

Bozeman Public Schools



2019-20 Adopted Budget

Introductory Section/Executive Summary



Bozeman Public Schools
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DATE: August 12, 2019

TO: Board Chair
Members of the Board of Trustees

FROM: Mike Waterman
Director of Business Services

RE: 2019-20 Budget Overview

On August 12, 2019, the Bozeman School District Board of Trustees adopted its budget for the 2019-20 fiscal year. This document is intended to provide the reader with an overview of the Bozeman School District and its 2019-20 budgets. This overview is organized into three sections: organizational, financial, and informational. The budget document contains additional information on all of these topics.

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 their respective occupations are as follows:

Board Member	Term Expires May,	Total Time Served on Board	Occupation
Andrew Willett, Chair	2022	6.5 years	Attorney
Sandra Wilson, Vice Chair	2021	4.5 years	Retired Teacher
Heide Arneson	2020	10.5 years	College Instructor
Douglas Fischer	2021	4 years	Journalist
Gary Lusin	2021	13.5 years	Physical Therapist
Greg Neil	2020	2.5 years	Insurance Agent
Tanya Reinhardt	2022	3 years	Business Consultant
Wendy Tage	2021	9.5 years	Homemaker

Source: District records

Executive Administration

Bozeman School District staff is generally organized into an Operations branch and Curriculum and Instruction branch, and a Deputy Superintendent leads each branch. The Deputy Superintendents report to the Superintendent.

Mr. Robert Connors has served as Superintendent since July 1, 2019. Mr. Connors has been involved in education for approximately 34 years, with 17 years as a teacher and 17 years as an administrator. Prior to moving to Bozeman, Mr. Connors served as Superintendent for the Glasgow Public Schools for 7 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. Dr. King has worked for the Bozeman School District since 1999.

Major Goals and Objectives – 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 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 2019-20 budget has been in the planning stages since August 2018.

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 development process begins each fall with enrollment counts and developing a framework for the budget. In the 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.

There were no changes from the 2018-19 budget process or policies. In compliance with Montana law, the adoption of the final 2019-20 budget occurred August 12, 2019.

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 High School District's bond rating of Aa2 in August 2019 in anticipation of a new high school bond issue. The bond rating is the highest of any school district in Montana. Moody's cites several factors—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—for the rating. The District is pleased with this rating—not only for the interest savings on our recent bond issue and refinances, 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 in 2019-20 is \$95,476,550, an increase of \$2,680,592 (2.9%) over 2018-19:

	FY2018-19 Budget	FY2019-20 Budget	Change \$	Change %
General	\$ 51,043,843	52,274,490	\$ 1,230,647	2.4%
Debt Service	17,407,423	17,670,568	263,145	1.5%
Retirement	8,200,000	8,200,000	0	0.0%
Building Reserve	9,268,786	10,419,198	1,150,412	12.4%
Transportation	3,196,143	3,283,860	87,717	2.7%
Technology	1,781,012	1,728,573	-52,439	-2.9%
Adult Education	390,480	401,280	10,800	2.8%
Bus Depreciation	586,377	599,421	13,044	2.2%
Tuition	910,807	891,160	-19,647	-2.2%
Flexibility	11,087	8,000	-3,087	-27.8%
Total K-12	\$ 92,795,958	\$ 95,476,550	\$ 2,680,592	2.9%

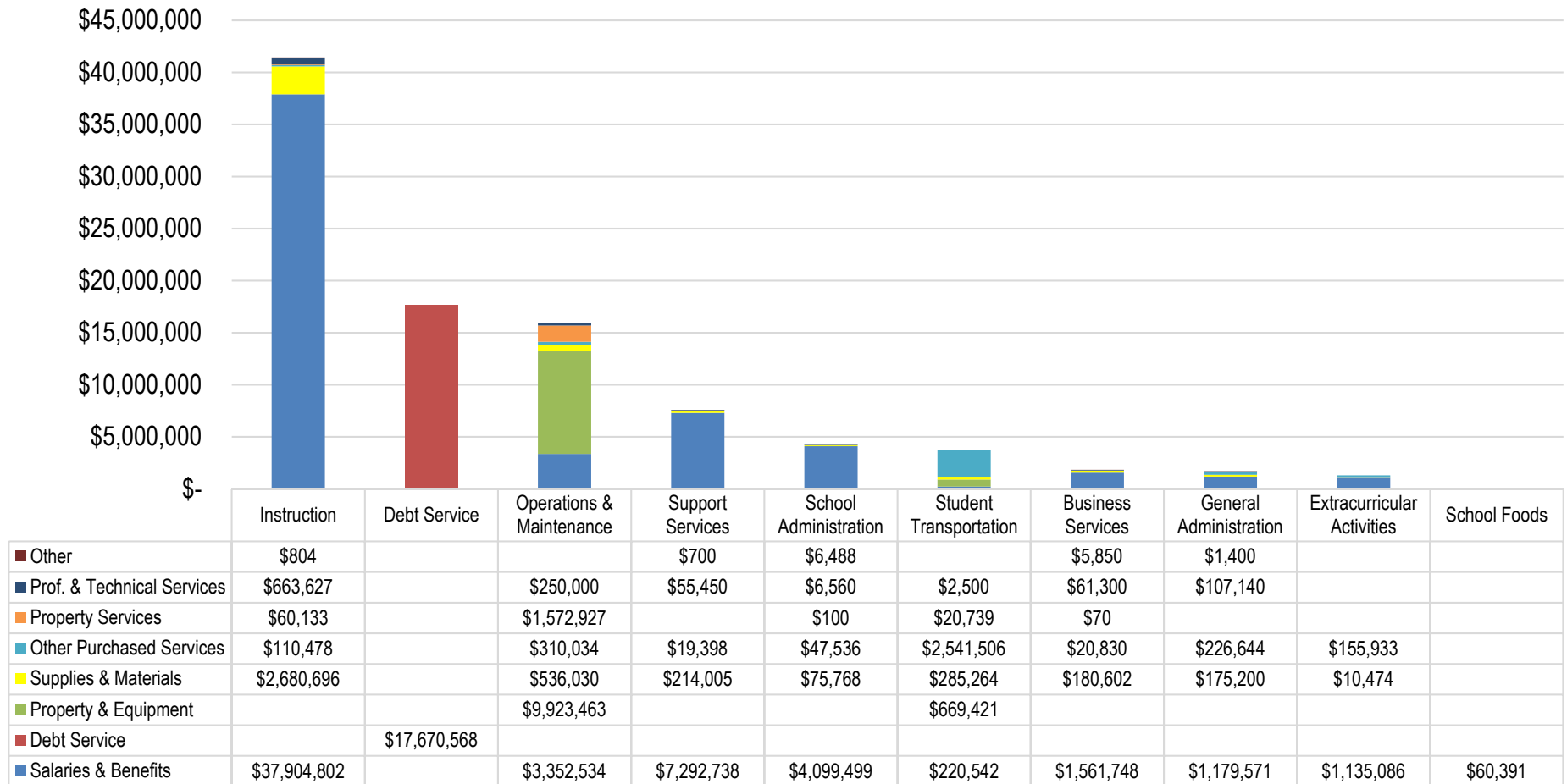
Source: District records

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 \$95,476,550 in total budgeted expenditures, the District plans to spend \$41,420,540 (43%) on Instruction and \$56,806,911 (59%) on Salaries and Benefits – the largest single function and object amounts, respectively. The following graph summarizes total budgeted expenditures by function and object:

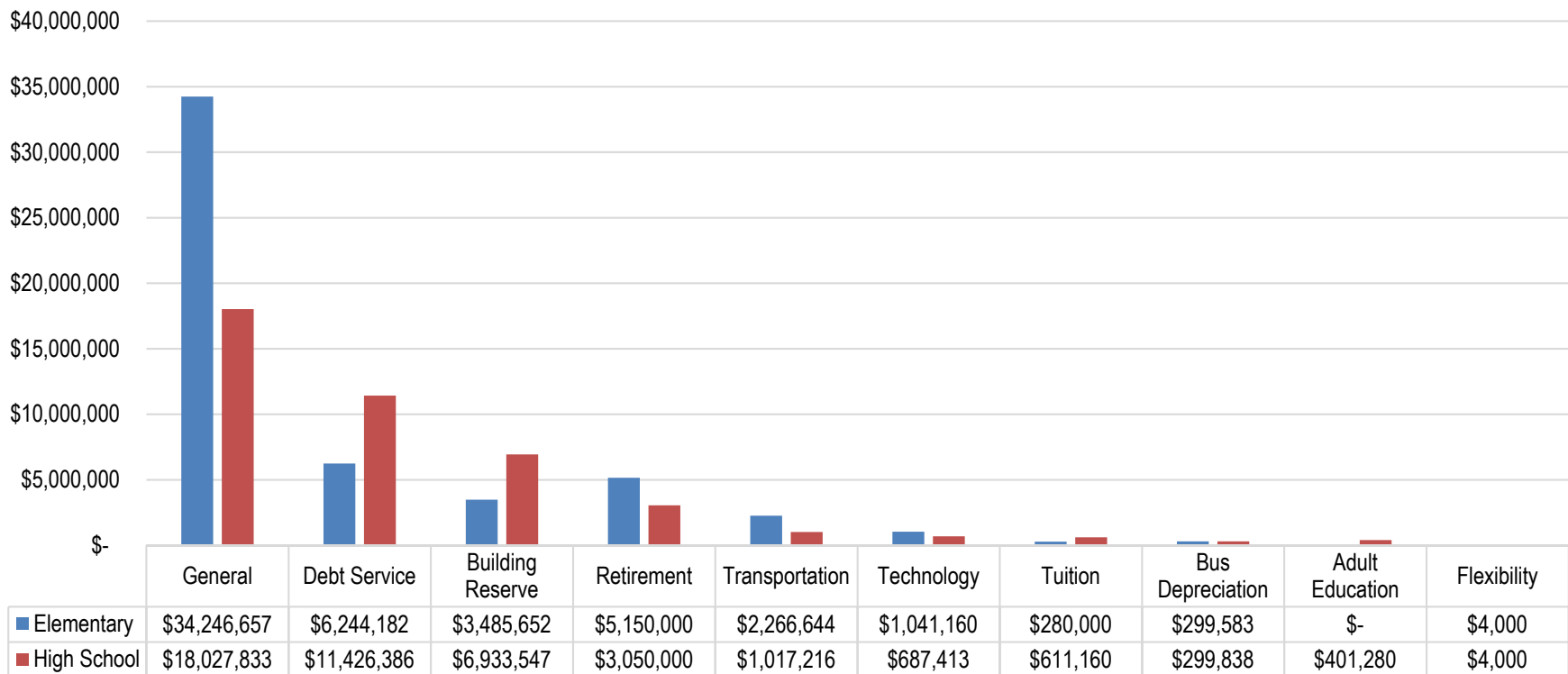
Bozeman Public Schools
K-12 Budgeted Funds Expenditure Budget



Source: District records

The adopted budget and spending limit for each of the Elementary and High School Districts' funds are shown below:

Bozeman Public Schools
2019-20 Spending Authority - All Budgeted Funds



Source: District records

The budget document further details these planned expenditures.

Significant Trends, Events, and Initiatives

There were no significant changes in the District's demographics this year. Notable financial budget changes in FY2019-20 include:

- \$1,230,647 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 100 and 44, respectively.

The 2019 legislature also increased the funding rates by 0.91% in 2019-20 and 1.83% in 2020-21. State law requires these factors to be increased by a derivative of historical CPI inflation figures, and the legislature approved the increases in accordance with this law.

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 (2.50%) amount of remaining spending capacity while the Elementary has a structural imbalance. System-wide, the General Funds have a \$736,284 (1.41%) structural imbalance:

	Elementary	High School	K-12 Total
General Fund Budget Limit	\$ 34,246,657	\$ 18,027,833	\$ 52,274,490
Budgeted General Fund Expenditures	\$ 35,433,698	\$ 17,577,077	\$ 53,010,774
Remaining Capacity/(Structural Imbalance)	\$ (1,187,041)	\$ 450,756	\$ (736,284)

Source: District records

Since Montana law requires a balanced General Fund budget, the District will use budgeted contingency amounts and, if necessary, non-renewable/one-time resources to balance the budget.

- \$1,150,412 increase in the Building Reserve Funds. In May 2019, Bozeman Elementary voters approved a new six-year \$12 million levy to fund renovations and repairs to Elementary facilities. That new \$2 million per year levy replaces a similar but smaller (\$1.5 million per year) levy that expired at the end of the 2018-19 school year.

The 2017 legislature expanded the scope of the Building Reserve Fund. The new regulations allowed schools to levy permissive taxes for certain facility improvement projects. In 2019, the legislature expanded the use of that permissive levy authority to include operational costs of school safety.

In 2018-19, the District deposited almost \$514,560 in Tax Increment Finance receipts to the Building Reserve Funds to reduce voter-approved property taxes there. That money will carry forward and be used in conjunction with voted and permissive levy proceeds to finance projects identified on the Board-approved Capital Projects Plan and operational costs of school security—including the 4.0 new behavior support, counseling, and school psychologist FTE.

In total, the Building Reserve Fund budgets will increase by 12.4% in 2019-20.

- \$263,145 increase in the Debt Service Funds. Although not a large change relative to the District’s overall budget, significant—and somewhat offsetting changes—will occur in the District’s Debt Service Fund budgets this year.

This year’s Elementary Debt Service Fund budget will decrease by \$575,375. In 2018-19, the District built a one-year spike into the Elementary Debt Service payment schedule. That spike was created to take advantage of remaining project funds from Sacajawea Middle School and Hawthorne Elementary renovation projects, so the higher payments did not result in a tax increase. That one-time blip has passed, so the Elementary Debt Service spending will reduce commensurately.

A \$838,520 increase in the High School budget offsets the Elementary reduction. On May 2, 2017, Bozeman High School voters approved \$125 million in new bonds to finance construction of a Gallatin High School and renovations to Bozeman High School. The District locked rates for the first \$100 million issue on July 13, 2017 and closed the transaction on August 3, 2017.

The District is in the process of issuing remaining \$25 million bonds authorized in the 2017 election, and that new debt is the primary reason for the High School Debt Service Fund budget increase. The District intends to lock rates on August 20, 2019 and close on September 4, 2019. Both dates occur after the final budget adoption, but the District will make an interest payment during the 2019-20 fiscal year. That payment will be financed using bond premium, so there not be a tax impact until 2020-21. The payment for that new issue, estimated at \$806,756, represents the bulk of the budget increase.



The authorized projects include construction of a second high school (this year, dubbed the Gallatin High School Raptors) along with renovations to Bozeman High School and Van Winkle stadium. As of the date of this document, Gallatin High School is about 60% complete and Van Winkle stadium relocation project is roughly 80% complete. Construction on Bozeman High School will commence in the spring of 2020. All projects are currently on time and within the established budget.

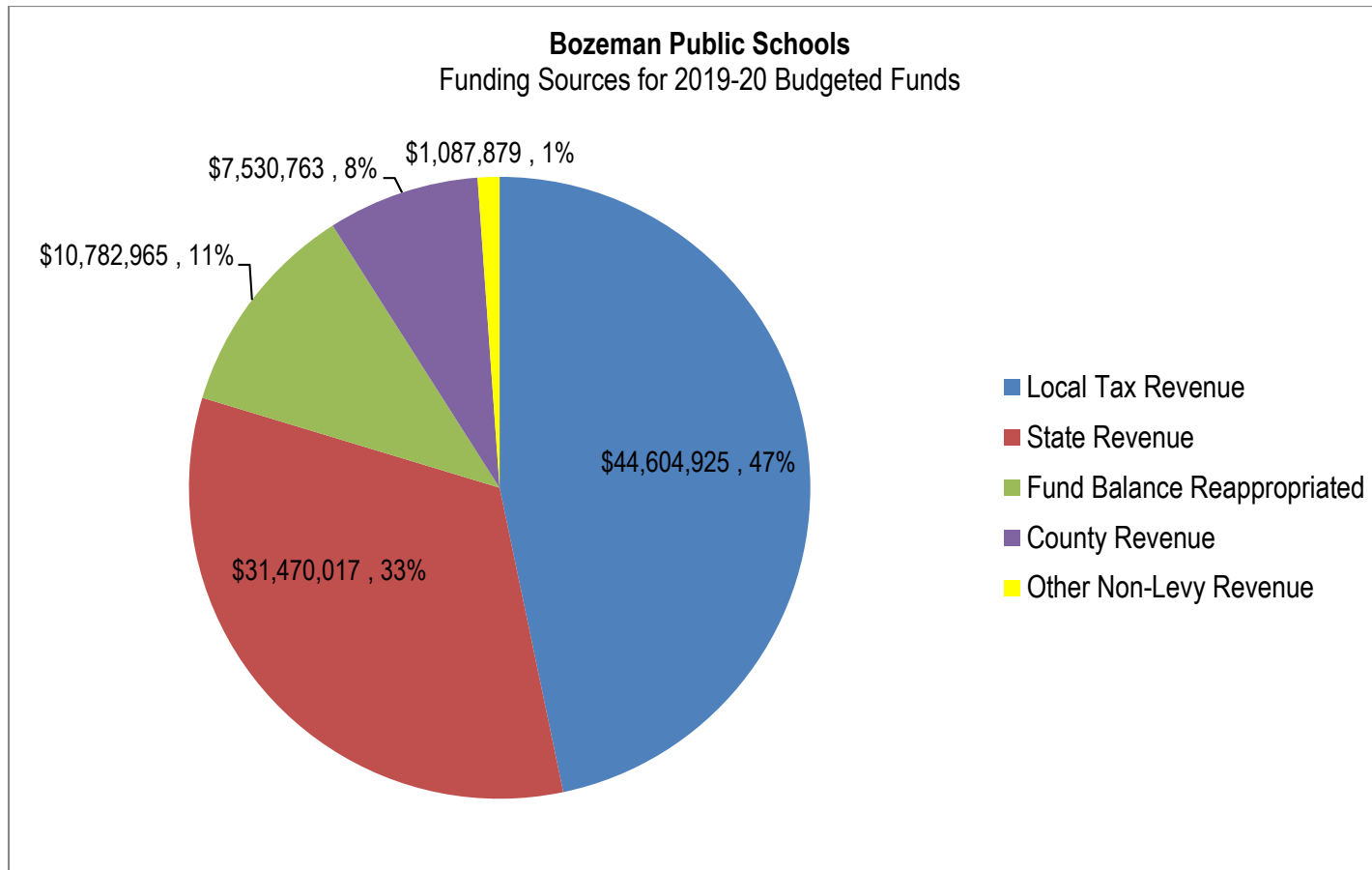
The District intends to open Gallatin High School to freshmen, sophomores, and juniors in the fall of 2020. In the fall of 2021, all four high school grades will attend the school. Van Winkle stadium will open in the fall of 2020, perhaps in time for the homecoming football game.

The remainder of the increase stems from an anticipated increase in Special Improvement District assessments and a tax increase to rectify a deficit fund balance that occurred due to delinquent tax payments during 2018-19.

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 \$95,476,550 in expenditure budgets adopted for 2019-20 will be funded as follows:



Source: District records

The following table compared these budgeted funding sources for 2019-20 with those budgeted for the prior year:

	2018-19	2019-20	Change
Non-Levy Revenue	\$ 38,838,047	\$ 40,088,660	\$ 1,250,613
Local Tax Revenue	\$ 43,121,457	\$ 44,604,925	\$ 1,483,468
Fund Balance Reappropriated	\$ 10,836,454	\$ 10,782,965	(\$ 53,489)
Total	\$ 92,795,958	\$ 95,476,550	\$ 2,680,592

Source: District records

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

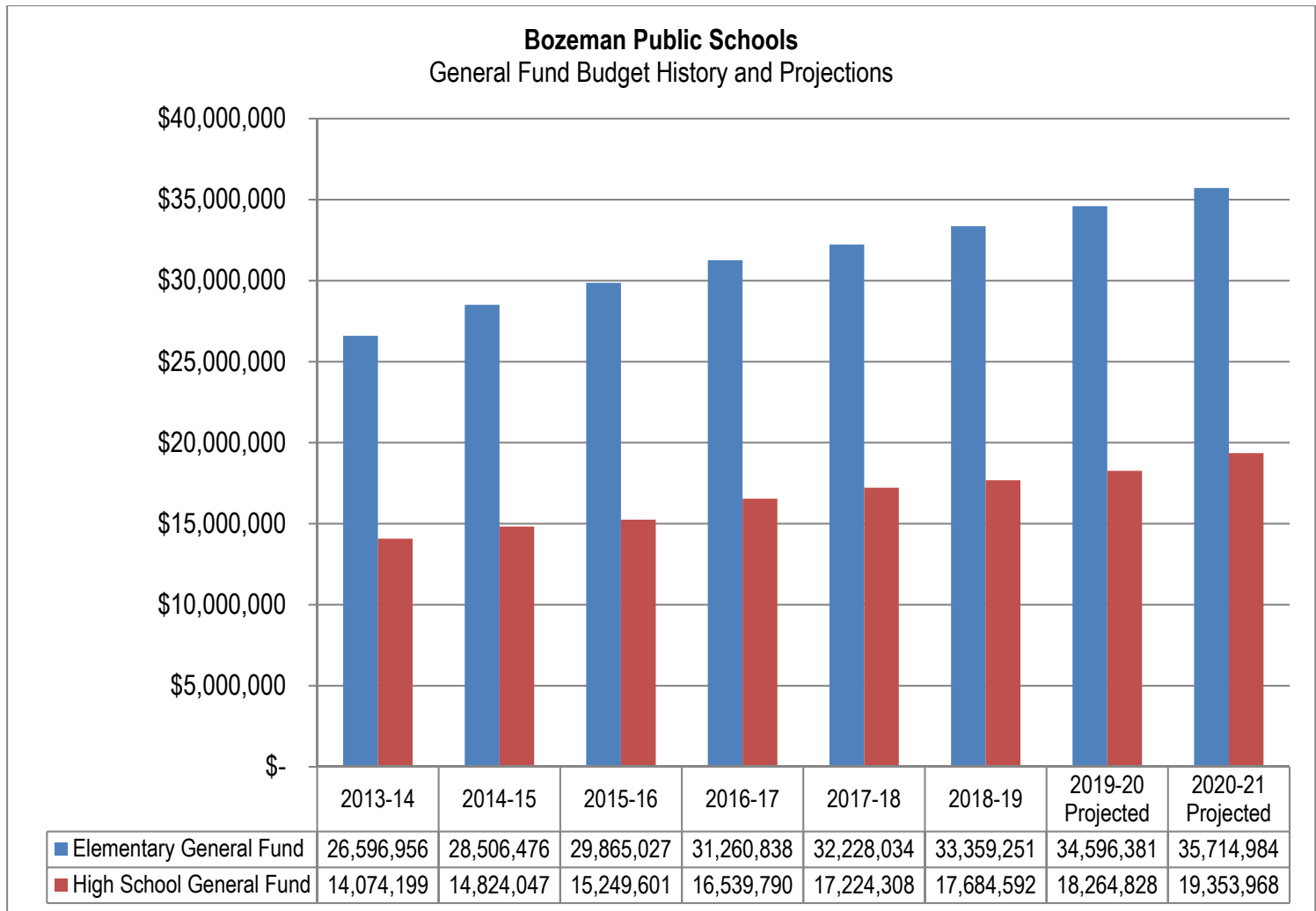
Budget Forecast

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 2019 session established the funding formula for the 2019-20 and 2020-21 fiscal years. Current law provides that the building blocks of our General Funds will increase by the lesser of the cube root of the CPI inflation index change between the fifth and second prior year or 3 percent, whichever is less. Actual CPI inflation for the most recent two years (2018 and 2019) was 2.07% and 1.55%, respectively; however, the formula prescribed in law resulted in inflationary amounts of 0.91% and 1.83% in 2019-20 and 2020-21, respectively. These amounts were funded by the legislature.

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 current biennium. We therefore limit our long-range budget planning to that horizon. The following graph shows the District's historical and projected General Fund budget amounts:



Source: District records

Despite our limited ability to project long-range budgets, the District does have an eye on what opening a Gallatin 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 when our Gallatin High School opens in the fall of 2020. Administration currently estimates opening a Gallatin High School will require between \$1.7 million and \$2.0 million per year in additional operating costs in today's dollars—roughly 9% 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 Gallatin 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 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 has worked to build "contingency" amounts into the budgets for the years leading up to the opening of a Gallatin 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.

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. Based on the anticipated General Fund maximum budget of approximately \$19,274,140, the Board can ask the voters to approve a temporary transition levy for up to \$963,607 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 itself from this temporary funding source. If this levy 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 accessed this funding stream when Meadowlark Elementary opened 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. 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 costs over a four- to ten-year period.

The District does anticipate changes to other budgeted funds in coming years. Most of these changes will be the result of fund balances and the execution of long-term plans. Other anticipated highlights include:

- Debt Service Fund. As noted above, High School District voters authorized the issuance of \$125 million in bonds to construct a Gallatin High School and renovate Bozeman High School. \$100 million of those bonds have been issued, and the remaining bonds will be issued in September 2019. Additionally, enrollment projections indicate the District will exceed its K-5 facility capacity in 2020. The District is monitoring enrollment and preparing for an Elementary bond issue to create more capacity.
- Building Reserve Fund. The District will continue to monitor its permissive levy abilities as allowed by law, and leverage those levies with anticipated state funding to maximize the buying power and value of the taxpayers' dollars. Currently, the maximum the Elementary and High School Districts could access under these provisions are \$503,000 and \$240,400, respectively, and these are the amounts included in the current year budget

- Transportation Fund. The District anticipates bus routes will need to be reconfigured when Gallatin High School opens in 2020.
- Technology Fund. No significant changes are anticipated.
- Adult Education Fund. No significant changes are anticipated.
- Tuition Fund. No significant changes are anticipated.
- Bus Depreciation Fund. No significant changes are anticipated.

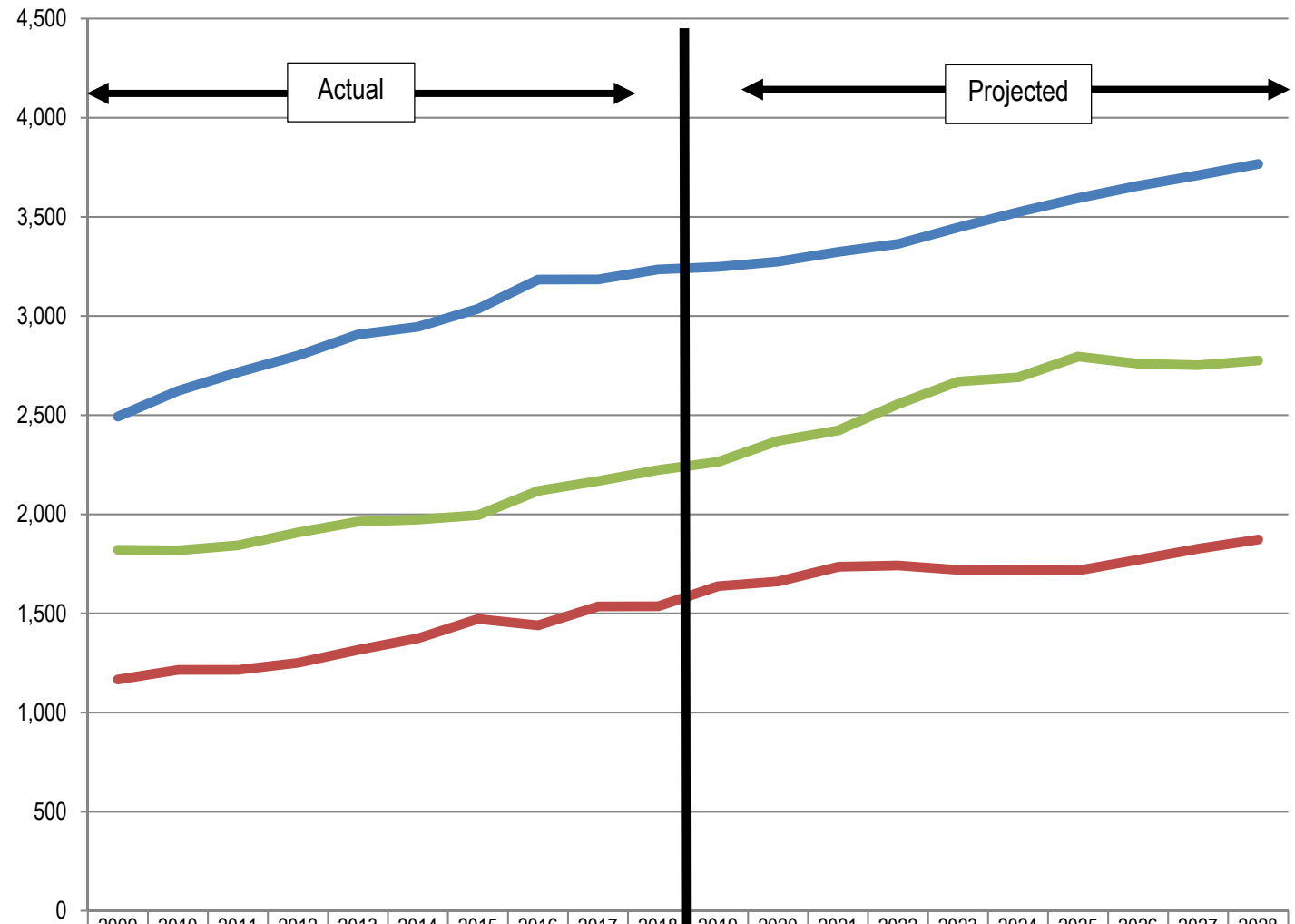
INFORMATIONAL SECTION

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 28% 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,



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Elementary Enrollment (Grades K-5)	2,493	2,623	2,717	2,801	2,907	2,946	3,037	3,184	3,185	3,235	3,248	3,275	3,324	3,364	3,447	3,525	3,595	3,657	3,711	3,767
Middle School Enrollment (Grades 6-8)	1,167	1,215	1,215	1,251	1,316	1,375	1,472	1,440	1,535	1,536	1,638	1,661	1,735	1,742	1,720	1,718	1,717	1,771	1,827	1,873
High School Enrollment (Grades 9-12)	1,821	1,818	1,844	1,909	1,963	1,973	1,996	2,118	2,168	2,224	2,265	2,371	2,423	2,556	2,670	2,691	2,796	2,760	2,752	2,776

Source: District records

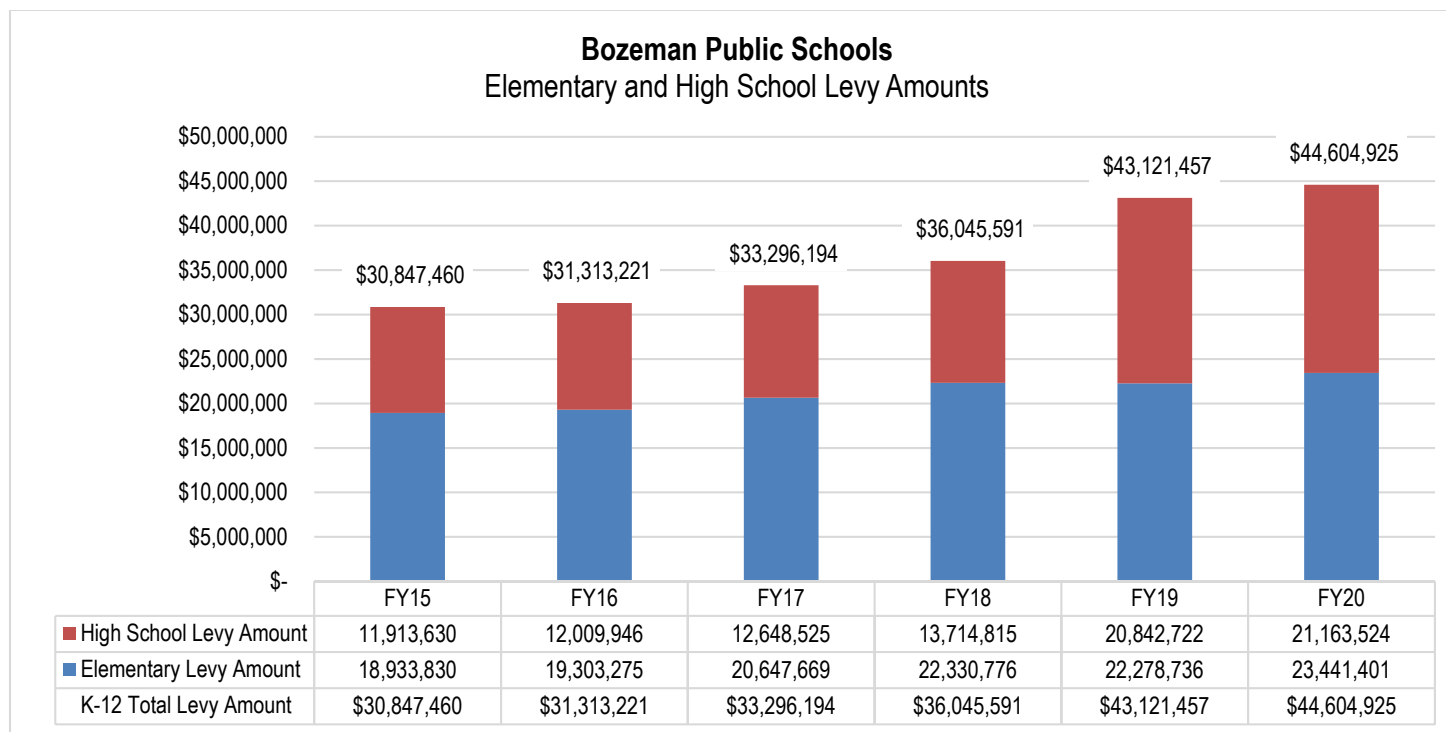
Overall, the District expects enrollment to increase by 156 students (2.2%) from 2018-19 to 2019-20:

	October 1, 2018 Actual Enrollment	October 1, 2019 Anticipated Enrollment	Anticipated Change
Elementary (grades K-5)	3,235	3,248	13
Middle School (grades 6-8)	1,536	1,638	102
High School (grades 9-12)	2,224	2,265	41
Total (K-12)	6,995	7,151	156

Source: District records

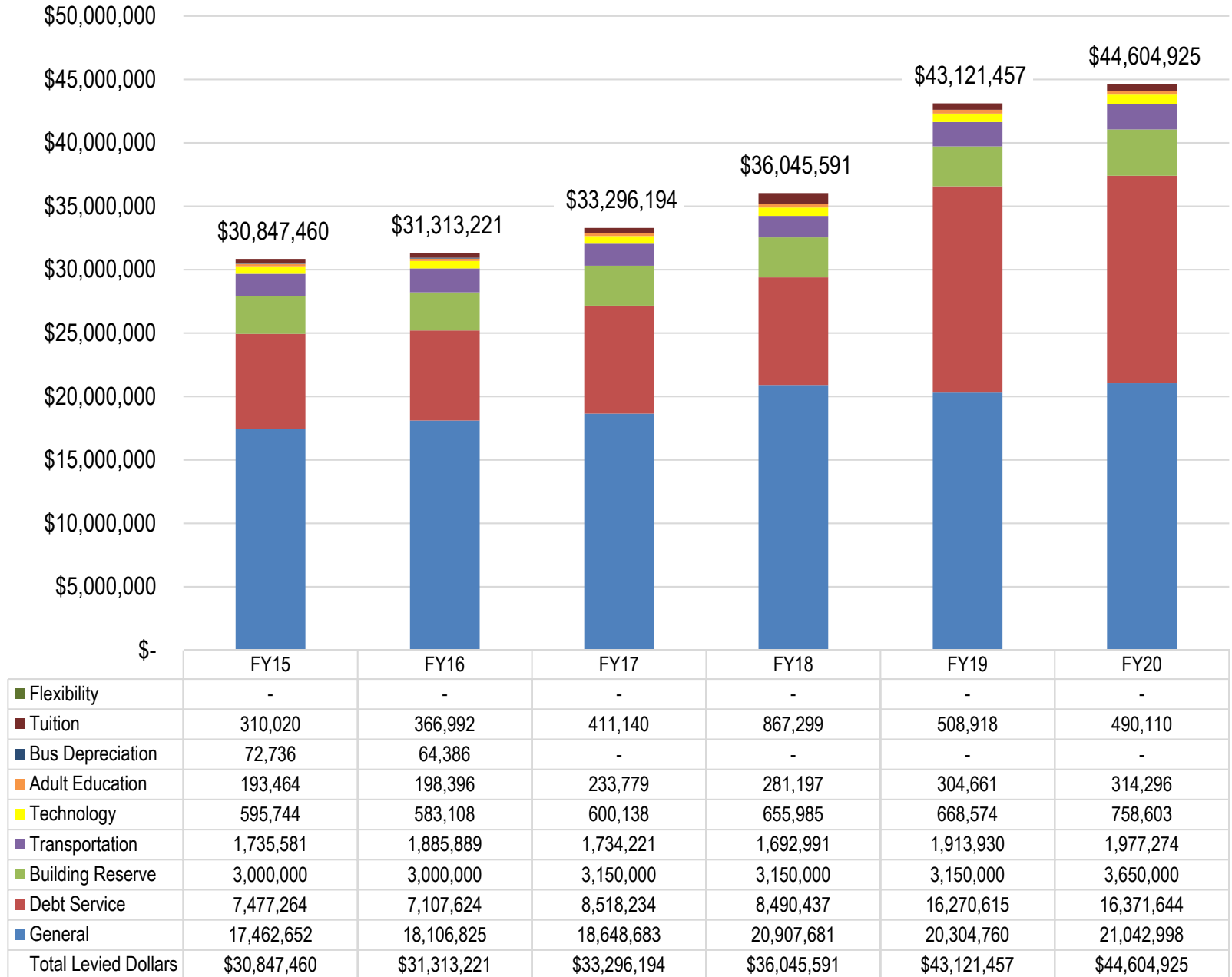
Taxation

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 FY2020 budget is funded by \$44,604,925 in property taxes, an increase of \$1,483,468 (3.44%) over FY2019. The following graphs detail those amounts by District and then by fund:



Source: District records

Bozeman Public Schools
K-12 Levied Dollars - All Funds



Source: District records

The largest tax increases occurred in the General, Building Reserve, and Technology Funds. Together, these funds account for 90% of the 2019-20 tax increase:

- General Funds: \$738,238 tax increase. In May 2019, voters approved a \$115,000 permanent increase to the Elementary General Fund levy. However, the bulk of the increase occurred as a result of a substantial increase in the District's taxable value. The State of Montana subsidizes General Fund levies for districts with relatively low taxable values per student. As discussed below, the Elementary and High School taxable values both jumped by over 19% for 2019-20. As a result, less state subsidy was available and local taxpayers were left to make up the difference.
- Building Reserve Funds: \$500,000 tax increase. In May 2019, Bozeman Elementary voters approved a new six-year \$12 million levy to fund renovations and repairs to Elementary facilities. That new \$2 million per year levy replaces a similar but smaller (\$1.5 million per year) levy that expired at the end of the 2018-19 school year.

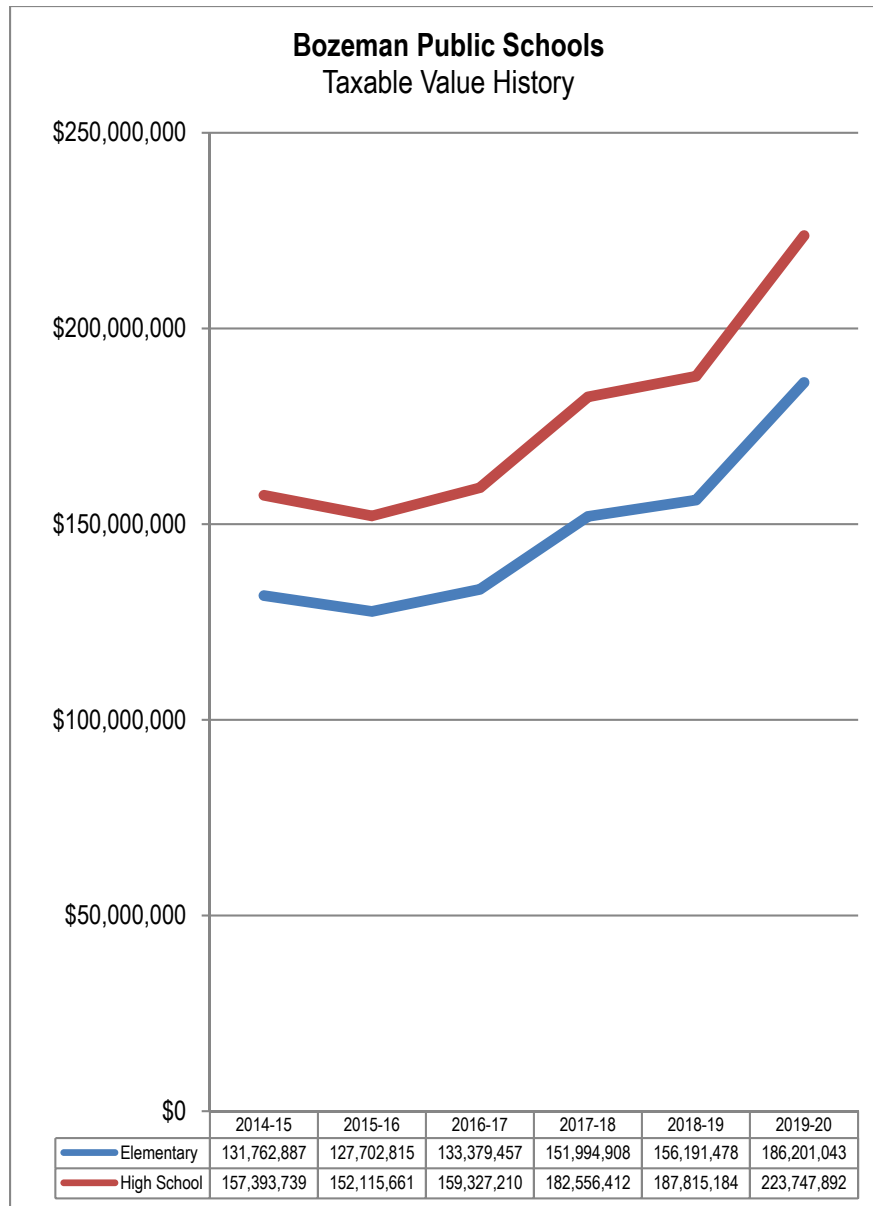
Both the Districts will also levy permissively in the Building Reserve funds in 2019-20. However, the amounts of those permissive levies were made to match the total of the Districts' Tax Increment Finance District receipts and reductions in the voter-approved levies. As a result, the net Building Reserve levies were maintained at the voter-approved amounts.

- Technology Funds: \$90,029 tax increase. In 2013, Bozeman Elementary voters approved a 3.00 mill levy for the Technology Fund. As the District's taxable value increases, that voted levy generates additional funds for the District. In 2019-20, that increase is \$90,029. The High School District also has a voter-approved levy in the Technology Fund, but that levy is fixed at \$200,000 per year.

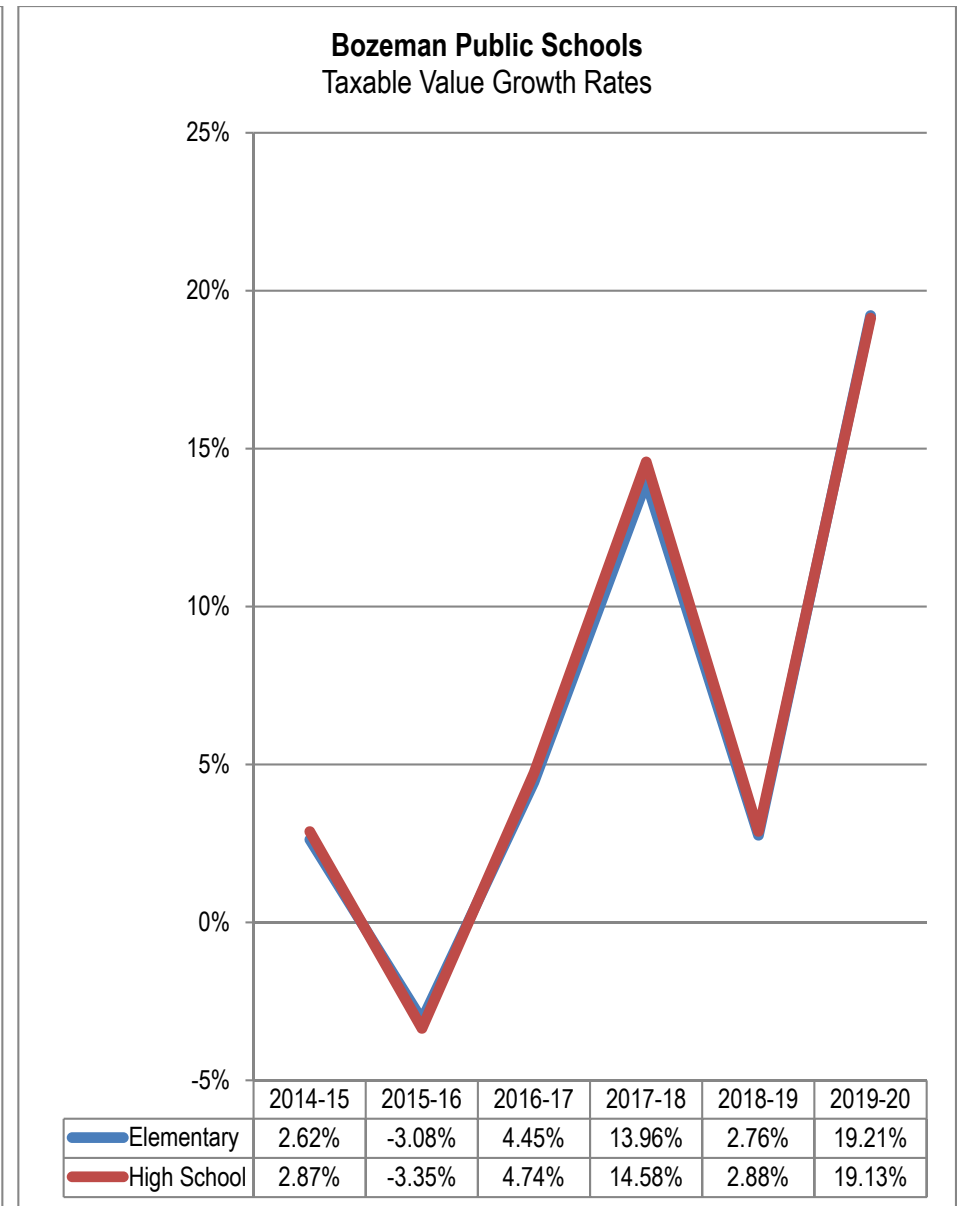
State law requires Montana schools to provide notice in March each year of any anticipated increases to certain permissive (i.e., nonvoted) levies in the ensuing year. The estimates are nonbinding. However, levies required to be covered by this notice constitute a small percentage of the District's actual levies (6.07% of the 2019-20 levied mills). Additionally, taxpayers may not understand the difference between voted and permissive levies, or know that the presented levies are not a complete picture of the District's taxes. To reduce confusion and improve transparency, the District includes all of its levies in the notice.

The 2019-20 notice was posted in the Bozeman Chronicle on March 19, 2019 and is included as Appendix 2 in this budget document.

Fortunately, Bozeman has historically had a strong tax base to support the School District's revenue requirements. This growing tax base helps to mitigate the tax impact on individual taxpayers. The Districts saw taxable values dip for the first time in over 15 years in 2016-17—the result from the Montana Department of Revenue's periodic revaluation and the 2008 recession. That decrease appears to have been an aberration. Based on continued strong growth in the community and the legislature's decision to leave tax rates unchanged, Bozeman's 2019-20 taxable values increased dramatically in 2019-20. The Elementary and High School increases in 2019-20 were 19.21% and 19.13%, respectively. These changes represent the largest single-year increases in over 30 years:



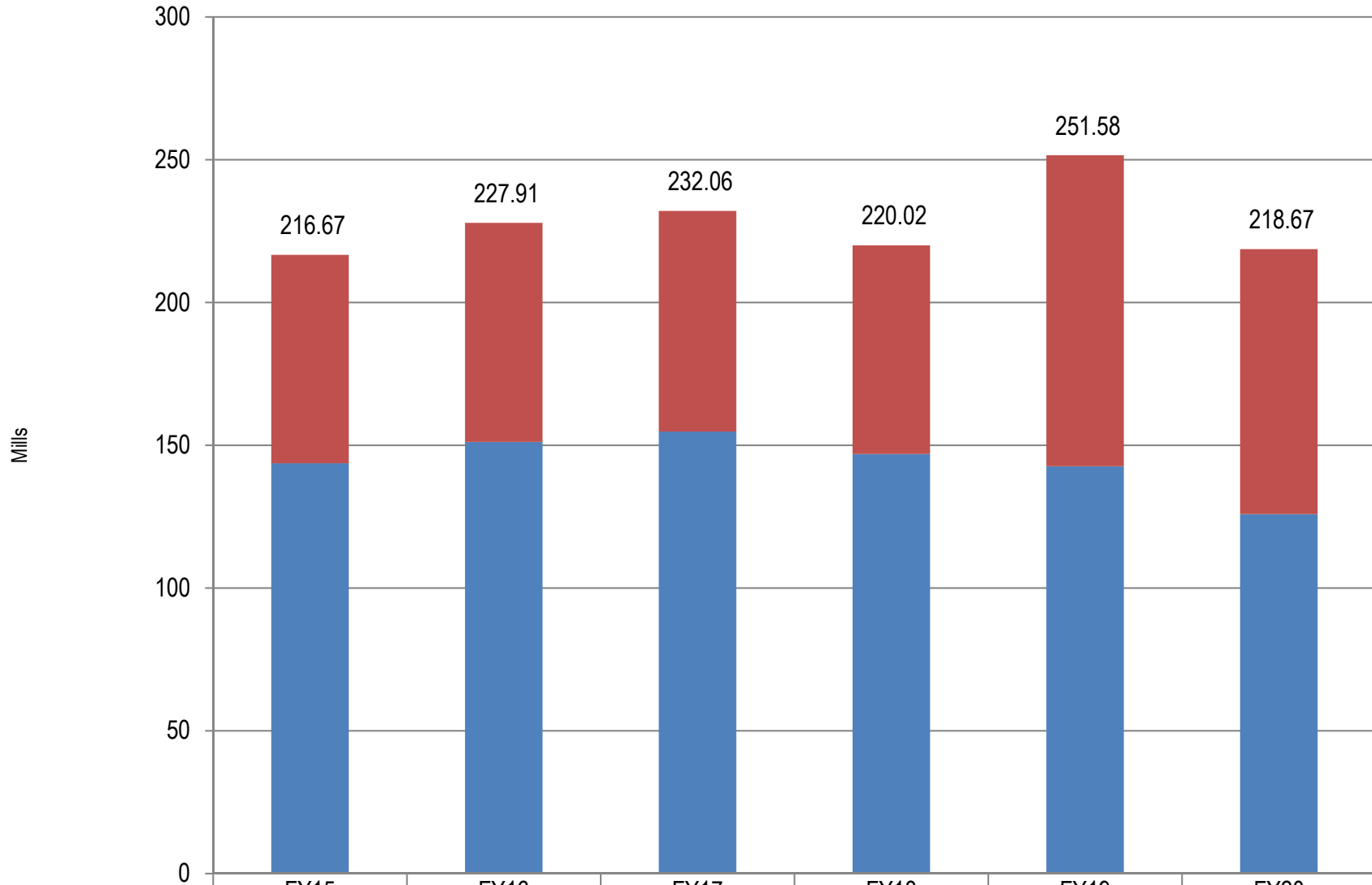
Source: Montana Department of Revenue



Source: District records

As a result of the increase in taxable value, total levied mills will decrease despite the increase in tax revenue. Total levied mills will decrease from 251.58 mills in FY2019 to 218.67 mills in FY2020—a decrease of 32.91 mills (13.08%). Again, the graphs show the breakdown of these mills by District and then K-12 totals by fund:

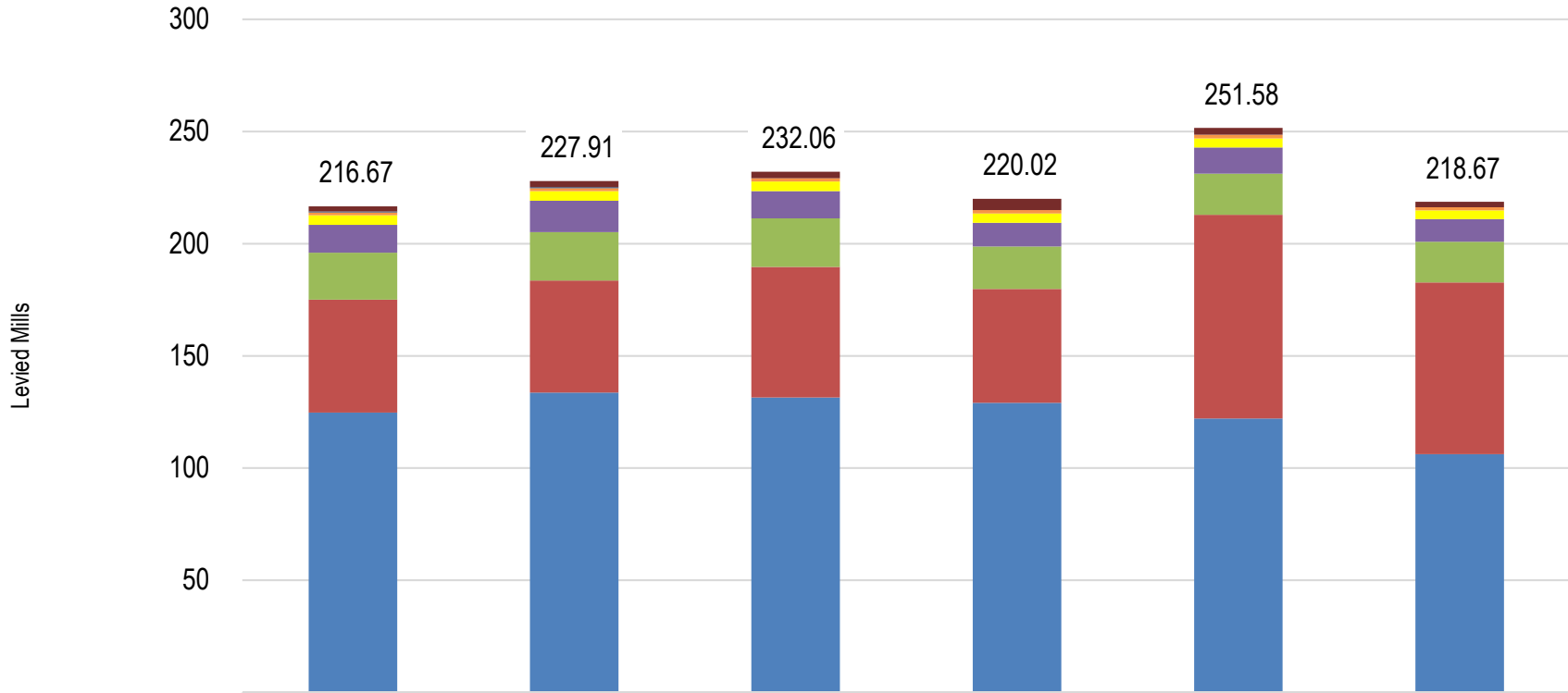
Bozeman Public Schools
Elementary and High School Levied Mills



	FY15	FY16	FY17	FY18	FY19	FY20
High School Mills	72.97	76.76	77.25	73.10	108.95	92.77
Elementary Mills	143.70	151.15	154.81	146.92	142.63	125.90
Total Mills	216.67	227.91	232.06	220.02	251.58	218.67

Source: District records

Bozeman Public Schools
K-12 Levied Mills by Fund



	FY15	FY16	FY17	FY18	FY19	FY20
Flexibility	-	-	-	-	-	-
Tuition	2.25	2.72	2.88	5.04	3.02	2.44
Bus Depreciation	0.51	0.46	-	-	-	-
Adult Education	1.23	1.30	1.47	1.54	1.62	1.40
Technology	4.27	4.31	4.26	4.10	4.06	3.89
Transportation	12.41	13.95	12.18	10.60	11.64	10.10
Building Reserve	20.91	21.61	21.61	18.91	18.39	18.11
Debt Service	50.39	49.93	58.20	50.72	90.77	76.56
General	124.70	133.63	131.46	129.11	122.08	106.17
Total Levied Mills	216.67	227.91	232.06	220.02	251.58	218.67

Source: District records

Personnel Resource Changes

Montana's state accreditation standards provide the basic framework for the District's staffing model. As detailed above, the District anticipates the 156 additional students to enroll in the District during 2019-20. To accommodate that increasing enrollment and comply with the accreditation standards, the 2019-20 budget includes a total of 11.75 FTE in new certified positions at an estimated cost of \$638,570. Some of these positions—4.0 FTE—are not technically new to the District, but rather added on as permanent staff members following the conclusion of a large federal grant at the end of 2018-19. These positions are funded as a result of law changes that now allow the operational costs of school security to be paid from the Building Reserve Fund.

At the time the budget was adopted, a total of 20.95 FTE had been added, as detailed in the following table:

	Elementary FTE Additions	High School FTE Additions	FTE Additions	Budgeted Cost
Projected Enrollment Increase	115	41	156	
<u>Regular Programs:</u>				
Certified FTE	6.70	1.80	8.50	\$ 565,250
Classified FTE	3.25	-	3.25	73,320
Subtotal: Regular Programs	9.95	1.80	11.75	\$ 638,570
<u>Special Ed:</u>				
Certified FTE	1.30	0.50	1.80	\$ 119,700
Specialists (Psychologists, Therapists, etc.)	3.40	1.00	4.40	296,067
Classified FTE	2.00	1.00	3.00	67,680
Total Special Ed	6.70	2.50	9.20	\$ 483,447
Grand Total	16.65	4.30	20.95	\$ 1,122,017

Source: District records

Additional positions may be added when the school year begins and actual enrollment counts are known.

Debt Changes

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 into the foreseeable future.

On May 2, 2017, Bozeman High School voters authorized the District to issue \$125,000,000 in debt to construct the District's Gallatin High School and renovate Bozeman High School. The District issued the first \$100 million issue in 2017 and is in the process of issuing remaining \$25 million.

The District intends to lock rates on August 20, 2019 and close on September 4, 2019. Both dates occur after the final budget adoption, but the District will make an interest payment during the 2019-20 fiscal year. That payment will be financed using bond premium, so those bonds will not cause a tax impact until 2020-21. The 2019-20 payment for that new issue is estimated at \$806,756.

The project is currently on-time and within the established budget.

OTHER INFORMATION

Awards

The Association of School Business Officials has awarded its *Meritorious Budget Award* to the Bozeman School District for each of its budget documents since fiscal year 2015-16. 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 education finance 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.