



Holland CSD Optimization Assessment 2024

Financial Sustainability Analysis

Fiscal Health

The financial position of the school district includes a summary of the assets, liabilities and fund balance. The primary indicator of fiscal health is fund balance (or the savings of the school district).

Fund Balance

	As of June 30, 2024
General Fund Balance	
Non-spendable	\$2,906
Restricted Reserves	\$2,975,016
Assigned Fund Balance	\$648,023
Unassigned Fund Balance	\$1,418,317
Total Fund Balance	\$5,044,262
Scholarships	\$1,234
Insurance Recoveries	\$10,767
Employee Benefit Accrued Liability	\$502,256
Unemployment Insurance Reserve	\$275,819
Debt Service	\$474,595
Retirement Contribution Reserve	\$705,007
Capital Reserve*	\$1,005,338
Total Restricted Reserves	\$2,975,016

*In October 2024, the voters approved the use of the capital reserve in the amount of \$1,000,000 (the transfer to the capital fund will essentially deplete the capital reserve).

It is recommended that the district create an Insurance Reserve Fund by seeking an amendment to General Municipal Law §6-n from the State of New York, to help cover future health insurance costs of the district's self-insured health plan.

The unassigned fund balance is limited by statute to 4% of the upcoming year's budget. As of June 30, 2024, this represented 3.10%. Future budget difficulties may result in a diminishment of both restricted reserves and unassigned fund balance, which may jeopardize the district's ability to maximize educational opportunities for students.

Overall fiscal health is measured by other variables, such as revenue generation/stability, and the ability to control expenditures.

Revenues

The district is experiencing a low revenue growth period that is expected to continue. State aid and school taxes represent the major sources of revenue for the district.

Projected 2024-25 State Aid

Type of State Aid	Amount
Foundation Aid	\$7,348,579
Building Aid	\$1,682,576
Transportation Aid	\$954,341
BOCES Aid	\$1,197,827
High/Private Excess Cost Aids	\$321,469
Instructional Materials Aid	\$69,348
TOTAL	\$11,574,140

The Foundation Aid formula considers factors like student enrollment, poverty levels, and the local property tax base. The district's Foundation Aid is currently overfunded due to a steady decline in enrollment. There are no significant increases in state aid anticipated in the future.

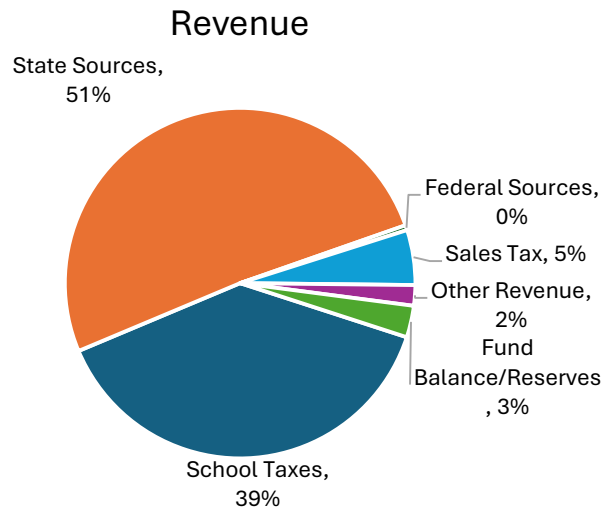
School Taxes

New York State’s property tax cap was enacted in 2012. Since then, school districts have experienced lower overall tax increases each year. In 2023-24, the school tax levy was 39% of the total revenues. For the future, it is recommended that the district levy at least the maximum amount allowed under the property tax cap.

Budget Information

General Fund 2024-25

Revenue Source	Amount
School Taxes	\$8,759,346
State Sources	\$11,548,872
Federal Sources	\$100,000
Sales Tax	\$1,150,000
Other Revenue	\$430,933
Fund Balance/Reserves	\$663,296
TOTAL	\$22,652,447



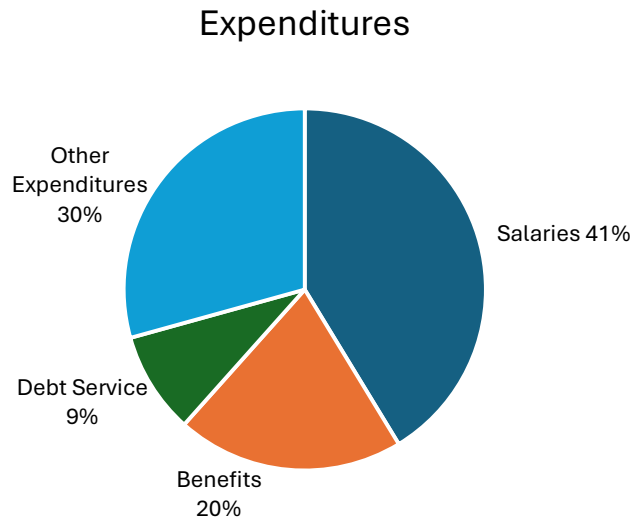
Sales Tax Revenue

This revenue source is expected to decline modestly since it is based on enrollment.

Expenditures

As shown on the chart below, salaries and benefits represent over 60% of the budget. As was noted during the 2024-25 budget development discussions, the district needs to explore options to reduce expenditures.

Expenditures	Amount
Salaries	\$9,355,286
Benefits	\$4,599,009
Debt Service	\$ 2,058,222
Other Expenditures	\$ 6,639,930
TOTAL	\$22,652,447



Options under consideration include:

- Conduct staffing review based on enrollment and class sizes
- Conduct Optimization Study

Long Range Planning

Long range planning (LRP) is a process that typically spans over several years where the school districts review prior actual budget performance and anticipate future revenues and expenditures based on potential challenges and opportunities. The reliability of the LRP depends heavily on the forecasts. It is a snapshot at a specific point in time and provides the districts with the ability to make strategic decisions based on anticipated changes.

Revenue Assumptions

- Foundation Aid estimated at 0% per year
- Expenditure-driven State Aid (excluding Building Aid) is projected to increase modestly each year
- Tax Levy at estimated Tax Levy Limit with a 2% growth factor

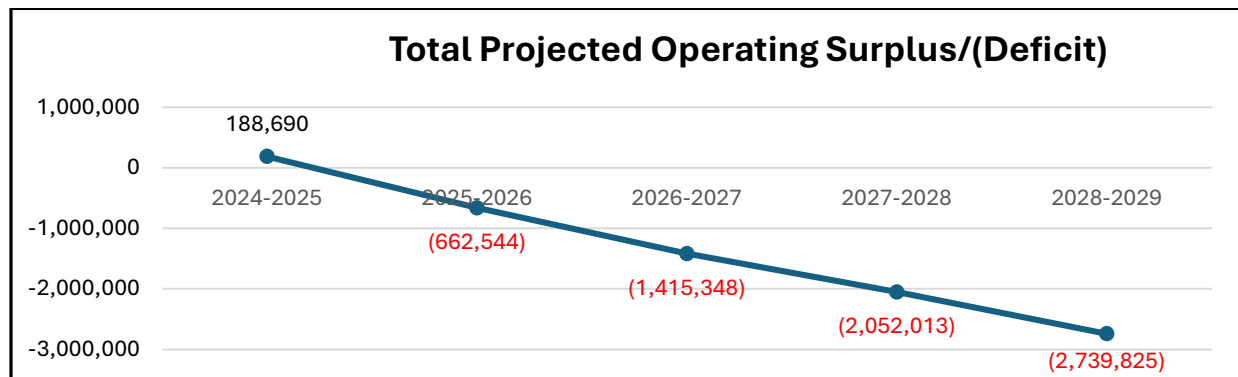
Expenditure Assumptions

- Salaries are based on current staff of record with expected contractual increases
- Health Insurance projected at medical trend of 7% annually
- Other costs, including BOCES are projected to increase modestly

Long Range Projection:

	2023-24 Audited	2024-25 Projection	2025-26 Projection	2026-27 Projection	2027-28 Projection	2028-29 Projection
Revenues	\$22,037,900	\$22,120,455	\$22,122,006	\$22,393,325	\$22,393,521	\$22,756,933
Expenditures	\$20,786,457	\$21,931,765	\$22,784,551	\$23,808,673	\$24,445,534	\$25,496,757
Operating Surplus (Deficit)*	\$ 1,251,443	\$ 188,690	\$ (662,545)	\$ (1,415,348)	\$ (2,052,013)	\$ (2,739,824)

It is anticipated expenditures will outpace forecasted revenues over time. The average annual increase in expenditures is expected to range from 4.6% - 5.4% while revenue increases range from 0.00% - 1.62%. In order to bridge the gap and balance future budgets, the district may utilize reserves or make changes to programming/personnel.



As previously noted, the district is currently being held harmless for Foundation Aid due to declining enrollment over time. The calculated Foundation Aid for 2024-25 is over 28% lower than the amount received.

2024-25 Foundation Aid Save Harmless	Amount
Calculated Foundation Aid	\$5,732,367
Foundation Aid Payable	\$7,348,579
Variance (Save Harmless)	(\$1,616,212)

If all other variables are held constant but the “save-harmless” Foundation Aid provision is eliminated in future years, the long-range projection would be as follows:

	2023-24 Audited	2024-25 Projection	2025-26 Projection	2026-27 Projection	2027-28 Projection	2028-29 Projection
Revenues	\$22,037,900	\$22,120,455	\$20,505,794	\$20,777,113	\$20,777,309	\$21,140,721
Expenditures	\$20,786,457	\$21,931,765	\$22,784,551	23,808,673	\$24,445,534	\$25,496,757
Operating Surplus (Deficit)*	\$ 1,251,443	\$ 188,690	(\$2,278,757)	\$ (3,031,560)	\$ (3,668,225)	\$ (4,356,036)

Under this scenario, the potential elimination of the save-harmless provision creates a much larger deficit over time.

