

November 25, 2016

Water and Sewer Authority – FY 15-16 Financial Statements

The FY 15-16 financial audit presented fairly and represented an unqualified opinion from the auditors.

However, the Stanly County Water and Sewer Authority (SWSA) finished FY 15-16 with a decrease in net assets of \$347,814, and positive cash flow remains a concern from both a full accrual (business type) and modified accrual basis.

The Authority’s capital assets make up the overwhelming majority of its entire assets. Thus, the Authority has no liquid assets or cash reserves.

On a modified accrual budgetary basis, which **excludes** capital as well as depreciation, the Water & Sewer Authority’s expenses exceeded revenues by \$96,604. As such, the Water & Sewer Authority did not maintain positive cash flow in FY 15-16. However, this was a significant improvement over last fiscal year when expenses exceeded revenues by \$188,526.

The Water & Sewer Authority’s net revenues (*all charges for services, investment income and miscellaneous income less operating expenditures not including mandated debt service*) were not sufficient to cover the Authority’s debt service obligations. Per the Authority’s USDA revenue bond covenants, net revenue must be 110% of the annual debt service. The Authority’s net revenue in FY 15-16 was 73% of its debt service obligations. Again, this is a significant improvement over FY 14-15 when net revenue was only 42% of the debt service obligation.

The Authority’s current outstanding debt totals slightly over \$7.38 million.

Given the solvency issues and SWSA’s inability to meet its current revenue bond covenants with USDA, it will be important to monitor budgetary cash flow over the next fiscal year before incurring additional long-term debt obligations associated with major capital projects.

Teacher Turnover Report

The annual statewide teacher turnover report was released earlier this month. The report provides turnover rates for each school system in the state.

Below please find a summary of teacher attrition from local school systems in our region. This rate includes those teachers leaving for other public school systems in North Carolina, those leaving for teaching jobs in other states and those leaving the profession.

Based on the data, Stanly County compares favorably. In fact, Stanly County’s teacher turnover rate for FY 15-16 was the second lowest in the southwest region (Lincoln County = 8.75%).

District	FY 14-15	FY 15-16
Montgomery	13.78%	17.77%
Anson	16.81%	14.53%
Rowan	14.08%	14.23%
Mecklenburg	16.49%	13.40%
State Avg.	14.84%	13.40%
Union	15.62%	13.02%
Cabarrus	13.93%	12.26%
Davidson	9.30%	9.59%
Stanly	11.70%	9.32%
Lincoln	10.27%	8.75%

Upcoming Meetings & Events

Stanly COG Meeting Tuesday, November 29
6:30 PM
Stanfield FBC