

Memorandum

REPORT TO: City Commission

FROM: Kaitlin Johnson, Budget Manager
Susan Gregory, Library Director

SUBJECT: Accept and approve state and local shared revenue and associated expenditures for the Bozeman Public Library for Fiscal Year 2026 (FY26).

MEETING DATE: January 6, 2026

AGENDA ITEM TYPE: Finance

RECOMMENDATION: Accept and approve state and local shared revenue and associated expenditures for the Bozeman Public Library for Fiscal Year 2026 (FY26).

STRATEGIC PLAN: 1.3 Public Agencies Collaboration: Foster successful collaboration with other public agencies and build on these successes.

BACKGROUND: The Bozeman Public Library receives annual shared revenue from both state and local sources. Revenue and associated expenditure amounts are higher than anticipated in the FY26 Adopted Annual Operating Budget. Accepting and approving the revenues and associated expenditures will allow the City to establish budget authority in alignment with [MCA 7-6-4006\(3\)\(c\)](#). There are three sources of funding for the Library that will be higher than anticipated.

The first revenue source is Gallatin County. Instead of operating a separate county library, Gallatin County provides a portion of their property tax revenue to public libraries within the Gallatin County Public Library District ([MCA 22-1-701](#)). The City receives approximately 70% of this funding annually for providing library services to all Gallatin County residents. The County also sets aside a separate reserve for future capital projects, which can be applied for every year. The current balance of the capital reserve allocated to Bozeman is \$255,705. For FY26, the allocation to the Bozeman Public Library is \$1,100,482, including \$100,000 from the County-held capital reserve for the Children’s Area Remodel.

The Bozeman Public Library also receives state aid under [MCA 22-1-326](#). State aid is intended to strengthen and expand public library services, broaden access to information, and support new or enhanced services based on local needs. The annual allocation is calculated on a per-capita and per-square-mile basis, with the statewide base amount established at 50 cents per Montana resident, as determined by the most recent decennial U.S. Census. The FY26 amount for state aid is \$37,296. State Aid is accounted for

in a separate fund to ensure it is used for intended purposes and does not subsidize or supplant general operating funds of the library.

The Library also receives funding through the Broad Valley Federation of Montana, which is primarily supported by Coal Severance Tax revenue. These funds are distributed on a population basis and support a range of library services, including operations, continuing education, resource sharing, programming, outreach, professional development, and technology. Total Federation funding for FY26 is \$11,260.

UNRESOLVED ISSUES: None

ALTERNATIVES: N/A

FISCAL EFFECTS: Acceptance of the state and county shared revenue will allow the City to establish budget authority for the use of these funds. Upon Commission approval, budget appropriations will be amended to include the shared revenue amounts received, in alignment with [MCA 7-6-4006\(3\)\(c\)](#). As part of the City's budgeting practice, line items are generally rounded to the nearest \$100. For items fully offset by known revenue sources, amounts are rounded up to the nearest \$100 to avoid any shortfall in budget authority.

Attachments:

[FY26 Library Services Contract.pdf](#)

[FY26 Broad Valley Federation Plan of Service.pdf](#)

[FY26 State Funding Deposits.pdf](#)

Report compiled on: December 19, 2025