

**VILLAGE OF SUGAR MOUNTAIN,  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**VILLAGE COUNCIL MEMBERS**

David Ammann  
Scott J. Brown  
Jonathan Green  
Van Lecka

Gunther Jochl, Mayor

Susan Phillips, Village Manager and Finance Officer

# VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA

JUNE 30, 2020

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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, 2020, 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, 2020, 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***

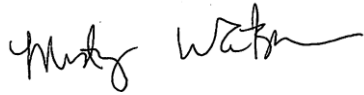
### ***Required Supplementary Information***

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" written in a more compact, stylized way and the last name "Watson" written more fully.

Misty D Watson, CPA, PA  
Boone, North Carolina  
October 8, 2020

## **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, 2020. 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**

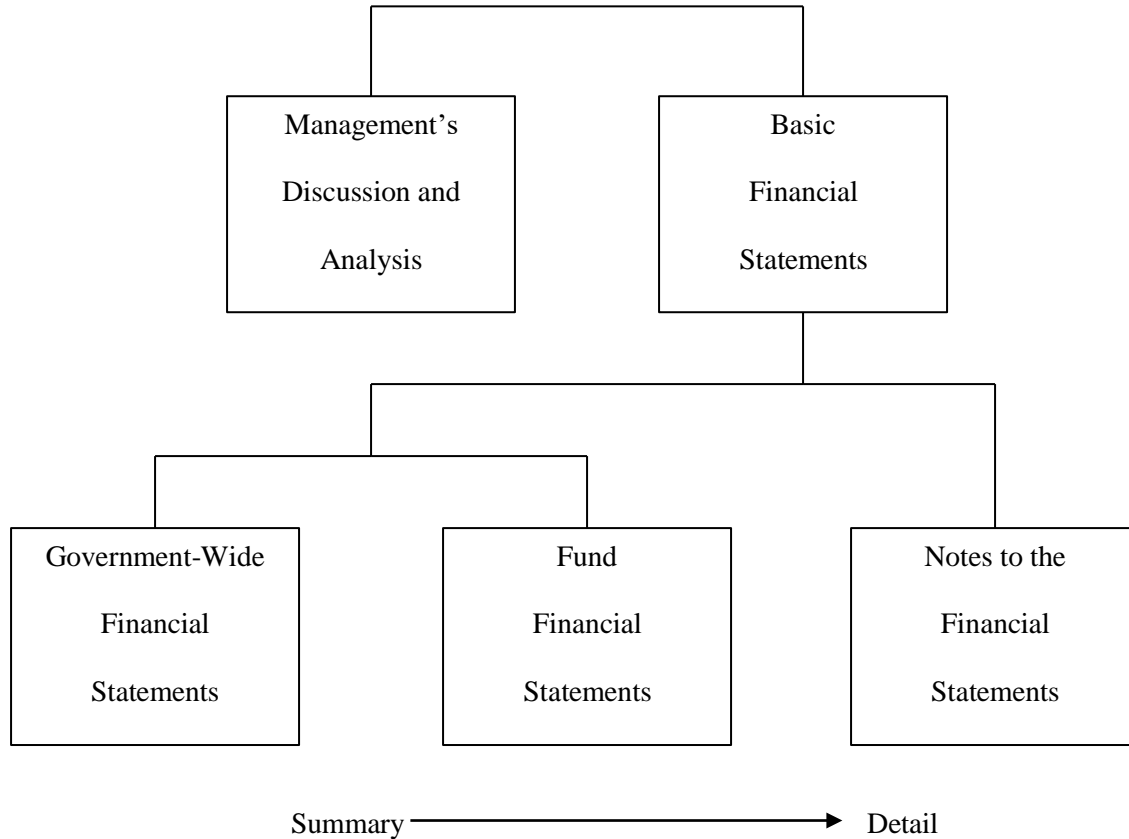
- The assets and deferred outflows of resources of the Village of Sugar Mountain exceeded its liabilities and deferred outflows of resources at the close of the fiscal year by \$5,338,692 (*net position*).
- The government's total net position increased by \$59,468, primarily due to enterprise fund related activities.
- As of the close of the current fiscal year, the Village of Sugar Mountain's governmental funds reported combined ending fund balances of \$1,266,985, an increase of \$100,295 in comparison with the prior year. Approximately 9.4% of this total amount, or \$119,615, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,147,370, or 70%, 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 50 of this report. Required supplementary information can be found beginning on page 46.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets:</b>						
Current and other assets	\$ 1,346,795	\$ 1,241,696	\$ 35,420	\$ 52,521	\$ 1,382,215	\$ 1,294,217
Capital assets	3,120,629	3,267,009	2,534,358	2,532,319	5,654,987	5,799,328
Deferred outflows of resources	<u>329,569</u>	<u>355,684</u>	<u>39,452</u>	<u>42,284</u>	<u>369,021</u>	<u>397,968</u>
Total assets and deferred outflows of resources	<u>4,796,993</u>	<u>4,864,389</u>	<u>2,609,230</u>	<u>2,627,124</u>	<u>7,406,223</u>	<u>7,491,513</u>
<b>Liabilities:</b>						
Other liabilities	63,318	58,686	13,396	12,846	76,714	71,532
Long-term liabilities outstanding	1,577,347	1,763,236	368,422	341,774	1,945,769	2,105,010
Deferred inflows of resources	<u>45,048</u>	<u>35,590</u>	<u>-</u>	<u>157</u>	<u>45,048</u>	<u>35,747</u>
Total liabilities and deferred inflows of resources	<u>1,685,713</u>	<u>1,857,512</u>	<u>381,818</u>	<u>354,777</u>	<u>2,067,531</u>	<u>2,212,289</u>
<b>Net Position:</b>						
Investment in capital assets	2,001,462	1,935,913	2,205,894	2,226,444	4,207,356	4,162,357
Restricted	119,615	69,641	-	-	119,615	69,641
Unrestricted	<u>990,203</u>	<u>1,001,323</u>	<u>21,518</u>	<u>45,903</u>	<u>1,011,721</u>	<u>1,047,226</u>
Total net position	\$ <u>3,111,280</u>	\$ <u>3,006,877</u>	\$ <u>2,227,412</u>	\$ <u>2,272,347</u>	\$ <u>5,338,692</u>	\$ <u>5,279,224</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 \$5,338,692 as of June 30, 2020. The Village's net position increased by \$59,468 for the fiscal year ended June 30, 2020. However, the largest portion (78.8%) 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, \$119,615, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,011,721 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 98.49%

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 17,423	\$ 16,772	\$ 418,505	\$ 395,643	\$ 435,928	\$ 412,415
Operating grants and contributions	31,179	28,443	-	-	31,179	28,443
Capital grants and contributions	-	-	94,055	93,746	94,055	93,746
<b>General Revenues:</b>						
Property taxes	1,276,024	1,264,934	-	-	1,276,024	1,264,934
Other taxes	428,955	360,059	-	-	428,955	360,059
Sale of capital assets	2,701	24,055	4,756	5,055	7,457	29,110
Miscellaneous revenues	14,230	12,209	-	-	14,230	12,209
Investment earnings	16,970	22,759	801	1,608	17,771	24,367
Total revenues	<u>1,787,482</u>	<u>1,729,231</u>	<u>518,117</u>	<u>496,052</u>	<u>2,305,599</u>	<u>2,225,283</u>
<b>Expenses:</b>						
General government	513,110	619,327	-	-	513,110	619,327
Public safety	377,983	360,332	-	-	377,983	360,332
Transportation	690,105	629,058	-	-	690,105	629,058
Environmental protection	65,550	63,048	-	-	65,550	63,048
Culture and recreation	-	-	563,052	522,287	563,052	522,287
Interest on long-term debt	36,331	43,147	-	-	36,331	43,147
Total expenses	<u>1,683,079</u>	<u>1,714,912</u>	<u>563,052</u>	<u>522,287</u>	<u>2,246,131</u>	<u>2,237,199</u>
Change in net position	<u>104,403</u>	<u>14,319</u>	<u>(44,935)</u>	<u>(26,235)</u>	<u>59,468</u>	<u>(11,916)</u>
<b>Net Position:</b>						
Beginning of year, July 1	<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>
End of year, June 30	<u>\$ 3,111,280</u>	<u>\$ 3,006,877</u>	<u>\$ 2,227,412</u>	<u>\$ 2,272,347</u>	<u>\$ 5,338,692</u>	<u>\$ 5,279,224</u>

**Governmental Activities.** Governmental activities increased the Village's net position by \$104,403. 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 \$44,935. Key element of this decrease are as follows:

- An increase in expenditures in capital equipment.

## 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 \$1,147,370, while total fund balance reached \$1,266,985.

At June 30, 2020, the governmental funds of the Village of Sugar Mountain reported a combined fund balance of \$1,266,985, an 8.6% increase over last year. Included in this change in fund balance is an increase in the General Fund of \$100,295.

**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 \$21,518. The change in net position was a decrease of \$44,935. 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, 2020, totals \$5,654,987 (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     | \$123,373 |
| • Business-type buildings     | \$11,067  |
| • Governmental equipment      | \$5,269   |
| • Governmental infrastructure | \$82,192  |

### The Village of Sugar Mountain's Capital Assets

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 284,300	\$ 284,300	\$ 1,191,542	\$ 1,191,542	\$ 1,475,842	\$ 1,475,842
Construction in progress	-	-	-	-	-	-
Buildings and improvements	913,276	937,358	603,018	608,079	1,516,294	1,545,437
Infrastructure	1,656,936	1,712,366	358,746	386,987	2,015,682	2,099,353
Vehicles	106,589	155,582	-	-	106,589	155,582
Equipment	159,528	177,403	381,051	345,711	540,579	523,114
Total	<u>\$ 3,120,629</u>	<u>\$ 3,267,009</u>	<u>\$ 2,534,358</u>	<u>\$ 2,532,319</u>	<u>\$ 5,654,987</u>	<u>\$ 5,799,328</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	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 54,798	\$ 45,253	\$ 6,055	\$ 5,534	\$ 60,852	\$ 50,787
Capital leases	-	-	293,302	228,519	293,302	228,519
Total pension liability	155,727	164,834	-	-	155,727	164,834
Net pension liability - LGERS	247,655	222,052	33,903	30,365	281,558	252,417
Installment purchases	<u>1,119,167</u>	<u>1,331,096</u>	<u>35,162</u>	<u>77,356</u>	<u>1,154,329</u>	<u>1,408,452</u>
Total	<u>\$1,577,347</u>	<u>\$1,763,235</u>	<u>\$ 368,422</u>	<u>\$341,774</u>	<u>\$1,945,769</u>	<u>\$2,105,009</u>

The Village of Sugar Mountain's total long-term liabilities decreased by \$159,240 during the past fiscal year, due to the Village of Sugar Mountain paying down principal.

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 \$22,817,340.

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, 2021**

**Governmental Activities.** General Fund revenues and expenditures are expected to remain stable. The Village adopted a \$1,691,233 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, 2020**

	Primary Government			Village of Sugar Mountain Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,209,060	22,940	1,232,000	\$ 430,733
Taxes receivable, net	17,058	-	17,058	-
Accounts receivable	-	3,232	3,232	5,000
Accrued interest receivable on taxes	1,062	-	1,062	-
Due from other governments	119,615	9,248	128,863	-
Total current assets	1,346,795	35,420	1,382,215	435,733
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	2,836,329	1,342,816	4,179,145	-
Total capital assets	3,120,629	2,534,358	5,654,987	-
Total assets	4,467,424	2,569,778	7,037,202	435,733
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	329,569	39,452	369,021	-
Total deferred outflows of resources	329,569	39,452	369,021	-
LIABILITIES				
Current liabilities:				
Accounts payable	59,291	13,396	72,687	5,654
Accrued interest	4,027	-	4,027	-
Current portion of long-term liabilities	219,799	98,294	318,093	-
Total current liabilities	283,117	111,690	394,807	5,654
Long-term liabilities:				
Net pension liability	247,655	33,903	281,558	-
Total pension liability	155,727	-	155,727	-
Due in more than one year	954,166	236,225	1,190,391	-
Total liabilities	1,640,665	381,818	2,022,483	5,654
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	2,399	-	2,399	-
Pension deferrals	42,649	-	42,649	-
Total deferred inflows of resources	45,048	-	45,048	-
NET POSITION				
Net investment in capital assets	2,001,462	2,205,894	4,207,356	-
Restricted for:				
Stabilization by State Statute	119,615	-	119,615	-
Tourism	-	-	-	430,079
Unrestricted	990,203	21,518	1,011,721	-
Total net position	\$ 3,111,280	\$ 2,227,412	\$ 5,338,692	\$ 430,079



**Village of Sugar Mountain, North Carolina**  
**Statement of Activities**  
**June 30, 2020**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position				
			Primary Government			Village of Sugar Mountain	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Tourism Development Authority
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 513,110	\$ 17,423	\$ 2,698	\$ -	\$ (492,989)	\$ -	\$ (492,989)
Public safety	377,983	-	2,250	-	(375,733)	-	(375,733)
Transportation	690,105	-	26,231	-	(663,874)	-	(663,874)
Environmental protection	65,550	-	-	-	(65,550)	-	(65,550)
Interest on long-term debt	36,331	-	-	-	(36,331)	-	(36,331)
Total governmental activities (See Note 1)	1,683,079	17,423	31,179	-	(1,634,477)	-	(1,634,477)
<b>Business-type activities:</b>							
Golf course	563,052	418,505	-	94,055	-	(50,492)	(50,492)
Total business-type activities	563,052	418,505	-	94,055	-	(50,492)	(50,492)
Total primary government	\$ 2,246,131	\$ 435,928	\$ 31,179	\$ 94,055	(1,634,477)	(50,492)	(1,684,969)
<b>Component unit:</b>							
Village of Sugar Mountain							
Tourism Development Authority							(306,699)
Total component unit	\$ -	-	-	-	-	-	(306,699)
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purpose					1,276,024	-	1,276,024
Occupancy tax					-	-	389,142
Sales tax and unrestricted intergovernmental taxes					428,955	-	428,955
Miscellaneous revenues					14,230	-	14,230
Sale of capital assets					2,701	4,756	7,457
Unrestricted investment earnings					16,970	801	17,771
Total general revenues					1,738,880	5,557	1,744,437
Change in net position					104,403	(44,935)	59,468
Net position, beginning					3,006,877	2,272,347	5,279,224
Net position, ending					\$ 3,111,280	\$ 2,227,412	\$ 5,338,692
							\$ 430,079

**Village of Sugar Mountain, North Carolina**  
**Balance Sheet -**  
**Governmental Funds**  
**June 30, 2020**

**Major Funds**

	<b>General</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,209,060	\$ 1,209,060
Taxes receivables, net	17,058	17,058
Due from other governments	119,615	119,615
Total assets	<u>1,345,733</u>	<u>1,345,733</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	59,291	59,291
Total liabilities	<u>59,291</u>	<u>59,291</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	17,058	17,058
Prepaid taxes	2,399	2,399
Total deferred inflows of resources	<u>19,457</u>	<u>19,457</u>
<b>FUND BALANCES</b>		
Restricted		
Stabilization by State Statute	119,615	119,615
Committed		
Capital projects	-	-
Unassigned	1,147,370	1,147,370
Total fund balances	<u>1,266,985</u>	<u>1,266,985</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,345,733</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are		
Total Fund Balance, Governmental Funds		1,266,985
Capital assets used in governmental activities are not financial resources and therefore are not		
Gross capital assets at historical cost	5,178,223	
Accumulated depreciation	<u>(2,057,594)</u>	3,120,629
Net pension asset		
Deferred outflows of resources related to pensions are not reported in the funds		329,569
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-		1,062
Earned revenues considered deferred inflows of resources in fund statements.		17,058
Net pension liability		(247,655)
Total pension liability		(155,727)
Gross long-term debt		(1,173,965)
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		(42,649)
Net position of governmental activities	<u>\$</u>	<u>3,111,280</u>

**Village of Sugar Mountain, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**June 30, 2020**

**Major Funds**

	<b>General</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>		
Ad valorem taxes	\$ 1,276,908	\$ 1,276,908
Unrestricted intergovernmental	428,955	428,955
Restricted intergovernmental	31,179	31,179
Permits and fees	5,423	5,423
Sales and services	12,000	12,000
Miscellaneous revenues	14,230	14,230
Investment earnings	16,970	16,970
Total revenues	<u>1,785,665</u>	<u>1,785,665</u>
<b>EXPENDITURES</b>		
Current:		
General government	413,239	413,239
Public safety	335,576	335,576
Transportation	625,446	625,446
Environmental protection	65,550	65,550
Debt service:		
Principal	211,929	211,929
Interest and other charges	36,331	36,331
Total expenditures	<u>1,688,071</u>	<u>1,688,071</u>
Excess (deficiency) of revenues over expenditures	<u>97,594</u>	<u>97,594</u>
Other financing sources (uses)		
Sale of capital assets	2,701	2,701
Total other financing sources (uses)	<u>2,701</u>	<u>2,701</u>
Net change in fund balance	100,295	100,295
Fund balances, beginning	1,166,690	1,166,690
Fund balances, ending	<u>\$ 1,266,985</u>	<u>\$ 1,266,985</u>

**Village of Sugar Mountain, North Carolina**  
**Reconciliation of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities -**  
**Governmental Funds**  
**June 30, 2020**

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

Net changes in fund balances - total governmental funds	\$	100,295
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	\$ 87,461	
Depreciation expense for governmental assets	<u>(233,841)</u>	(146,380)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		109,777
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position		4,052
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		(436)
Change in unavailable revenue for tax revenues		(448)
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	<u>-</u> 211,929	211,929
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	(9,545)	
Pension expense	<u>(164,841)</u>	(174,386)
Total changes in net position of governmental activities	<u>\$</u>	<u>104,403</u>

**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, 2020**

	<b>General Fund</b>			
	Budget - Original	Budget - Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 1,286,866	\$ 1,286,866	\$ 1,276,908	\$ (9,958)
Unrestricted intergovernmental	318,355	318,355	428,955	110,600
Restricted intergovernmental	26,530	26,530	31,179	4,649
Permits and fees	6,050	6,050	5,423	(627)
Sales and services	-	-	12,000	12,000
Investment earnings	17,500	17,500	16,970	(530)
Miscellaneous	30,870	37,846	14,230	(23,616)
Total revenues	1,686,171	1,693,147	1,785,665	92,518
Expenditures:				
Current:				
General government	409,395	416,895	413,239	3,656
Public safety	351,672	343,172	335,576	7,596
Transportation	621,840	628,816	625,446	3,370
Environmental protection	65,000	66,000	65,550	450
Debt service:				
Principal retirement	248,264	248,264	211,929	36,335
Interest and other charges	-	-	36,331	(36,331)
Total expenditures	1,696,171	1,703,147	1,688,071	15,076
Revenues over (under) expenditures	(10,000)	(10,000)	97,594	107,594
Other financing sources (uses)				
Sale of capital assets	10,000	10,000	2,701	(7,299)
Total other financing sources (uses)	10,000	10,000	2,701	(7,299)
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	-	100,295	\$ 100,295
Fund balances, beginning			1,166,690	
Fund balances, ending			\$ 1,266,985	

**Village of Sugar Mountain, North Carolina**  
**Statement of Fund Net Position -**  
**Proprietary Fund**  
**June 30, 2020**

	<b>Golf Course and Tennis Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	22,940
Accounts receivable	3,232
Due from other governments	9,248
Total current assets	<u>35,420</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	1,191,542
Other capital assets, net of depreciation	1,342,816
Capital assets	<u>2,534,358</u>
Total noncurrent assets	<u>2,534,358</u>
Total assets	<u><u>\$ 2,569,778</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	39,452
Total deferred outflows of resources	<u>39,452</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	13,396
Current portion of accrued compensated absences	6,055
Current portion of long-term debt	92,239
Total current liabilities	<u>111,690</u>
Noncurrent liabilities:	
Net pension liability	33,903
Non-current of long-term debt	236,225
Total noncurrent liabilities	<u>270,128</u>
Total liabilities	<u>381,818</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,205,894
Unrestricted	21,518
Total net position	<u><u>\$ 2,227,412</u></u>

**Village of Sugar Mountain, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position -**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>Golf Course and Tennis Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	387,283
Other operating revenues	31,222
<b>Total operating revenues</b>	<u>418,505</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	256,538
Operating expenses	160,043
Depreciation	132,401
<b>Total operating expenses</b>	<u>548,982</u>
<b>Operating income (loss)</b>	<u>(130,477)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest and fees	(14,070)
Investment earnings	801
Sale of capital assets	4,756
Capital contributions	94,055
<b>Total nonoperating revenue (expenses)</b>	<u>85,542</u>
<b>Change in net position</b>	(44,935)
<b>Total net position, beginning</b>	<u>2,272,347</u>
<b>Total net position, ending</b>	<u><u>\$ 2,227,412</u></u>

**Village of Sugar Mountain, North Carolina**  
**Statement of Cash Flows -**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>Golf Course and Tennis Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 420,495
Cash paid for goods and services	(158,273)
Cash paid to employees	(249,804)
Net cash provided (used) by operating activities	<u>12,418</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(134,440)
Proceeds from sale of capital assets	4,756
Proceeds from long-term debt	107,473
Principal paid on long-term debt	(84,884)
Capital contributions	94,055
Interest and other charges	(14,070)
Net cash provided (used) by capital and related financing activities	<u>(27,110)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	801
Net cash provided (used) by investing activities	<u>801</u>
Net increase (decrease) in cash and cash equivalents	(13,891)
Balances, beginning	36,831
Balances, ending	<u>\$ 22,940</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ (130,477)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	132,401
Pension expense	
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable, net	2,255
(Increase) decrease in due from other governments	955
(Increase) decrease in deferred outflows of resources-pensions	2,832
Increase (decrease) in net pension liability	3,538
Increase (decrease) in accounts payable and accrued liabilities	550
Increase (decrease) in compensated absences	521
Increase (decrease) in deferred inflows of resources for pensions	(157)
Total adjustments	<u>142,895</u>
Net cash provided by operating activities	<u>\$ 12,418</u>



**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020**

*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, 2020**

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, 2020**

**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, 2020, The Term portfolio has a duration of .15 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, 2020**

**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 \$5,000 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, 2020**

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

<b>Estimated Assets</b>	<b>Useful Lives</b>
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 2020 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.

**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.

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.



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**2. 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.

At June 30, 2020, the Village's deposits had a carrying amount of \$382,846 and a bank balance of \$409,585. Of the bank balance, \$250,000 was covered by FDIC. The Village held \$700 in petty cash as of June 30, 2209.

At June 30, 2020, the Authority's deposits had a carrying amount of \$417,754 and a bank balance of \$439,072. Of the bank balance, \$250,000 was covered by federal depository insurance.

**2. Investments**

At June 30, 2020, the Village's investments balances were as follows:

<b>Investments by Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/2020</b>	<b>Maturity</b>	<b>Rating</b>
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	637,266	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	211,188	.15 years	Unrated
Total:		\$848,454		

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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, 2020. 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, 2020, the Authority had \$12,979 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.

**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:

	<b>Due from other</b>		
	<b>Taxes</b>	<b>governments</b>	<b>Total</b>
<b>Governmental Activities:</b>			
Property taxes	\$ 23,423	-	\$ 23,423
Local options sales/franchise tax	-	35,484	35,484
ABC Board	-	50,500	50,500
Miscellaneous	-	15,037	15,037
Sales tax refunds due	-	10,115	10,115
Motor vehicle tax	-	6,015	6,015
Motor fuel tax refund	-	2,464	2,464
Allowance for doubtful accounts	(6,365)	-	(6,365)
Total governmental activities	\$ 17,058	119,615	\$ 136,673
<b>Enterprise Activities:</b>			
Sales tax refunds due	-	8,245	8,245
Miscellaneous	-	1,003	1,003
Total enterprise activities	\$ -	9,248	\$ 9,248

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**Governmental Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 284,300	-	-	\$ 284,300
Construction in progress	-	-	-	-
Total capital assets not being depreciated	284,300	-	-	284,300
<b>Capital assets being depreciated:</b>				
Buildings	1,194,325	-	-	1,194,325
Infrastructure	2,670,249	82,192	-	2,752,441
Vehicles	545,293	-	-	545,293
Equipment	396,595	5,269	-	401,864
Total capital assets being depreciated	4,806,462	87,461	-	4,893,923
<b>Less accumulated depreciation for:</b>				
Buildings	256,967	24,082	-	281,049
Infrastructure	957,883	137,622	-	1,095,505
Vehicles	389,711	48,993	-	438,704
Equipment	219,192	23,144	-	242,336
Total accumulated depreciation	1,823,753	233,841	-	2,057,594
Total capital assets being depreciated, net	2,982,709			2,836,329
<b>Governmental activity capital assets, net</b>	<u>\$ 3,267,009</u>			<u>\$ 3,120,629</u>

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

<b>Governmental Activities:</b>	
General government	\$ 164,674
Public safety	20,322
Transportation	48,845
Total	<u>\$ 233,841</u>

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**Proprietary Capital Assets**

The capital assets of the proprietary fund of the Village at June 30, 2020, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<b>Golf Course and Tennis Fund:</b>				
Capital assets not being depreciated:				
Land	\$ 1,191,542	-	-	\$ 1,191,542
Total capital assets not being depreciated	1,191,542	-	-	1,191,542
<b>Capital assets being depreciated:</b>				
Buildings	795,351	11,067	-	806,418
Improvements	801,165	-	-	801,165
Equipment	609,265	123,373	35,536	697,102
Total capital assets being depreciated	2,205,781	134,440	35,536	2,304,685
<b>Less accumulated depreciation for:</b>				
Buildings	187,272	16,128	-	203,400
Improvements	414,178	28,241	-	442,419
Equipment	263,554	88,032	35,536	316,050
Total accumulated depreciation	865,004	132,401	35,536	961,869
Total capital assets being depreciated, net	1,340,777			1,342,816
<b>Business-type activities capital assets, net</b>	<u>\$ 2,532,319</u>			<u>\$2,534,358</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

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](http://www.osc.nc.gov).

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*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, 2020, was 16.84% of compensation for law enforcement officers and 16.09% 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 \$124,945 for the year ended June 30, 2020.

*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.

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

At June 30, 2020, the Village reported a liability of \$281,558 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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,

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relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Village's proportion was 0.01031%, which was an decrease of 0.00033% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Village recognized pension expense of \$176,099. At June 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 48,210	\$ -
Changes of assumptions	45,889	-
Net difference between projected and actual earnings on pension plan investments	6,868	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	103,130	-
Village contributions subsequent to the measurement date	124,945	-
Total	\$ 329,042	\$ -

\$124,945 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$ 90,545
2022	46,023
2023	49,143
2024	18,386
2025	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 2018 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.

*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:

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	<b>1% Decrease (6.0%)</b>	<b>Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Village's proportionate share of the net pension liability (asset)	\$ 643,975	\$ 281,558	\$ (19,684)

*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, 2018, the Separation Allowance's membership consisted of:

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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:



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Inflation	2.5 percent
Projected salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 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, 2018.

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, 2020, the Village reported a total pension liability of \$155,727. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Village recognized pension expense of \$10,279.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of</b>
Differences between expected and actual experience	\$ 27,404	\$ 36,627
Changes of assumptions	8,523	6,022
Village benefit payments and plan administrative expense made subsequent to the measurement date	4,052	-
Total	\$ 39,979	\$ 42,649

\$4,052 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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**Year ended June 30:**

2021	\$ (1,214)
2022	(1,214)
2023	(1,004)
2024	(3,290)
2025	-
Thereafter	-

\$4,052 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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	<b>1% Decrease (2.26%)</b>	<b>Discount Rate (3.26%)</b>	<b>1% Increase (4.26%)</b>
Total pension liability	\$ 168,451	\$ 155,727	\$ 144,082

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

	<b>2020</b>
Beginning balance	\$ 164,834
Service Cost	5,567
Interest on the total pension liability	5,926
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(21,096)
Changes of assumptions or other inputs	4,548
Benefit payments	(4,052)
Other changes	-
Ending balance of the total pension liability	<u>\$ 155,727</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, 2018 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***

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension Expense	\$ 176,099	\$ 10,279	\$ 186,378
Pension Liability	281,558	155,727	437,285
Proportionate share of the net pension liability	0.01031%	N/A	

**Deferred of Outflows of Resources**

Differences between expected and actual experience	48,210	27,404	75,614
Changes of assumptions	45,889	8,523	54,412
Net difference between projected and actual earnings on plan investments	6,868	-	6,868
Changes in proportion and differences between contributions and proportionate share of contributions	103,130	-	103,130
Benefit payments and administrative costs paid subsequent to the measurement date	124,945	4,052	128,997

**Deferred of Inflows of Resources**

Differences between expected and actual experience	-	36,627	36,627
Changes of assumptions	-	6,022	6,022
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, 2020, were \$18,485 which consisted of \$9,304 from the Village and \$9,181 from the law enforcement officers. Employees not engaged in law enforcement made voluntary contributions of \$22,788 to the plan.

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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.

**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	\$ 75,614
Net difference between projected and actual earnings on pension plan investments	6,868
Changes in assumptions	54,412
Changes in proportion and differences between Village contributions and proportionate share of contributions	103,130
Benefits payments made and administrative expenses for LEO SSA	4,052
Contributions to pension plan in current fiscal year	124,945
	<u>\$ 369,021</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)	\$ -	17,058
Prepaid taxes not yet earned (General Fund)	2,399	2,399
Differences between expected and actual experience	36,627	-
Change in assumptions	6,022	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	-	-
	<u>\$ 45,048</u>	<u>19,457</u>

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**isk 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.

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:

<b>Description</b>	<b>Date Executed</b>	<b>Number of Payments</b>	<b>Frequency of Payments</b>	<b>Amount of Payments</b>	
John Deere Greens Mower	9/1/16	49	Monthly	\$ 669	
Golf equipment	4/1/20	48	Monthly	2,382	48
E-Z-Go Electric golf carts	5/3/19	61	Monthly	\$3,254	60
				<u>\$66,000</u>	<u>1</u>

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

The following is an analysis of the assets recorded under capital leases at June 30, 2020:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Rough Mower	\$ 29,583	\$ 16,905	\$ 12,678
Golf Carts	\$ 222,750	\$ 48,262	\$ 174,488
Golf equipment	\$ 107,473	\$ 15,353	\$ 92,120

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 68,305
2022	67,636
2023	67,636
2024	120,412
2025	-
Less amount representing interest	<u>(30,687)</u>
Present value of the minimum lease payments	<u>\$ 293,302</u>

**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

\$ 198,334

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

920,833

\$ 1,119,167

**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

\$ 35,162

\$ 35,162

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

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 165,001	\$ 30,842	\$ 35,162	\$ 706
2022	165,001	25,802	-	-
2023	165,001	20,763	-	-
2024	136,666	15,722	-	-
2025	108,334	12,293	-	-
2026-2030	379,164	20,248	-	-
Total	\$ 1,119,167	\$ 125,670	\$ 35,162	\$ 706

A summary of changes in long-term obligations follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchase	\$ 1,331,096	\$ -	\$ 211,929	\$ 1,119,167	\$ 165,001
Compensated absences	45,253	40,872	31,327	54,798	54,798
Total pension liability	164,834	-	9,107	155,727	-
Net pension liability (LGERS)	222,052	25,603	-	247,655	-
Total	\$ 1,763,235	\$ 66,475	\$ 252,363	\$ 1,577,347	\$ 219,799
<b>Business-type activities:</b>					
Capital leases	\$ 228,519	\$ 107,473	\$ 42,690	\$ 293,302	\$57,077
Installment purchase	77,356	-	42,194	35,162	35,162
Net pension liability (LGERS)	30,365	3,538	-	33,903	-
Compensated absences	5,534	7,349	6,828	6,055	6,055
Total	\$ 341,774	\$ 118,360	\$ 91,712	\$ 368,422	\$ 98,294

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, 2020, the Village had a legal debt margin of \$22,817,340.

**C. Interfund Transactions**

Transfers to/from Other Funds at June 30, 2020 consists of the following:

None

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**3. 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.

**4. 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.

**5. 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 \$61,188 for golf and tennis.

**6. Fund Balance**

Total fund balance - General Fund	\$ 1,266,985
Less:	
Stabilization by state statute	119,615
Remaining fund balance	1,147,370



**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**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Sugar Mountain's proportion of the net pension liability (asset) (%)	0.01031%	0.01064%	0.01000%	0.01080%	0.01042%	0.0106%	0.0129%
Sugar Mountain's proportion of the net pension liability (asset) (\$)	\$ 281,558	\$ 252,417	\$ 152,772	\$ 235,155	\$ 46,762	\$ (62,749)	\$ 155,495
Sugar Mountain's covered-employee payroll	\$ 737,381	\$ 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	38.18%	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%	99.07%	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**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 124,945	\$ 111,235	\$ 102,979	\$ 98,404	\$ 96,563	\$ 94,947	\$ 90,953
Contributions in relation to the contractually required contribution	124,945	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>	<u>\$ -</u>
Sugar Mountain's covered-employee payroll	\$ 771,099	\$ 737,381	\$ 673,318	\$ 693,125	\$ 635,929	\$ 662,272	\$ 635,929
Contributions as a percentage of covered-employee payroll	16.20%	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**

	<b>June 30,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 164,834	\$ 121,748	\$ 140,202	\$ 133,008
Service Cost	5,567	6,828	6,177	6,443
Interest on the total pension liability	5,926	3,783	5,355	4,748
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(21,096)	43,570	(35,899)	-
Changes of assumptions or other inputs	4,548	(7,043)	8,874	(3,997)
Benefit payments	(4,052)	(4,052)	(2,961)	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 155,727</u>	<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,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 155,727	\$ 164,834	\$ 121,748	\$ 140,202
Covered payroll	177,642	182,550	175,547	191,196
Total pension liability as a percentage of covered payroll	87.66%	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, 2020**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$	\$ 1,272,370	\$
Interest		4,538	
Total	<u>1,286,866</u>	<u>1,276,908</u>	<u>(9,958)</u>
Unrestricted intergovernmental:			
Local option sales taxes		83,194	
Utilities franchise tax		136,758	
Beer and wine tax		852	
ABC profit distribution		181,250	
Other taxes		26,901	
Total	<u>318,355</u>	<u>428,955</u>	<u>110,600</u>
Restricted intergovernmental:			
Powell Bill allocation		26,231	
Grant		2,698	
ABC Revenue for law enforcement		2,250	
Total	<u>26,530</u>	<u>31,179</u>	<u>4,649</u>
Permits and fees:			
Zoning compliance		5,423	
Total	<u>6,050</u>	<u>5,423</u>	<u>(627)</u>
Sales and services:			
Tourism development administration	-	12,000	12,000
Investment earnings	<u>17,500</u>	<u>16,970</u>	<u>(530)</u>
Miscellaneous:	<u>37,846</u>	<u>14,230</u>	<u>(23,616)</u>
Total revenues	1,693,147	1,785,665	92,518
<b>Expenditures:</b>			
Governing body:			
Salaries and employee benefits		8,401	
Operating expenditures		11,036	
Total		<u>19,437</u>	
Administration:			
Salaries and employee benefits		280,815	
Operating expenditures		112,699	
Capital outlay		288	
Total		<u>393,802</u>	
Total general government	<u>416,895</u>	<u>413,239</u>	<u>3,656</u>

**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, 2020**

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		295,393	
Operating expenditures		38,054	
Capital outlay		2,129	
Total public safety	343,172	335,576	7,596
Transportation:			
Street maintenance:			
Salaries and employee benefits		417,937	
Operating expenditures		193,798	
Capital outlay		13,711	
Total transportation	628,816	625,446	3,370
Environmental protection:			
Solid waste:			
Other operating expenditures		65,550	
Total culture and recreation	66,000	65,550	450
Debt service:			
Principal retirement		211,929	
Interest and other charges		36,331	
Total debt service	248,264	248,260	4
Total expenditures	1,703,147	1,688,071	15,076
Revenues over (under) expenditures	(10,000)	97,594	107,594
Other financing sources (uses):			
Sale of capital assets	10,000	2,701	(7,299)
Transfers from other funds:			
Capital project fund	-	-	-
Transfer to other funds:			
Golf course and tennis fund	-	-	-
Total	10,000	2,701	(7,299)
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	100,295	\$ 100,295
Fund balances, beginning		1,166,690	
Fund balances, ending		\$ 1,266,985	

**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, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for golf services	\$ 340,000	\$ 355,509	
Charges for tennis services	33,000	31,774	
Other operating revenues	40,661	31,222	
Total operating revenues	413,661	418,505	\$ 4,844
Non-operating revenues:			
Investment interest	-	801	801
Contribution from Tourism Development Authority	123,446	94,055	(29,391)
Total non-operating revenues	123,446	94,856	(28,590)
Total revenues	537,107	513,361	(23,746)
Expenditures:			
Current:			
Golf course administration:			
Salaries and benefits		58,382	
Other operating expenses		48,164	
Capital outlay		17,835	
Total golf course administration	126,555	124,381	2,174
Golf course maintenance:			
Salaries and benefits		155,323	
Other operating expenses		74,284	
Capital outlay		135,309	
Total golf course maintenance	404,230	364,916	39,314
Tennis administration:			
Salaries and benefits		36,102	
Other operating expenses		17,451	
Capital outlay		217	
Total tennis administration	59,606	53,770	5,836
Park			
Other operating expenses		1,220	
Total park	1,250	1,220	30
Debt service:			
Interest and other charges		14,070	
Principal retirement		84,884	
Total debt service	106,644	98,954	7,690
Total expenditures	698,285	643,241	55,044
Revenues over(under) expenditures	(161,178)	(129,880)	31,298

**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, 2020**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Sale of capital assets	5,000	4,756	(244)
Capital lease proceeds	-	107,473	107,473
Appropriated fund balance	156,178	-	(156,178)
Total other financing sources (uses)	161,178	112,229	(48,949)
Revenues and other sources over (under)			
expenditures and other financing uses	\$ -	(17,651)	\$ (17,651)

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

Revenues and other sources over		
expenditures and other uses	\$	(17,651)
Reconciling items:		
Principal retirement		84,884
Debt proceeds		(107,473)
Capital outlay		134,440
Increase in compensated absences		(521)
Increase in deferred outflows of resources - pensions		(2,832)
Increase in net pension liability		(3,538)
Decrease in deferred inflows of resources - pensions		157
Depreciation		(132,401)
Total reconciling items		(27,284)
Change in net position	\$	(44,935)



**Village of Sugar Mountain, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 1,274,280	\$ 1,255,052	\$ 19,228
2018-2019	15,162	-	12,888	2,274
2017-2018	3,587	-	3,123	464
2016-2017	1,267	-	1,090	177
2015-2016	365	-	121	244
2014-2015	268	-	103	165
2013-2014	364	-	-	364
2012-2013	414	-	-	414
2011-2012	93	-	-	93
2010-2011	451	-	451	-
	<u>\$ 21,971</u>	<u>\$ 1,274,280</u>	<u>\$ 1,272,828</u>	<u>23,423</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>6,365</u>
Ad valorem taxes receivable - net				<u>\$ 17,058</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,276,908
Reconciling items:				
Taxes written off				458
Penalties and interest				<u>(4,538)</u>
Subtotal				<u>(4,080)</u>
Total collections and credits				<u>\$ 1,272,828</u>

**Village of Sugar Mountain, North Carolina**  
**Analysis of Current Tax Levy**  
**Village - Wide Levy**  
**June 30, 2020**

	Village- Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 292,204,762	0.42	\$ 1,227,260	\$ 1,227,260	\$ -
Registered motor vehicles taxed	7,490,238	0.42	31,459	-	31,459
Penalties	-		369	369	-
Total	<u>299,695,000</u>		<u>1,259,088</u>	<u>1,227,629</u>	<u>31,459</u>
Discoveries:					
Current year taxes	<u>3,622,619</u>	0.42	<u>15,215</u>	<u>15,215</u>	<u>-</u>
Abatements	<u>(5,476)</u>	0.42	<u>(23)</u>	<u>(23)</u>	<u>-</u>
Total property valuation	<u>\$ 303,312,143</u>				
Net levy			1,274,280	1,242,821	31,459
Uncollected taxes at June 30, 2020			<u>(19,228)</u>	<u>(19,228)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,255,052</u>	<u>\$ 1,223,593</u>	<u>\$ 31,459</u>
Current levy collection percentage			<u>98.49%</u>	<u>98.45%</u>	<u>100.00%</u>