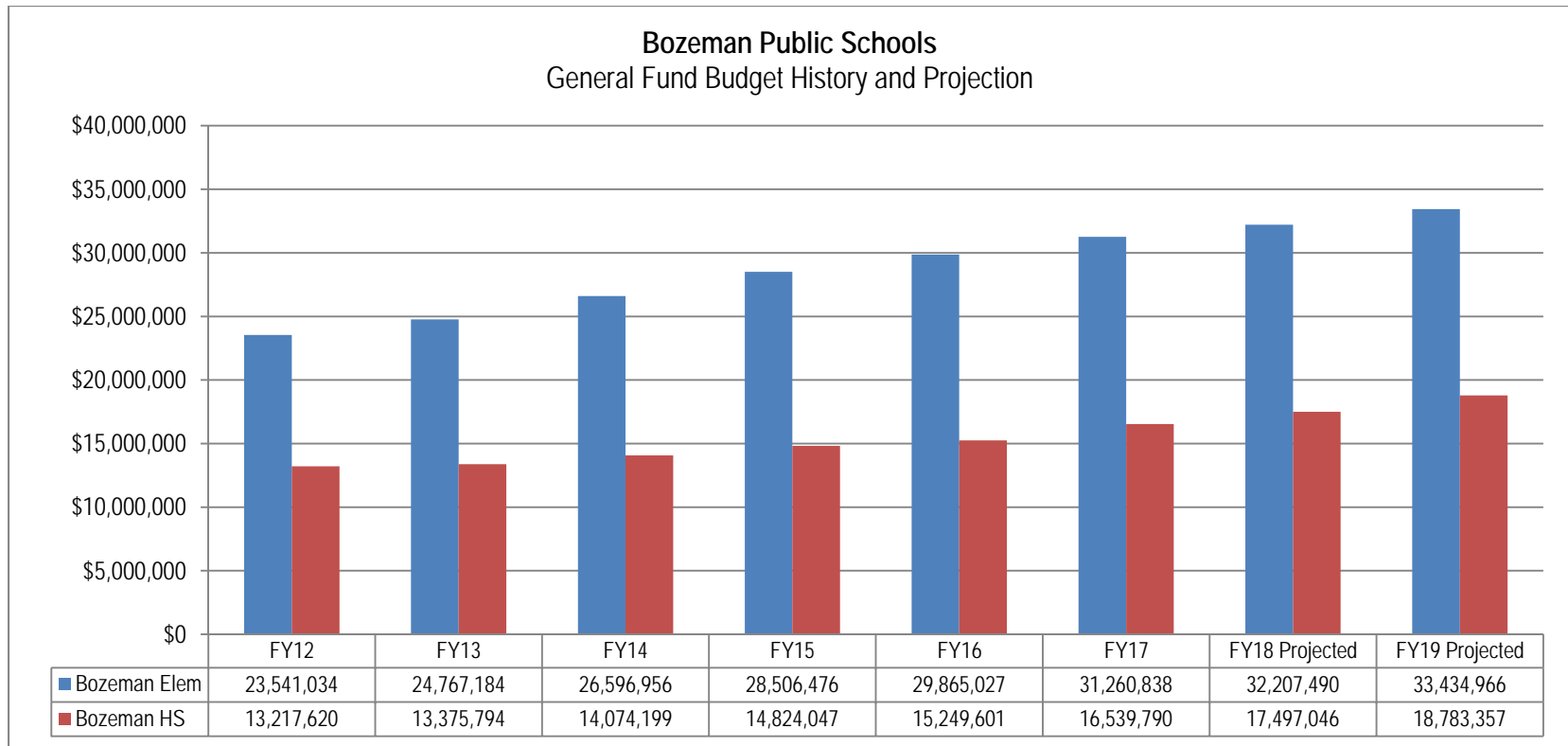
Budget Forecast

School finance in Montana differs from other states, and even other local governments within the state. Montana school operating budgets are unusual in that they are not contingent on taxable values and tax receipts. Rather, a series of factors--primarily enrollment and legislatively-determined rates--determine our legal spending authority each year. While we must maintain adequate cash flow, schools can spend up to these budget limits without regard to revenue collections.

This system has both advantages and drawbacks. The primary benefit is obvious: districts know their hard spending limits with certainty at the start of each year. There are also drawbacks to the system. In particular, the system essentially mandates year-to-year budgeting and limits our long-range planning ability.

The Montana legislature convenes in odd-numbered years, and they inevitably adjust the school funding formula each session. The next session convenes in January 2017. During that session, the legislature will determine funding for the 2017-18 and 2018-19 fiscal years. Current law provides that the building blocks of our General Funds will increase by the lesser of the second prior year's CPI inflation or 3 percent, whichever is less. Assuming the legislature leaves this law in place and funds the state payments, the General Fund components will increase by 1.37% and 1.10% in FY18 and FY19, respectively.

Given that each year's budget hinges on the prior year's actual enrollment and rates that change every other year, the system effectively precludes Montana schools from developing long range budgets beyond the next legislative session. As a result of these issues, we do not believe it is in our stakeholders' best interests to project budgets beyond the upcoming biennium. We therefore we limit our long-range planning to that horizon. The following graph shows the District's historical and projected General Fund budget amounts:



Despite our limited ability to project long-range budgets, much of the conversation for the High School Programming Advisory Committee focused around the impacts of opening a second high school will have on operating budgets. The current one-high school model allows for significant efficiencies of scale. Many of those efficiencies will be lost if the District does, in fact, open a second high school. Administration currently estimates opening a second high school will require between \$1.3 million and \$1.5 million per year in additional operating costs in today's dollars--an estimated 8% of our annual High School operating budget. The State of Montana's funding formula sets maximum spending levels in an attempt to equalize per-student spending across the state. The Bozeman School District is at the cap, so no additional funds will become available when the second high school opens its doors.

As a result, the District will need to make alternate plans to address this looming issue. Fortunately, we have both time to plan and options available to us. The options to address the projected operating budget shortfall include:

1. Conservative operational budgeting leading up to 2020-21. The District can build considerable "contingency" amounts into the budgets for the years leading up to the opening of a second high school. The unspent money would be transferred to the Interlocal Agreement Fund. That would allow the Interlocal Agreement Fund to grow and become a temporary source of money to help with the transition to two schools. More importantly, it would build ongoing uncommitted budget authority in the General Fund that can be committed to pay for the additional costs once the second school is opened.

This option would allow the anticipated budget deficit to be spread over a number of years rather than being absorbed all in one year. While appealing from this perspective, this option is not without drawbacks. Conservative budgeting would reduce money that could be spent on current year students and programs. It would also impact the District's ability to provide wage and benefit increases for staff. The 2016-17 structural imbalance (described above in the *Significant Trends, Events, and Initiatives* section) evidences the difficulty in reserving General Fund spending authority.

2. Seek voter approval of a temporary "transition" levy. [State law](#) allows schools to approach voters for a transition levy when opening a new school. With an anticipated General Fund maximum budget of approximately \$20,000,000 in 2020, the Board can ask the voters to approve a temporary transition levy for up to \$1,000,000 per year not to exceed 6 years. Obviously, the taxpayer impact would be a consideration and the District would have to have a plan to wean ourselves from this temporary funding source. If this is part of the solution, the District would presumably seek voter approval for the transition levy in the Spring of 2020, with the levy taking effect in the 2020-21 year.
3. Pursue additional ANB for opening a new high school. [State law](#) contemplates circumstances under which ANB can be increased, one of which is opening of a new school. The District attempted to use this law when we opened Meadowlark Elementary in 2013, but the Montana Office of Public Instruction interpreted the law differently. The District ultimately decided against escalating the issue, but the higher stakes in this instance may warrant reconsidering this option. Additional ANB would provide one-year help in the form of additional state and local funding.
4. Restructure schedule. The Bozeman High School day currently consists of seven periods, plus an optional zero-hour. Teachers generally teach five sections per day and have two prep periods. Block schedules, six-period days, fewer prep periods, and other scheduling strategies are in use in other districts and allowed by the District's current Collective Bargaining Agreement. These options would result in fewer class opportunities for students and would likely be unpopular with staff. However, they would increase the student-to-staff ratio, and in doing so, provide operational savings.
5. Prioritize programs. If reductions ultimately become necessary, the District will need to develop a comprehensive list of programs and positions that are not required by the accreditation standards. The list will need to be developed, debated and prioritized.

Depending on the option(s) selected, the District will have the ability to spread the transition over a four- to ten-year period.

OTHER INFORMATION

Awards

The Association of School Business Officials awarded its *Meritorious Budget Award* to the Bozeman School District for its 2015-16 budget document. The award is a prestigious national award recognizing conformance with the highest standards for preparation and presentation of the budget document.

In order to receive this award, a school district must publish an easily readable and efficiently organized budget document, whose contents conform to the program standards. The *Meritorious Budget Award* is valid for a period of one year. We believe this budget document again meets the requirements for the award and we are submitting it to ASBO to determine its eligibility for this certificate and designation.

Acknowledgements

We would like to express our appreciation to the Board of Trustees for their concern in providing transparency to the patrons of our school district and thereby contributing their support to the development of one of the best educational financial operations within the State. The preparation of this report could not be accomplished without the efficient and dedicated services of the Board, Administration, and the entire school district staff. To those personnel who assisted and contributed to its preparation, thank you!

The District has a long history of excellence in public education and transparency and prudent stewardship of taxpayer finances. We remain committed to each of those values. To that end, please contact my office at (406) 522-6097 or mike.waterman@bsd7.org if you have questions or need additional information.