

4418 STRUCTURALLY BALANCED BUDGET

The Grand Island Public Schools shall endeavor to adopt a structurally balanced budget. Generally, this means that recurring expenditures should be covered by recurring revenues and that non-recurring revenues should be used to fund non-recurring expenditures. On occasion, the recurring revenues may cover the non-recurring expenditures when revenues increase due to property values or state funding. Conversely, on occasion, non-recurring revenues may cover recurring expenditures when revenues decrease due to property values, state funding, or general economic conditions. The District's finance staff shall develop a budget presentation that shows the District's progress in achieving a structurally balanced budget.

STURUCTUALLY BALANCED BUDGET DIRECTIVES

While it is the District's intent to provide the board and staff with flexibility on how to pursue and achieve a structurally balanced budget, there are some points which the District should observe very closely when developing a budget.

- **Employee compensation and non-recurring revenues.** Except in extreme circumstances, non-recurring revenues and especially reserves should not be used to fund employee compensation. One such exception might be a severe economic downturn where non-recurring revenues are temporarily used to ease the transition to an expenditure structure that is in line with new economic realities. Even this should only be done in the context of plan to return to structure balance and replenish any reserves that had been used.
- **Operating and maintenance costs of capital assets purchased with non-recurring revenues.** While capital assets are often a good thing to fund with non-recurring revenues, the District shall be observant of the long-term operating and maintenance costs of such purposes, lest it create new on-going expenditures that it can't maintain.
- **Replacement of short-lived assets and non-recurring revenues.** The District shall give preference to using non-recurring revenues to replace assets that have outlived their useful lives over purchasing entirely new assets, where the replacement of the obsolete or expired assets is critical to the maintenance of the District's core priorities and programs. A replacement schedule for such assets is a good indicator of when to budget for these items.

MODIFICATION TO POLICY

This policy and its provisions will be reviewed annually by the Board of Education Facilities and Finance Committee. The Committee may approve minor changes of a housekeeping or corrective nature, or on advice of counsel, that conflict with federal or state laws or regulations. Significant policy changes will be presented to the Board for confirmation.

Policy Adopted: 02.11.2021