

**VILLAGE OF SUGAR MOUNTAIN,
NORTH CAROLINA**

FINANCIAL STATEMENTS

JUNE 30, 2019

VILLAGE COUNCIL MEMBERS

Gunther Jochl
Scott J. Brown
David Ammann
Jonathan Green

Dennis Lacey, Mayor

Susan Phillips, Village Manager and Finance Officer

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA

JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of
Village Council
Village of Sugar Mountain, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Village of Sugar Mountain, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Sugar Mountain, North Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

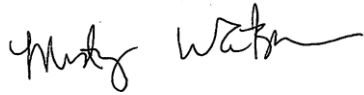
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension (Asset) Liability and Contributions and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Sugar Mountain's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "Misty Watson". The signature is fluid and cursive, with the first name "Misty" and last name "Watson" clearly distinguishable.

Misty D Watson, CPA, PA
Boone, North Carolina
September 13, 2019

Management's Discussion and Analysis

As management of the Village of Sugar Mountain, we offer readers of the Village of Sugar Mountain's financial statements this narrative overview and analysis of the financial activities of the Village of Sugar Mountain for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Village's financial statements, which follow this narrative.

Financial Highlights

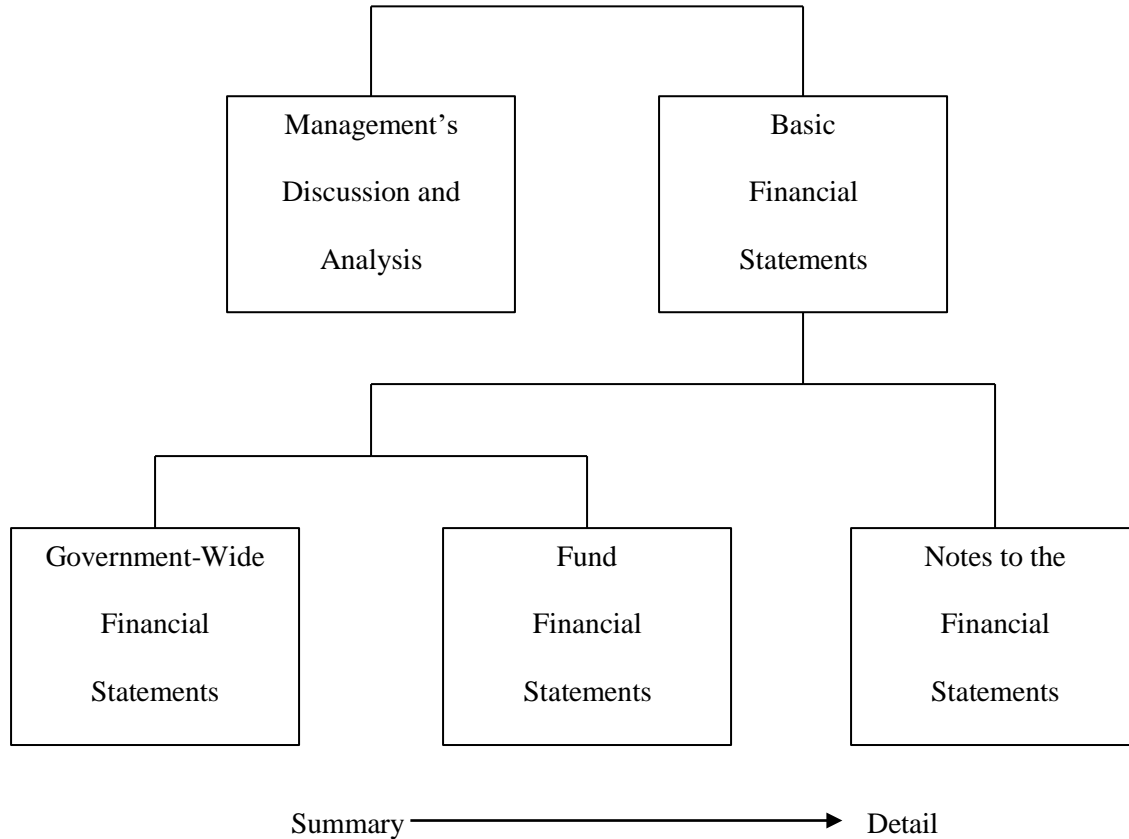
- The assets and deferred outflows of resources of the Village of Sugar Mountain exceeded its liabilities and deferred outflows of resources at the close of the fiscal year by \$5,279,224 (*net position*).
- The government's total net position decreased by \$11,916, primarily due to enterprise fund related activities.
- As of the close of the current fiscal year, the Village of Sugar Mountain's governmental funds reported combined ending fund balances of \$1,166,690, a decrease of \$182,008 in comparison with the prior year. Approximately 5.97% of this total amount, or \$69,641, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,097,049, or 57%, of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Sugar Mountain's basic financial statements. The Village's basic financial statements consist of three components: 1) government- wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Village through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Village of Sugar Mountain.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short- and long-term information about the Village's financial status.

The next statements (Exhibits C through I) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Village's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Village's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the Village's financial status as a whole.

The two government-wide statements report the Village's net position and how they have changed. Net position is the difference between the Village's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net positions is one way to gauge the Village's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the Village's basic services such as public safety, parks and recreation, and general administration. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the Village charges customers to provide. These include the golf and tennis services offered by the Village of Sugar Mountain. The final category is the component unit. Although legally separate from the Village, the Village of Sugar Mountain TDA is important to the Village because the Village exercises control over the Authority by appointing its members and is required to distribute one-third of its profits to the Village.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Village's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Sugar Mountain, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Village's budget ordinance. All of the funds of the Village of Sugar Mountain can be divided into two categories: *governmental funds* and *proprietary funds*.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Village's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed, short-term view that helps him or her determine if there are more or less financial resources available to finance the Village's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Village of Sugar Mountain adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Village, the management of the Village, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Village complied with the budget ordinance and whether or not the Village succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds. Village of Sugar Mountain has one proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village of Sugar Mountain uses enterprise funds to account for its golf and tennis activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Other Information. Combining and individual fund statements and schedules can be found beginning on page 51 of this report. Required supplementary information can be found beginning on page 47.

Government-Wide Financial Analysis
The Village of Sugar Mountain's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 1,241,696	\$ 1,418,151	\$ 52,521	\$ 101,363	\$ 1,294,217	\$ 1,519,514
Capital assets	3,267,009	3,314,310	2,532,319	2,339,451	5,799,328	5,653,761
Deferred outflows of resources	<u>355,684</u>	<u>240,440</u>	<u>42,284</u>	<u>27,736</u>	<u>397,968</u>	<u>268,176</u>
Total assets and deferred outflows of resources	<u>4,864,389</u>	<u>4,972,901</u>	<u>2,627,124</u>	<u>2,468,550</u>	<u>7,491,513</u>	<u>7,441,451</u>
Liabilities:						
Other liabilities	58,686	48,161	12,846	14,278	71,532	62,439
Long-term liabilities outstanding	1,763,236	1,884,495	341,774	154,719	2,105,010	2,039,214
Deferred inflows of resources	<u>35,590</u>	<u>47,687</u>	<u>157</u>	<u>971</u>	<u>35,747</u>	<u>48,658</u>
Total liabilities and deferred inflows of resources	<u>1,857,512</u>	<u>1,980,343</u>	<u>354,777</u>	<u>169,968</u>	<u>2,212,289</u>	<u>2,150,311</u>
Net Position:						
Investment in capital assets	1,935,913	1,725,684	2,226,444	2,203,924	4,162,357	3,929,608
Restricted	69,641	49,157	-	-	69,641	49,157
Unrestricted	<u>1,001,323</u>	<u>1,217,717</u>	<u>45,903</u>	<u>94,658</u>	<u>1,047,226</u>	<u>1,312,375</u>
Total net position	\$ <u>3,006,877</u>	\$ <u>2,992,558</u>	\$ <u>2,272,347</u>	\$ <u>2,298,582</u>	\$ <u>5,279,224</u>	\$ <u>5,291,140</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Village of Sugar Mountain exceeded liabilities by \$5,279,224 as of June 30, 2019. The Village's net position decreased by \$11,916 for the fiscal year ended June 30, 2019. However, the largest portion (78%) reflects the Village's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Village of Sugar Mountain uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Sugar Mountain's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village of Sugar Mountain's net position, \$69,641, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,047,226 is unrestricted.

Several particular aspects of the Village's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.79%

Government-Wide Financial Analysis
The Village of Sugar Mountain's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for services	\$ 16,772	\$ 19,296	\$ 395,643	\$ 400,865	\$ 412,415	\$ 420,161
Operating grants and contributions	28,443	27,781	-	-	28,443	27,781
Capital grants and contributions	-	-	93,746	122,417	93,746	122,417
General Revenues:						
Property taxes	1,264,934	1,269,804	-	-	1,264,934	1,269,804
Other taxes	360,059	320,812	-	-	360,059	320,812
Sale of capital assets	24,055	55,542	5,055	8,461	29,110	64,003
Miscellaneous revenues	12,209	7,349	-	-	12,209	7,349
Investment earnings	22,759	11,986	1,608	914	24,367	12,900
Total revenues	<u>1,729,231</u>	<u>1,712,570</u>	<u>496,052</u>	<u>532,657</u>	<u>2,225,283</u>	<u>2,245,227</u>
Expenses:						
General government	619,327	530,010	-	-	619,327	530,010
Public safety	360,332	320,127	-	-	360,332	320,127
Transportation	629,058	513,215	-	-	629,058	513,215
Environmental protection	63,048	81,169	-	-	63,048	81,169
Culture and recreation	-	-	522,287	479,628	522,287	479,628
Interest on long-term debt	43,147	49,930	-	-	43,147	49,930
Total expenses	<u>1,714,912</u>	<u>1,494,451</u>	<u>522,287</u>	<u>479,628</u>	<u>2,237,199</u>	<u>1,974,079</u>
Change in net position	<u>14,319</u>	<u>218,119</u>	<u>(26,235)</u>	<u>53,029</u>	<u>(11,916)</u>	<u>271,148</u>
Net Position:						
Beginning of year, July 1	2,992,558	2,624,739	2,298,582	2,245,553	5,291,140	4,870,292
Restatement	-	149,700	-	-	-	149,700
Beginning of year, as restated	<u>2,992,558</u>	<u>2,774,439</u>	<u>2,298,582</u>	<u>2,245,553</u>	<u>5,291,140</u>	<u>5,019,992</u>
End of year, June 30	\$ <u><u>3,006,877</u></u>	\$ <u><u>2,992,558</u></u>	\$ <u><u>2,272,347</u></u>	\$ <u><u>2,298,582</u></u>	\$ <u><u>5,279,224</u></u>	\$ <u><u>5,291,140</u></u>

Governmental Activities. Governmental activities increased the Village's net position by \$14,319. Key elements of this increase are as follows:

- Property tax revenues exceeding budget in the current year.
- Expenditures being under budget in the current year.

Business-Type Activities. Business-type activities decreased the Village of Sugar Mountain's net position by \$26,235. Key element of this decrease are as follows:

- An increase in user fees from the previous year.

Financial Analysis of the Village's Funds

As noted earlier, the Village of Sugar Mountain uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village of Sugar Mountain's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Village of Sugar Mountain's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Village of Sugar Mountain. At the end of the current fiscal year, fund balance available in the General Fund was \$1,097,049, while total fund balance reached \$1,166,690.

At June 30, 2019, the governmental funds of the Village of Sugar Mountain reported a combined fund balance of \$1,166,690, a 13.5% decrease over last year. Included in this change in fund balance is a decrease in the General Fund of \$182,008.

General Fund Budgetary Highlights. During the fiscal year, the Village revised the budget on one occasion. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues exceeded budgeted amounts due to conservative estimates.

Proprietary Funds. The Village of Sugar Mountain's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Golf Course and Tennis Fund at the end of the fiscal year amounted to \$45,903. The change in net position was an decrease of \$26,235. Other factors concerning the finances of the fund have already been addressed in the discussion of the Village of Sugar Mountain's business-type activities.

Capital Asset and Debt Administration

Capital Assets. The Village of Sugar Mountain's capital assets for its governmental and business-type activities as of June 30, 2019, totals \$5,799,328 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions:

- | | |
|---------------------------|-----------|
| • Business-type equipment | \$271,748 |
| • Governmental equipment | \$64,272 |
| • Governmental vehicles | \$118,488 |

The Village of Sugar Mountain's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 284,300	\$ 284,300	\$ 1,191,542	\$ 1,191,542	\$ 1,475,842	\$ 1,475,472
Construction in progress	-	-	-	-	-	-
Buildings and improvements	937,358	961,442	608,079	623,986	1,545,437	1,585,428
Infrastructure	1,712,366	1,845,877	386,987	415,228	2,099,353	2,261,105
Vehicles	155,582	86,087	-	-	155,582	86,087
Equipment	177,403	136,604	345,711	108,695	523,114	245,299
Total	<u>\$ 3,267,009</u>	<u>\$ 3,314,310</u>	<u>\$ 2,532,319</u>	<u>\$ 2,339,451</u>	<u>\$ 5,799,328</u>	<u>\$ 5,653,761</u>

Additional information on the Village's capital assets can be found in note 2 of the basic financial statements.

Long-Term Debt.

The Village of Sugar Mountain's Outstanding Debt Installment Purchases and Other Long-Term Liabilities

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$45,253	37,864	2,995	2,677	48,248	\$ 40,541
Capital leases	-	-	228,519	15,977	228,519	15,977
Total pension liability	164,834	121,748	-	-	164,834	121,748
Net pension liability - LGERS	222,052	136,257	30,365	16,515	252,417	152,772
Installment purchases	<u>1,331,096</u>	<u>1,588,626</u>	<u>77,356</u>	<u>119,550</u>	<u>1,408,452</u>	<u>1,708,176</u>
Total	<u>\$1,763,235</u>	<u>1,884,495</u>	<u>339,235</u>	<u>154,719</u>	<u>2,102,470</u>	<u>2,039,214</u>

The Village of Sugar Mountain's total long-term liabilities increased by \$63,256 during the past fiscal year, due to the Village of Sugar Mountain obtaining a new capital lease.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Village of Sugar Mountain is \$22,305,678

Additional information regarding the Village of Sugar Mountain's long-term debt can be found in note 2 of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the stability and prosperity of the Village.

- Tourism continues to be a source of strength for the Village during the current year.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities. General Fund revenues and expenditures are expected to remain stable. The Village adopted a \$1,696,171 General Fund Budget. The Council adopted a revenue-neutral tax rate, resulting in the same property tax rate of 42 cents per \$100 of assessed valuation.

Business-Type Activities. Golf and tennis revenues and expenditures are expected to remain stable.

Requests for Information

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Village of Sugar Mountain, 251 Dick Trundy Lane, Sugar Mountain, North Carolina 28604.

Village of Sugar Mountain, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government			Village of Sugar Mountain Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,153,051	36,831	1,189,882	\$ 337,139
Taxes receivable, net	17,506	-	17,506	-
Accounts receivable	-	5,487	5,487	-
Accrued interest receivable on taxes	1,498	-	1,498	-
Due from other governments	69,641	10,203	79,844	-
Total current assets	1,241,696	52,521	1,294,217	337,139
Non-current assets:				
Capital assets (Note 4):				
Land, non-depreciable improvements, and construction in progress	284,300	1,191,542	1,475,842	-
Other capital assets, net of depreciation	2,982,709	1,340,777	4,323,486	-
Total capital assets	3,267,009	2,532,319	5,799,328	-
Total assets	4,508,705	2,584,840	7,093,545	337,139
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	355,684	42,284	397,968	-
Total deferred outflows of resources	355,684	42,284	397,968	-
LIABILITIES				
Current liabilities:				
Accounts payable	54,659	12,846	67,505	17
Accrued interest	4,027	-	4,027	-
Current portion of long-term liabilities	257,183	84,046	341,229	-
Total current liabilities	315,869	96,892	412,761	17
Long-term liabilities:				
Net pension liability	222,052	30,365	252,417	-
Total pension liability	164,834	-	164,834	-
Due in more than one year	1,119,167	227,363	1,346,530	-
Total liabilities	1,821,922	354,620	2,176,542	17
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	1,343	-	1,343	-
Pension deferrals	34,247	157	34,404	-
Total deferred inflows of resources	35,590	157	35,747	-
NET POSITION				
Net investment in capital assets	1,935,913	2,226,444	4,162,357	-
Restricted for:				
Stabilization by State Statute	69,641	-	69,641	-
Tourism	-	-	-	337,122
Unrestricted	1,001,323	45,903	1,047,226	-
Total net position	\$ 3,006,877	\$ 2,272,347	\$ 5,279,224	\$ 337,122

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Activities
June 30, 2019

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Primary Government			Village of Sugar Mountain	Tourism Development Authority
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	\$ 619,327	\$ 16,772	\$ -	\$ -	\$ (602,555)	\$ -	\$ -
Public safety	360,332	-	2,060	-	(358,272)	-	-
Transportation	629,058	-	26,383	-	(602,675)	-	-
Environmental protection	63,048	-	-	-	(63,048)	-	-
Interest on long-term debt	43,147	-	-	-	(43,147)	-	-
Total governmental activities (See Note 1)	1,714,912	16,772	28,443	-	(1,669,697)	-	-
Business-type activities:							
Golf course	522,287	395,643	-	93,746	-	(32,898)	-
Total business-type activities	522,287	395,643	-	93,746	-	(32,898)	-
Total primary government	\$ 2,237,199	\$ 412,415	\$ 28,443	\$ 93,746	(1,669,697)	(32,898)	(1,702,595)
Component unit:							
Village of Sugar Mountain							(242,823)
Tourism Development Authority							(242,823)
Total component unit	\$ -	-	-	-	-	-	-
General revenues:							
Taxes:							
Property taxes, levied for general purpose			1,264,934	-	-	1,264,934	-
Occupancy tax			-	-	-	-	287,054
Sales tax and unrestricted intergovernmental taxes			360,059	-	-	360,059	-
Miscellaneous revenues			12,209	-	-	12,209	8
Sale of capital assets			24,055	5,055	-	29,110	-
Unrestricted investment earnings			22,759	1,608	-	24,367	4,226
Total general revenues			1,684,016	6,663	-	1,690,679	291,288
Change in net position			14,319	(26,235)	-	(11,916)	48,465
Net position, beginning			2,992,558	2,298,582	-	5,291,140	288,657
Net position, ending			\$ 3,006,877	\$ 2,272,347	\$ -	\$ 5,279,224	\$ 337,122

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Balance Sheet -
Governmental Funds
June 30, 2019

Major Funds

	General	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,153,051	\$ 1,153,051
Taxes receivables, net	17,506	17,506
Due from other governments	69,641	69,641
Total assets	<u>1,240,198</u>	<u>1,240,198</u>
LIABILITIES		
Accounts payable and accrued liabilities	54,659	54,659
Total liabilities	<u>54,659</u>	<u>54,659</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	17,506	17,506
Prepaid taxes	1,343	1,343
Total deferred inflows of resources	<u>18,849</u>	<u>18,849</u>
FUND BALANCES		
Restricted		
Stabilization by State Statute	69,641	69,641
Committed		
Capital projects	-	-
Unassigned	1,097,049	1,097,049
Total fund balances	<u>1,166,690</u>	<u>1,166,690</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,240,198</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are		
Total Fund Balance, Governmental Funds		1,166,690
Capital assets used in governmental activities are not financial resources and therefore are not		
Gross capital assets at historical cost	5,090,762	
Accumulated depreciation	<u>(1,823,753)</u>	3,267,009
Net pension asset		
Deferred outflows of resources related to pensions are not reported in the funds		355,684
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-		1,498
Earned revenues considered deferred inflows of resources in fund statements.		17,506
Net pension liability		(222,052)
Total pension liability		(164,834)
Gross long-term debt		(1,376,350)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds		(4,027)
Deferred inflows of resources related to pensions are not reported in the funds		(34,247)
Net position of governmental activities	<u>\$</u>	<u>3,006,877</u>

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
June 30, 2019

Major Funds

	General	Total Governmental Funds
REVENUES		
Ad valorem taxes	\$ 1,264,903	\$ 1,264,903
Unrestricted intergovernmental	360,059	360,059
Restricted intergovernmental	28,443	28,443
Permits and fees	4,772	4,772
Sales and services	12,000	12,000
Miscellaneous revenues	12,209	12,209
Investment earnings	22,759	22,759
Total revenues	<u>1,705,145</u>	<u>1,705,145</u>
EXPENDITURES		
Current:		
General government	456,475	456,475
Public safety	375,040	375,040
Transportation	715,967	715,967
Environmental protection	63,048	63,048
Debt service:		
Principal	257,531	257,531
Interest and other charges	43,147	43,147
Total expenditures	<u>1,911,208</u>	<u>1,911,208</u>
Excess (deficiency) of revenues over expenditures	<u>(206,063)</u>	<u>(206,063)</u>
Other financing sources (uses)		
Sale of capital assets	24,055	24,055
Total other financing sources (uses)	<u>24,055</u>	<u>24,055</u>
Net change in fund balance	(182,008)	(182,008)
Fund balances, beginning	1,348,698	1,348,698
Fund balances, ending	<u>\$ 1,166,690</u>	<u>\$ 1,166,690</u>

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities -
Governmental Funds
June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	(182,008)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	\$ 182,760	
Depreciation expense for governmental assets	(230,060)	(47,300)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		111,235
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position		3,896

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in accrued interest receivable on taxes		(253)
Change in unavailable revenue for tax revenues		(222)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	-	
	257,530	257,530

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(7,389)	
Pension expense	(121,170)	(128,559)

Total changes in net position of governmental activities	\$	14,319
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Village of Sugar Mountain, North Carolina
General Fund -
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	General Fund			
	Budget - Original	Budget - Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 1,258,220	\$ 1,258,220	\$ 1,264,903	\$ 6,683
Unrestricted intergovernmental	308,820	308,820	360,059	51,239
Restricted intergovernmental	27,841	27,841	28,443	602
Permits and fees	7,800	7,800	4,772	(3,028)
Sales and services	-	-	12,000	12,000
Investment earnings	12,000	12,000	22,759	10,759
Miscellaneous	29,850	49,000	12,209	(36,791)
Total revenues	<u>1,644,531</u>	<u>1,663,681</u>	<u>1,705,145</u>	<u>41,464</u>
Expenditures:				
Current:				
General government	396,063	456,756	456,475	281
Public safety	356,237	399,837	375,040	24,797
Transportation	668,686	729,746	715,967	13,779
Contingency	-	-	-	-
Environmental protection	64,000	64,000	63,048	952
Debt service:				
Principal retirement	300,678	300,678	257,531	43,147
Interest and other charges	-	-	43,147	(43,147)
Total expenditures	<u>1,785,664</u>	<u>1,951,017</u>	<u>1,911,208</u>	<u>39,809</u>
Revenues over (under) expenditures	<u>(141,133)</u>	<u>(287,336)</u>	<u>(206,063)</u>	<u>81,273</u>
Other financing sources (uses)				
Sale of capital assets	32,500	32,500	24,055	(8,445)
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>32,500</u>	<u>32,500</u>	<u>24,055</u>	<u>(8,445)</u>
Fund balance appropriated	108,633	254,836	-	(254,836)
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(182,008)</u>	<u>\$ (182,008)</u>
Fund balances, beginning			<u>1,348,698</u>	
Fund balances, ending			<u>\$ 1,166,690</u>	

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Fund Net Position -
Proprietary Fund
June 30, 2019

	Golf Course and Tennis Fund
ASSETS	
Current assets:	
Cash and cash equivalents	36,831
Accounts receivable	5,487
Due from other governments	10,203
Total current assets	<u>52,521</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	1,191,542
Other capital assets, net of depreciation	1,340,777
Capital assets	<u>2,532,319</u>
Total noncurrent assets	<u>2,532,319</u>
Total assets	<u><u>\$ 2,584,840</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	42,284
Total deferred outflows of resources	<u>42,284</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	12,846
Current portion of accrued compensated absences	5,534
Current portion of long-term debt	78,512
Total current liabilities	<u>96,892</u>
Noncurrent liabilities:	
Net pension liability	30,365
Non-current of long-term debt	227,363
Total noncurrent liabilities	<u>257,728</u>
Total liabilities	<u>354,620</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	157
NET POSITION	
Net investment in capital assets	2,226,444
Unrestricted	45,903
Total net position	<u><u>\$ 2,272,347</u></u>

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund
For the Year Ended June 30, 2019

	Golf Course and Tennis Fund
OPERATING REVENUES	
Charges for services	362,788
Other operating revenues	32,855
Total operating revenues	<u>395,643</u>
OPERATING EXPENSES	
Salaries and benefits	229,762
Operating expenses	173,761
Depreciation	78,880
Total operating expenses	<u>482,403</u>
Operating income (loss)	<u>(86,760)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and fees	(39,884)
Investment earnings	1,608
Sale of capital assets	5,055
Capital contributions	93,746
Total nonoperating revenue (expenses)	<u>60,525</u>
Change in net position	(26,235)
Total net position, beginning	2,298,582
Total net position, ending	<u><u>\$ 2,272,347</u></u>

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Cash Flows -
Proprietary Fund
For the Year Ended June 30, 2019

	Golf Course and Tennis Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 394,129
Cash paid for goods and services	(175,193)
Cash paid to employees	(228,416)
Net cash provided (used) by operating activities	<u>(9,480)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(271,748)
Proceeds from sale of capital assets	5,055
Proceeds from long-term debt	222,750
Principal paid on long-term debt	(52,402)
Capital contributions	93,746
Interest and other charges	(39,884)
Net cash provided (used) by capital and related financing activities	<u>(42,483)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	1,608
Net cash provided (used) by investing activities	<u>1,608</u>
Net increase (decrease) in cash and cash equivalents	(50,355)
Balances, beginning	87,186
Balances, ending	<u>\$ 36,831</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (86,760)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	78,880
Pension expense	
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable, net	(5,394)
(Increase) decrease in due from other governments	3,881
(Increase) decrease in deferred outflows of resources-pensions	(14,548)
Increase (decrease) in net pension liability	13,850
Increase (decrease) in accounts payable and accrued liabilities	(1,432)
Increase (decrease) in compensated absences	2,857
Increase (decrease) in deferred inflows of resources for pensions	(814)
Total adjustments	<u>77,280</u>
Net cash provided by operating activities	<u>\$ (9,480)</u>

The accompanying notes are an integral part of this statement

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Sugar Mountain, North Carolina, (the Village) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Village is a municipal corporation that is governed by an elected Mayor and a four-member Council. As required by generally accepted accounting principles, these financial statements present the Village and its component unit, a legally separate entity for which the Village is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Village's financial statements in order to emphasize that it is legally separate from the Village.

Village of Sugar Mountain Tourism Development Authority (TDA)

The members of the TDA's governing board are appointed by the Village. In addition, the TDA is required by the State statute to use the funds remitted to promote travel and tourism in Sugar Mountain and shall use the remainder for tourism related expenditures. The TDA Board, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). Complete financial statements for the TDA Board may be obtained from the entity's administrative offices at the Village of Sugar Mountain TDA, 251 Dick Trundy Lane, Sugar Mountain, North Carolina 28604.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Fund Financial Statements. The fund financial statements provide information about the Village's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities, such as investment earnings.

The Village maintains the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Village. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety and street maintenance and construction.

The Village reports the following major enterprise fund:

Golf Course and Tennis Fund. Enterprise funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that the periodical determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Golf Course and Tennis Fund is the only enterprise fund of the Village.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Village are maintained during the year using the modified accrual basis of accounting.

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Village considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax collected and held by the State at year-end on behalf of the Village, are recognized as revenue. Sales taxes are considered a shared revenue for the Village of Sugar Mountain because the tax is levied by Avery County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

D. Budgetary Data

The Village's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Project ordinances are adopted for the Resurfacing Capital Project Fund.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

All deposits of the Village are made in board-designated official depositories and are secured as required by State statutes. The Village may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Village to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Village's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Village has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Cash and Cash Equivalents

The Village pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the Village has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Village's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost greater than \$5,000 and an estimated useful life greater than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2015 are recorded at estimated fair market value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or significantly extend the asset's life are not capitalized.

The Village capitalizes interest costs which are incurred during the construction period of capital assets.

In conjunction with implementing GASB 34, "The New Reporting Model", the Village began capitalizing public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems as of July 1, 2003. Infrastructure assets exceeding the Village's capitalization threshold of \$1,500 will be reported as capital assets in the Statement of Net Position. General governmental infrastructure assets acquired prior to July 1, 1980, were not retroactively reported; therefore, the infrastructure capital assets in the Statement of Net Position only include assets purchased after July 1, 1980.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Estimated Assets</u>	<u>Useful Lives</u>
Infrastructure	20 years
Buildings	50 years
Furniture and equipment	7 years
Vehicles	5 years
Computer equipment	5 years
Other improvements	25 years

Compensated Absences

The vacation policy of the Village provides for an accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Village's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Vacation pay taken is reduced using the first-in-first-out method. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The Village's sick leave policy provides for unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave at the time of retirement may be used in the determination of length of service for retirement benefit purposes. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has one item that meet this criterion, pension deferrals for the 2019 fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to future period and so will not be recognized as revenues until then. The Village has several items that meets this criterion – property taxes receivable, prepaid taxes, and pension deferrals.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or the proprietary fund type Statement of Net Position. Debt issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance: This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Committed Fund Balance: This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Village of Sugar Mountain's governing body (highest level of decision making authority, the Village Council). Any changes or removal of specific purpose restrictions requires majority action by the governing body. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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Assigned Fund Balance: Assigned fund balance is the portion of fund balance that the Village of Sugar Mountain has budgeted for specific purposes.

Assigned for Subsequent Year's Expenditures – portion of fund balance that has is appropriated in next year's budget that is not already classified in restricted or committed. The governing board approves the appropriation.

Unassigned Fund Balance: Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes or other funds.

Village of Sugar Mountain has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, Federal funds, State funds, local non-Village funds, and Village funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Village or when required by grant or other contractual agreements.

The Village has not officially adopted a fund balance policy.

Interfund Transactions

Interfund services provided are accounted for as revenues or expenses in the government-wide financial statements since they would be treated as such if they involved organizations external to the Village. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates made are: allowance for doubtful accounts and depreciation lives.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Village of Sugar Mountain's employer contributions are recognized when due and the Village of Sugar Mountain has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Contractual Violations

1. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Village's Enterprise Fund exceeded the authorized appropriations made by the governing board for golf maintenance activities by \$213,535. This over-expenditure occurred because of a capital lease for golf carts. The Village Council approved the contract to lease the golf carts however no budget amendment was brought to the Board. Management and the Board will more closely review the budget reports to ensure compliance in future years.

3. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Village and TDA are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Village's or TDA's agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Village and TDA, these deposits are considered to be held by the Village's and TDA's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Village and TDA or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Village and TDA under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Village and TDA has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Village and TDA complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

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At June 30, 2019, the Village's deposits had a carrying amount of \$184,392 and a bank balance of \$189,844. Of the bank balance, \$189,844 was covered by FDIC. The Village held \$700 in petty cash as of June 30, 2019.

At June 30, 2019, the Authority's deposits had a carrying amount of \$324,329 and a bank balance of \$331,836. Of the bank balance, \$250,000 was covered by federal depository insurance.

2. Investments

At June 30, 2019, the Village's investments balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2019	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	796,858	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	207,932	.11 years	Unrated
Total:		<u>\$1,004,790</u>		

All investments are measured using the market approach; using prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

Interest Rate Risk. The Village has no formal investment policy regarding interest rate risk. The Village does not have a formal investment policy. However, the Village's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk. The Village has no formal policy regarding credit risk, but has internal management procedures that limits the Village's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Village's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. The Village's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

At June 30, 2019, the Authority had \$12,811 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Authority has no formal policy regarding credit risk of its investments.

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Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

	Taxes	Due from other governments	Total
Governmental Activities:			
Property taxes	21,970	-	21,970
Local options sales/franchise tax	-	36,750	36,750
Miscellaneous	-	18,986	18,986
Sales tax refunds due	-	7,044	7,044
Motor vehicle tax	-	4,688	4,688
Motor fuel tax refund	-	2,173	2,173
Allowance for doubtful accounts	(4,464)	-	(4,464)
Total governmental activities	17,506	69,641	\$ 87,147
Enterprise Activities:			
Sales tax refunds due	-	10,203	\$ 10,203

Governmental Capital Assets

A summary of changes in the Village's governmental capital assets follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,300	-	-	\$ 284,300
Construction in progress	-	-	-	-
Total capital assets not being depreciated	284,300	-	-	284,300
Capital assets being depreciated:				
Buildings	1,194,325	-	-	1,194,325
Infrastructure	2,670,249	-	-	2,670,249
Vehicles	483,978	118,488	57,173	545,293
Equipment	332,323	64,272	-	396,595
Total capital assets being depreciated	4,680,875	182,760	57,173	4,806,462
Less accumulated depreciation for:				
Buildings	232,883	24,082	-	256,967
Infrastructure	824,372	133,512	-	957,883
Vehicles	397,891	48,993	57,173	389,711
Equipment	195,719	23,473	-	219,192
Total accumulated depreciation	1,650,865	230,060	57,173	1,823,753
Total capital assets being depreciated, net	3,030,010			2,982,709
Governmental activity capital assets, net	<u>\$ 3,314,310</u>			<u>\$ 3,267,009</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 160,565
Public safety	20,323
Transportation	49,172
Total	<u>\$ 230,060</u>

Proprietary Capital Assets

The capital assets of the proprietary fund of the Village at June 30, 2019, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Golf Course and Tennis Fund:				
Capital assets not being depreciated:				
Land	\$ 1,191,542	-	-	\$ 1,191,542
Total capital assets not being depreciated	<u>1,191,542</u>	-	-	<u>1,191,542</u>
Capital assets being depreciated:				
Buildings	795,351	-	-	795,351
Improvements	801,165	-	-	801,165
Equipment	362,003	271,748	24,486	609,265
Total capital assets being depreciated	<u>1,958,519</u>	<u>271,748</u>	<u>24,486</u>	<u>2,205,781</u>
Less accumulated depreciation for:				
Buildings	171,365	15,907	-	187,272
Improvements	385,937	28,241	-	414,178
Equipment	253,308	34,732	24,486	263,554
Total accumulated depreciation	<u>810,610</u>	<u>78,880</u>	<u>24,486</u>	<u>865,004</u>
Total capital assets being depreciated, net	<u>1,147,909</u>			<u>1,340,777</u>
Business-type activities capital assets, net	<u>\$ 2,339,451</u>			<u>\$ 2,532,319</u>

B. Liabilities

Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The Village of Sugar Mountain is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State

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Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village of Sugar Mountain employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Village of Sugar Mountain's contractually required contribution rate for the year ended June 30, 2019, was 15.64% of compensation for law enforcement officers and 14.89% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Village of Sugar Mountain were \$111,235 for the year ended June 30, 2019.

Refunds of Contributions – Village employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Village reported a liability of \$252,417 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension asset was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Village's proportion was 0.01064%, which was an increase of 0.00064% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the Village recognized pension expense of \$107,419. At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,942	\$ 1,307
Changes of assumptions	66,982	-
Net difference between projected and actual earnings on pension plan investments	34,650	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	100,554	-
Village contributions subsequent to the measurement date	111,235	-
Total	\$ 352,363	\$ 1,307

\$111,235 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 107,040
2020	73,519
2021	27,884
2022	31,379
2023	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be

made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension asset to changes in the discount rate. The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.0 percent, as well as what the Village's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability (asset)	\$ 606,328	\$ 252,417	\$ (43,316)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers' Special Separation Allowance

Plan Description

The Village of Sugar Mountain administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Village's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Village law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

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Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	4
Total	<u>5</u>

Summary of Significant Accounting Policies

Basis of Accounting. The Village has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Projected salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions

The Village is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Village paid \$4,052 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Village reported a total pension liability of \$164,834. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Village recognized pension expense of \$12,746.

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	Deferred Outflows of Resources	Deferred Inflows of
Differences between expected and actual experience	\$ 35,487	\$ 25,167
Changes of assumptions	6,222	7,930
Village benefit payments and plan administrative expense made subsequent to the measurement date	3,896	-
Total	\$ 45,605	\$ 33,097

\$3,896 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 2,135
2021	2,135
2022	2,135
2023	2,345
2024	(138)
Thereafter	-

\$3,896 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Village's total pension liability to changes in the discount rate. The following presents the Village's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 179,875	\$ 164,834	\$ 151,160

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Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2019
Beginning balance	\$ 121,748
Service Cost	6,828
Interest on the total pension liability	3,783
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	43,570
Changes of assumptions or other inputs	(7,043)
Benefit payments	(4,052)
Other changes	-
Ending balance of the total pension liability	<u>\$ 164,834</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share of pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 107,419	\$ 12,746	\$ 120,165
Pension Liability	252,417	164,834	417,251
Proportionate share of the net pension liability	0.01064%	N/A	

Deferred of Outflows of Resources

Differences between expected and actual experience	38,942	35,487	74,429
Changes of assumptions	66,982	6,222	73,204
Net difference between projected and actual earnings on plan investments	34,650	-	34,650
Changes in proportion and differences between contributions and proportionate share of contributions	100,554	-	100,554
Benefit payments and administrative costs paid subsequent to the measurement date	111,235	3,896	115,131

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Deferred of Inflows of Resources

Differences between expected and actual experience	1,307	25,167	26,474
Changes of assumptions	-	7,930	7,930
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Village contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Village. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Village to contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019, were \$17,478 which consisted of \$8,669 from the Village and \$8,809 from the law enforcement officers. Employees not engaged in law enforcement made voluntary contributions of \$20,622 to the plan.

Other Employment Benefits

The Village has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one-year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee’s 12 highest months’ salary in a row during the 24 months prior to the employee’s death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Village, the Village does not determine the number of eligible participants. The Village has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Village considers these contributions to be immaterial.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Deferred Inflows and Outflows of Resources

The Village has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Source:	Amount
Differences between expected and actual experience	74,429
Net difference between projected and actual earnings on pension plan investments	34,650
Changes in assumptions	73,204
Changes in proportion and differences between Village contributions and proportionate share of contributions	100,554
Benefits payments made and administrative expenses for LEO SSA	3,896
Contributions to pension plan in current fiscal year	111,235
	<u>\$ 397,698</u>

	Statement of Net Position	General Fund Balance Sheet
Deferred inflows of resources at year-end are comprised of the following:		
Taxes Receivable, less penalties (General Fund)	-	17,506
Prepaid taxes not yet earned (General Fund)	1,343	1,343
Differences between expected and actual experience	26,474	-
Change in assumptions	7,930	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	-	-
	<u>\$ 35,747</u>	<u>18,849</u>

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request. The Village purchases employee health insurance from a private insurance company. The health insurance plan is fully insured by the private carrier.

The Village carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Village does not carry flood insurance.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

In accordance with G.S. 159-29, the Village's employees that have access to \$100 or more of the Village's funds at any given time of the Village's funds are performance bonded through a commercial surety bond with a \$50,000 coverage limit per incident. The Finance Officer, Village Clerk, and Tax Collector are each individually bonded for \$75,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

Long-Term Obligations

Capital Leases

The Village has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following schedule provides information regarding the capital lease entered into by the Village:

Description	Date Executed	Number of Payments	Frequency of Payments	Amount of Payments
John Deere Greens Mower	9/1/16	49	Monthly	\$ 669
E-Z-Go Electric golf carts	5/3/19	61	Monthly	\$3,254 60
				<u>\$66,000 1</u>

The following is an analysis of the assets recorded under capital leases at June 30, 2019:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Rough Mower	\$ 29,583	\$ 12,678	\$ 16,905
Golf Carts	\$ 222,750	\$ 3,713	\$ 219,037

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 are as follows:

Year Ending June 30	Amount
2020	\$ 47,088
2021	40,398
2022	39,060
2023	39,060
2024	101,794
Less amount representing interest	<u>(38,881)</u>
Present value of the minimum lease payments	<u>\$ 228,519</u>

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Governmental Activities:

Installment Purchases Payables:

4.79% note for \$850,000, payable to BB&T issued October 2008; payable in semi-annual installments varying from \$44,441 to \$28,870, including interest through 2023; construction of new town hall \$255,000

2.67% note for \$1,300,000, payable to BB&T issued July 2016; payable in semi-annual installments varying from \$54,890 to \$71,522, including interest through 2017; 2016 Phase I and Phase II Road Improvement Projects 1,029,167

4.07 note for \$1,100,000 payable to BB&T issued May 2007; payable in semi-annual installments of \$45,833 – the note was refinanced in 2016 at 1.91% for \$275,000 payable to BB&T; payable in semi-annual installments of \$47,377, including interest through 2020; street improvement project 46,929
\$ 1,331,096

Business-Type Activities:

Installment Purchases Payables:

4.37% note for \$365,684, payable to BB&T issued August 2012; payable in Monthly principal installments varying from \$3,517, including interest through 2021; construction of golf pro shop \$ 77,356
\$ 77,356

Maturities of long-term debt, including interest are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
Year Ending June 30	Principal	Interest	Principal	Interest
2020	\$ 211,930	\$ 36,331	\$ 42,194	\$ 2,601
2021	165,001	30,813	35,162	706
2022	165,001	25,802	-	-
2023	165,001	20,763	-	-
2024	136,666	15,722	-	-
2025-2029	487,497	32,541	-	-
Total	<u>\$ 1,331,096</u>	<u>\$ 161,972</u>	<u>\$77,356</u>	<u>\$ 3,307</u>

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

A summary of changes in long-term obligations follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 1,588,626	-	\$ 257,530	\$ 1,331,096	\$ 211,930
Compensated absences	37,864	38,741	31,352	45,253	45,253
Total pension liability	121,748	43,086	-	164,834	-
Net pension liability (LGERS)	136,257	85,795	-	222,052	-
Total	<u>\$ 1,884,495</u>	<u>\$ 167,622</u>	<u>\$ 288,882</u>	<u>\$ 1,763,235</u>	<u>\$ 257,183</u>
Business-type activities:					
Capital leases	\$ 15,977	\$ 222,750	\$ 10,208	\$ 228,519	\$36,318
Installment purchase	119,550	-	42,194	77,356	42,194
Net pension liability (LGERS)	16,515	13,850	-	30,365	-
Compensated absences	2,677	7,048	4,191	5,534	5,534
Total	<u>\$ 154,719</u>	<u>\$ 243,648</u>	<u>\$ 56,593</u>	<u>\$ 341,774</u>	<u>\$ 84,046</u>

Compensated absences typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO basis, assuming that the employees are taking leave time as it is earned. At June 30, 2019, the Village had a legal debt margin of \$22,305,678.

C. Interfund Transactions

Transfers to/from Other Funds at June 30, 2019 consists of the following:

None

4. Jointly Governed Organizations

The Village, in conjunction with seven counties and eighteen municipalities, established the Region D Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board.

5. Summary Disclosure of Significant Contingencies Federal and State-Assisted Programs

The Village has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

6. Significant Transactions with a Discretely Presented Component Unit

During the fiscal year, the Village of Sugar Mountain Tourism Development Authority contributed to the Village of Sugar Mountain \$30,000 for debt service and \$53,986 for golf and tennis.

7. Fund Balance

Total fund balance - General Fund	\$ 1,166,690
Less:	
Stabilization by state statute	69,641
Remaining fund balance	1,097,049

Village of Sugar Mountain, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset) - LGERS
Required Supplementary Information
Last Five Fiscal Years

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Sugar Mountain's proportion of the net pension liability (asset) (%)	0.01064%	0.01000%	0.01080%	0.01042%	0.0106%	0.0129%
Sugar Mountain's proportion of the net pension liability (asset) (\$)	\$ 252,417	\$ 152,772	\$ 235,155	\$ 46,762	\$ (62,749)	\$ 155,495
Sugar Mountain's covered-employee payroll	\$ 673,318	\$ 693,125	\$ 635,929	\$ 662,272	\$ 635,929	\$ 623,175
Sugar Mountain's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.49%	22.04%	36.98%	7.06%	(9.87%)	24.95%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Village of Sugar Mountain, North Carolina
Schedule of Employer Contributions - LGERS
Required Supplementary Information
Last Five Fiscal Years

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 111,235	\$ 102,979	\$ 98,404	\$ 96,563	\$ 94,947	\$ 90,953
Contributions in relation to the contractually required contribution	111,235	102,979	98,404	96,563	94,947	90,953
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Sugar Mountain's covered-employee payroll	\$ 737,381	\$ 673,318	\$ 693,125	\$ 635,929	\$ 662,272	\$ 635,929
Contributions as a percentage of covered-employee payroll	15.09%	15.29%	14.20%	15.18%	14.34%	14.30%

Village of Sugar Mountain, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	2019	2018	2017
Beginning balance	\$ 121,748	\$ 140,202	\$ 133,008
Service Cost	6,828	6,177	6,443
Interest on the total pension liability	3,783	5,355	4,748
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	43,570	(35,899)	-
Changes of assumptions or other inputs	(7,043)	8,874	(3,997)
Benefit payments	(4,052)	(2,961)	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 164,834</u>	<u>\$ 121,748</u>	<u>\$ 140,202</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Village of Sugar Mountain, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2019

	2019	2018	2017
Total pension liability	\$ 164,834	\$ 121,748	\$ 140,202
Covered payroll	182,550	175,547	191,196
Total pension liability as a percentage of covered payroll	90.30%	69.35%	73.33%

Notes to the schedules:

Village of Sugar Mountain has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Village of Sugar Mountain, North Carolina
General Fund -
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 1,260,320	\$
Interest		4,583	
Total	1,258,220	1,264,903	6,683
Unrestricted intergovernmental:			
Local option sales taxes		77,325	
Utilities franchise tax		138,848	
Beer and wine tax		851	
ABC profit distribution		100,000	
Other taxes		43,035	
Total	308,820	360,059	51,239
Restricted intergovernmental:			
Powell Bill allocation		26,383	
Grant		1,060	
ABC Revenue for law enforcement		1,000	
Total	27,841	28,443	602
Permits and fees:			
Zoning compliance		4,772	
Total	7,800	4,772	(3,028)
Sales and services:			
Tourism development administration	-	12,000	12,000
Investment earnings	12,000	22,759	10,759
Miscellaneous:	49,000	12,209	(36,791)
Total revenues	1,663,681	1,705,145	41,464
Expenditures:			
Governing body:			
Salaries and employee benefits		8,289	
Operating expenditures		9,000	
Total		17,289	
Administration:			
Salaries and employee benefits		267,093	
Operating expenditures		166,741	
Capital outlay		5,352	
Total		439,186	
Total general government	456,756	456,475	281

Village of Sugar Mountain, North Carolina
General Fund -
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		286,437	
Operating expenditures		40,285	
Capital outlay		48,318	
Total public safety	399,837	375,040	24,797
Transportation:			
Street maintenance:			
Salaries and employee benefits		392,496	
Operating expenditures		179,042	
Capital outlay		144,429	
Total transportation	729,746	715,967	13,779
Environmental protection:			
Solid waste:			
Other operating expenditures		63,048	
Total culture and recreation	64,000	63,048	952
Debt service:			
Principal retirement		257,531	
Interest and other charges		43,147	
Total debt service	300,678	300,678	-
Total expenditures	1,951,017	1,911,208	39,809
Revenues over (under) expenditures	(287,336)	(206,063)	81,273
Other financing sources (uses):			
Sale of capital assets	32,500	24,055	(8,445)
Transfers from other funds:			
Capital project fund	-	-	-
Transfer to other funds:			
Golf course and tennis fund	-	-	-
Total	32,500	24,055	(8,445)
Fund balance appropriated	254,836	-	(254,836)
Net change in fund balance	\$ -	(182,008)	\$ (182,008)
Fund balances, beginning		1,348,698	
Fund balances, ending		\$ 1,166,690	

Village of Sugar Mountain, North Carolina
Golf Course and Tennis Fund -
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for golf services	\$ 343,000	\$ 334,747	
Charges for tennis services	30,750	28,041	
Other operating revenues	42,807	32,855	
Total operating revenues	416,557	395,643	\$ (20,914)
Non-operating revenues:			
Investment interest	-	1,608	1,608
Contribution from Tourism Development Authority	98,991	93,746	(5,245)
Total non-operating revenues	98,991	95,354	(3,637)
Total revenues	515,548	490,997	(24,551)
Expenditures:			
Current:			
Golf course administration:			
Salaries and benefits		50,516	
Other operating expenses		49,688	
Capital outlay		8,534	
Total golf course administration	111,517	108,738	2,779
Golf course maintenance:			
Salaries and benefits		142,645	
Other operating expenses		70,825	
Capital outlay		289,618	
Total golf course maintenance	289,553	503,088	(213,535)
Tennis administration:			
Salaries and benefits		35,256	
Other operating expenses		26,844	
Capital outlay		-	
Total tennis administration	66,625	62,100	4,525
Debt service:			
Interest and other charges		39,884	
Principal retirement		52,402	
Total debt service	92,328	92,286	42
Total expenditures	560,023	766,212	(206,189)
Revenues over(under) expenditures	(44,475)	(275,215)	(230,740)

Village of Sugar Mountain, North Carolina
Golf and Tennis Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Sale of capital assets	5,000	5,055	55
Capital lease proceeds	-	222,750	222,750
Appropriated fund balance	39,475	-	(39,475)
Total other financing sources (uses)	44,475	227,805	183,330
Revenues and other sources over (under)			
expenditures and other financing uses	\$ -	(47,410)	\$ (47,410)

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Revenues and other sources over		
expenditures and other uses	\$	(47,410)
Reconciling items:		
Principal retirement		52,402
Debt proceeds		(222,750)
Capital outlay		271,748
Increase in compensated absences		(2,857)
Increase in deferred outflows of resources - pensions		14,548
Increase in net pension liability		(13,850)
Decrease in deferred inflows of resources - pensions		814
Depreciation		(78,880)
Total reconciling items		21,175
Change in net position	\$	(26,235)

Village of Sugar Mountain, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 1,257,840	\$ 1,242,678	\$ 15,162
2017-2018	15,891	-	12,304	3,587
2016-2017	4,928	-	3,661	1,267
2015-2016	2,027	-	1,662	365
2014-2015	283	-	15	268
2013-2014	364	-	-	364
2012-2013	414	-	-	414
2011-2012	93	-	-	93
2010-2011	451	-	-	451
2009-2010	822	-	822	-
	<u>\$ 25,273</u>	<u>\$ 1,257,840</u>	<u>\$ 1,261,142</u>	<u>21,971</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>4,464</u>
Ad valorem taxes receivable - net				<u>\$ 17,507</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,264,903
Reconciling items:				
Taxes written off				822
Penalties and interest				<u>(4,583)</u>
Subtotal				<u>(3,761)</u>
Total collections and credits				<u>\$ 1,261,142</u>

Village of Sugar Mountain, North Carolina
Analysis of Current Tax Levy
Village - Wide Levy
June 30, 2019

	Village- Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 289,861,804	0.42	\$ 1,217,420	\$ 1,217,420	\$ -
Registered motor vehicles taxed	6,920,476	0.42	29,066	-	29,066
Penalties	-		850	850	-
Total	<u>296,782,280</u>		<u>1,247,336</u>	<u>1,218,270</u>	<u>29,066</u>
Discoveries:					
Current year taxes	<u>2,537,261</u>	0.42	<u>10,657</u>	<u>10,657</u>	<u>-</u>
Abatements	<u>(36,429)</u>	0.42	<u>(153)</u>	<u>(153)</u>	<u>-</u>
Total property valuation	<u><u>\$ 299,283,113</u></u>				
Net levy			1,257,840	1,228,774	29,066
Uncollected taxes at June 30, 2018			<u>(15,162)</u>	<u>(15,162)</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 1,242,678</u></u>	<u><u>\$ 1,213,612</u></u>	<u><u>\$ 29,066</u></u>
Current levy collection percentage			<u><u>98.79%</u></u>	<u><u>98.77%</u></u>	<u><u>100.00%</u></u>