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**THE VILLAGE OF SUGAR MOUNTAIN**  
251 Dick Trundy Lane  
Sugar Mountain, NC 28604

## **Manager's Budget Message** **Fiscal Year 2020-21**

June 1, 2020

The Honorable Gunther Jochl, Mayor  
Members of the Village Council  
Sugar Mountain, North Carolina

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the recommended Village of Sugar Mountain Budget for the fiscal year (FY) beginning July 1, 2020 and ending June 30, 2021 for your review and consideration.

While this budget has been a challenge to develop, due to the uncertainty of the impact of COVID-19 upon revenues in both the General and the Golf and Tennis Funds, the Village remains in a solid fiscal position. Being mindful of the future uncertainties of NC local government finances at this time, the proposed budgets have been developed as "operational" budgets, with appropriations recommended at the same or reduced levels from the current FY 2019-20 budgets. I am recommending a mid-year review of the FY 2020-21 budget to consider additional funding for employee salaries and capital needs, if the economic conditions warrant.

### **FUNDS OF THE BUDGET**

#### **GENERAL FUND**

##### **General Fund Revenues**

The General Fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund. The FY 2020-21 proposed Budget, which is balanced with no fund balance appropriation, continues to deliver excellent residential services with no increase in the current tax rate of .42 per \$100 valuation. This rate will generate approximately \$1,261,478 in real, personal, motor vehicle, and related tax revenues with an anticipated collection rate of 96%. This represents approximately a 1.8% increase in real property values for the Village. The Village has historically achieved a high tax collection rate. The Village receives

approximately 75% of general fund revenues from real, personal, and motor vehicle ad valorem tax.

In addition to the above tax revenues, the Village receives State Shared revenues, State road maintenance funds (Powell Bill), sales tax revenues, permit fee revenues, investment returns, grant funding, ABC revenue, and contributions from the Tourism Development Authority totaling an estimated \$429,755.

The recommended budget appropriates no fund balance to balance the General Fund budget. The proposed General Fund Budget revenues for FY 2020-21 total \$1,691,233.

It is estimated the Village will have an unreserved General Fund balance (Village Savings Account) of \$1,111,217, on June 30, 2020 or 66% of the FY 2019-20 Budget estimated year end expenditures of \$1,682,931. The Village remains in a healthy financial position going forward.

### **General Fund Expenditures**

The total General Fund expenditures are projected to be \$ 1,691,233 resulting in an approximate 1% increase from the estimated FY 2019-20 year-end actual expenditures.

### **Salaries and Related Benefits:**

The FY 2020-21 General Fund budget recommends funding 14.75 full-time employees, and .15 full time equivalents (FTE) reserve police officers.

Salaries and wages, with no cost of living raise (COLA), and benefits for the Village's proposed 14.9 FTE employees accounts for \$1,014,887 or 60.01% of the proposed General Fund budget.

The medical related benefits provided by the Village will continue to be administered by the North Carolina League of Municipalities in FY 2020-21, with no increase in premiums from the FY 2019-20. Medical, dental, vision, life, and short term disability insurance are provided for all full time Village employees. The Workman's Compensation rates reflect no increase from FY 2019-20. The NC State Retirement system has approved a 1.2% increase to the employers contribution portion for the administration of the retirement system.

There is no COLA allocation for employee salaries in the proposed FY 2020-21 Budget. The general employee benefit of an employer contribution to the employee's 401(k) fund remains in the FY 2020-21 Budget. The Village offers a matching contribution of up to 5% for full time general employees who have attained six months of employment with the Village and the employee participates in the 401(k) program. Under North Carolina General Statutes, the Village is required to fund all full time law enforcement personnel at 5% of the employee's salary; regardless of the employee contributions.

### **Operating Costs:**

Operating costs for FY 2020-21 are projected at \$676,346 or 39.99% of the total General Fund budget. These expenditures include all costs other than salaries, benefits and capital costs. Debt service costs on long-term financial obligations are included in operating costs. These operating costs also include improvements for Village streets, of which \$126,000 has been budgeted for significant resurfacing and repairs on the Village streets.

### **Capital Expenditures:**

Capital expenditures are the purchase of vehicles, equipment and other items that are considered not expendable at the time of purchase, have a value greater than \$5,000, and have a life expectancy of at least one year. At this time there are no capital items in this years' budget.

## **ENTERPRISE FUND**

### **Enterprise Fund Revenues**

An Enterprise Fund is used to report activity for which a fee is charged to external users for goods or services. The Enterprise Fund in the Village is used to account for the Village's recreational activities of Golf and Tennis operations.

The Village receives revenues in the Enterprise Fund through the collection of fees charged for annual memberships, green fees and golf cart fees for the Golf Course, season memberships, and court play fees for use of the Tennis Courts. The FY 2020-21 Budget projects revenues of \$334,000 in golf user fees and \$26,250 in tennis user fees. The Village receives approximately 77% of the enterprise fund revenues from golf and tennis user fees.

The Enterprise Fund also receives contributions from the Tourism Development Authority (TDA), Sugar Mountain Resort lease and reimbursements, park revenues and the sale of capital assets, totaling an estimated \$110,362.

The recommended budget appropriates \$37,955 in retained earnings (fund balance) to balance the Enterprise Fund budget. The proposed Enterprise Fund Budget revenues for FY 2020-21 total \$ 470,612, (\$508,567 less \$37,955 appropriated retained earnings); a 4.7% decrease from projected FY 2020-21 year-end actual revenues.

### **Salaries and Related Benefits:**

The FY 2020-21 Enterprise Fund budget recommends funding 2.25 full-time employees, and 2.75 full time equivalents (FTE) for golf and tennis operations.

Salaries and wages, with no cost of living raises, and benefits for the Village's proposed 5.00 FTE employees accounts for \$254,475, or 50% of the proposed Enterprise Fund budget. These salaries and benefits costs will be funded with a contribution from the TDA of \$10,980.

The full-time employees of the Enterprise fund will receive the same medical related benefits, State retirement and 401(k) participation as the full-time General Fund employees.

**Operating Costs:**

Operating costs for FY 2020-21 are projected at \$254,092 or 50% of the total Enterprise Fund budget. These expenditures include all costs other than salaries, benefits and capital costs. Debt service costs on long-term financial obligations are included in operating costs. Debt service payments this fiscal year will include lease-purchase payments on golf course mowers of \$31,307, the golf shop loan payment of \$35,867, and the lease-purchase of golf carts of \$39,053.

These operating costs will be funded with a contribution from the TDA of \$69,150 or 27.2% of total operating costs.

**Capital Expenditures:**

As in the general fund, there are no capital expenditures budgeted for FY 2020-21 at this time.

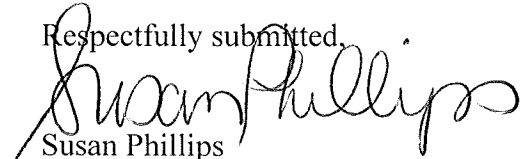
**RECOMMENDED BALANCED BUDGET**

As required by the North Carolina General Statutes the proposed Budget is balanced, with total revenues equal to total expenditures. I have presented a budget that recommends an ad valorem rate of \$0.42 per \$100 valuation for the General Fund.

The North Carolina General Statutes specify that the budget ordinance and tax rate be adopted by July 1, 2020. Also, General Statute 159-12 (b) requires the Village's governing body to hold a public hearing on the budget prior to adoption, which is scheduled for Tuesday, June 16th at 5:00 p.m.

I would like to thank Village Department Head's for their efforts in the development of the 2020-21 budget and look forward to our continued efforts in providing Sugar Mountain residents with a high quality of life.

Respectfully submitted,

  
Susan Phillips  
Village Manager