

**VILLAGE OF SUGAR MOUNTAIN,
NORTH CAROLINA**

FINANCIAL STATEMENTS

JUNE 30, 2023

VILLAGE COUNCIL MEMBERS

David Ammann
Scott J. Brown
Ronald Wittman
Richard Casey

Gunther Jochl, Mayor

Susan Phillips, Village Manager and Finance Officer

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA

JUNE 30, 2023

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1-3
	Management Discussion and Analysis	4-12
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
1	Statement of Net Position	13
2	Statement of Activities	14
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	15
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities	17
5	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	18
6	Statement of Fund Net Position - Proprietary Fund	19
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	20
8	Statement of Cash Flows - Proprietary Fund	21
	Notes to the Financial Statements	22-46

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA

JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplementary Information:	
A-1	Schedule of Proportionate Share of Net Pension Liability (Asset) - LGERS	47
A-2	Schedule of Employer Contributions - LGERS	48
A-3	Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	49
A-4	Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance	50
	Individual Fund Statements and Schedules:	
	Governmental Activities:	
1	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	51-52
2	ARPA Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	53
	Business-Type Activities:	
3	Enterprise Fund – Golf Course and Tennis Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)	54-55
	Other Schedules:	
4	Schedule of Ad Valorem Taxes Receivable	56
5	Analysis of Current Tax Levy	57

MISTY D WATSON, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT
PO BOX 2122
BOONE, NORTH CAROLINA 28607
TELEPHONE (704) 907-5053

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component unit, and each major fund of the Village of Sugar Mountain, North Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Village of Sugar Mountain, North Carolina's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity the aggregate discretely presented component unit, each major fund of the Village of Sugar Mountain, North Carolina as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the ARPA Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Sugar Mountain, North Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management's for the Audit of 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Village of Sugar Mountain, North Carolina's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Village of Sugar Mountain, North Carolina's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Sugar Mountain, North Carolina's ability to continue as a going concern for a reasonable period of time.

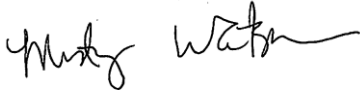
We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 12, 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 on pages 49 through 50, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 47 through 48, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Sugar Mountain, North Carolina's basic financial statements. The budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 budgetary schedules and other 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 a long horizontal flourish extending to the right.

Misty D Watson, CPA, PA
Boone, North Carolina
November 5, 2023

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, 2023. 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

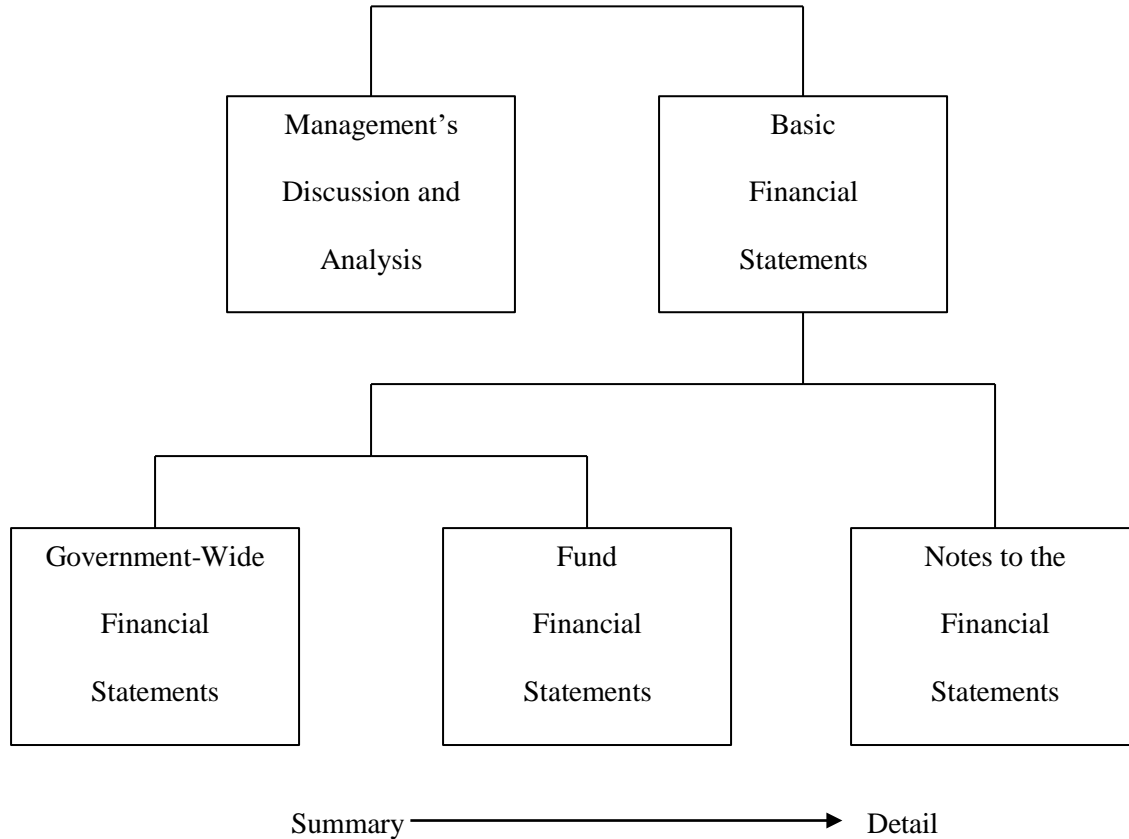
- The assets and deferred outflows of resources of the Village of Sugar Mountain exceeded its liabilities and deferred outflows of resources at the close of the fiscal year by \$6,763,658 (*net position*).
- The government's total net position increased by \$655,914, primarily due to enterprise fund 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 \$1,363,625, a decrease of \$2,196 in comparison with the prior year. Approximately 3.5% of this total amount, or \$113,888, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,016,080, or 41.8%, 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 1 and 2) 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 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

FIGURE 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 1,452,573	\$ 1,472,428	\$ 565,999	\$ 342,343	\$ 2,018,572	\$ 1,814,771
Capital assets, net	3,481,432	3,240,732	2,611,423	2,393,254	6,092,855	5,633,986
Total Assets	4,934,005	4,713,160	3,177,422	2,735,597	8,111,427	7,448,757
Total Deferred Outflows	589,484	376,740	68,793	41,952	658,277	418,692
Liabilities:						
Other liabilities	87,358	316,343	4,007	74,004	91,365	390,347
Long-term liabilities	1,431,393	969,220	443,199	175,184	1,874,592	1,144,404
Total Liabilities	1,518,751	1,285,563	447,206	249,188	1,965,957	1,534,751
Total Deferred Inflows	39,709	202,962	380	21,992	40,089	224,954
Net Position:						
Net investments in capital assets	2,857,266	2,451,566	2,237,416	2,176,778	5,094,682	4,628,344
Restricted	113,888	121,481	-	-	113,888	121,481
Unrestricted	993,875	1,028,328	561,213	329,591	1,555,088	1,357,919
Total Net Position	\$ 3,965,029	\$ 3,601,375	\$ 2,798,629	\$ 2,506,369	\$ 6,763,658	\$ 6,107,744

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 \$6,763,658 as of June 30, 2023. The Village's net position increased by \$655,914 for the fiscal year ended June 30, 2023. However, the largest portion (75.3%) 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, \$113,888, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,555,088 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 99.58%

The Village of Sugar Mountain's Change in Net Position

FIGURE 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 97,602	\$ 33,322	\$ 689,284	\$ 652,225	\$ 786,886	\$ 685,547
Operating grants and contributions	97,982	34,134	-	-	97,982	34,134
Capital grants and contributions	-	-	94,441	114,600	94,441	114,600
General Revenues:						
Property taxes	1,410,856	1,324,963	-	-	1,410,856	1,324,963
Other taxes, contributions not restricted	613,909	571,144	-	-	613,909	571,144
Miscellaneous	158,816	183,187	-	-	158,816	183,187
Sale of capital assets	9,873	4,571	168,094	1,515		6,086
Investment earnings, unrestricted	43,758	1,511	3,078	137	46,836	1,648
Total Revenues	2,432,796	2,152,832	954,897	768,477	3,387,693	2,921,309
Expenses:						
General government	724,166	582,603	-	-	724,166	582,603
Public safety	525,703	479,130	-	-	525,703	479,130
Transportation	725,305	691,338	-	-	725,305	691,338
Environmental protection	74,769	50,857	-	-	74,769	50,857
Interest on long-term debt	19,199	23,325	-	-	19,199	23,325
Golf course and tennis	-	-	662,637	630,120	662,637	630,120
Total Expenses	2,069,142	1,827,253	662,637	630,120	2,731,779	2,457,373
Change in Net Position	363,654	325,579	292,260	138,357	655,914	463,936
Net position, beginning	3,601,375	3,275,796	2,506,369	2,368,012	6,107,744	5,643,808
Net position, ending	\$ 3,965,029	\$ 3,601,375	\$ 2,798,629	\$ 2,506,369	\$ 6,763,658	\$ 6,107,744

Governmental Activities. Governmental activities increased the Village's net position by \$363,654. Key elements of this increase are as follows:

- Local option sales tax exceeding budget in the current year.
- Strong investment earnings
- Expenditures being under budget in the current year.

Business-Type Activities. Business-type activities increased the Village of Sugar Mountain's net position by \$292,260. Key element of this increase are as follows:

- Golf and tennis revenues exceeding budget.

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 \$1,016,080, while total fund balance reached \$1,363,625.

At June 30, 2023, the governmental funds of the Village of Sugar Mountain reported a combined fund balance of \$1,363,625, a .16% decrease under last year. Included in this change in fund balance is a decrease in the General Fund of \$2,144.

General Fund Budgetary Highlights. During the fiscal year, the Village revised the budget on several occasions. 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 \$561,213. The change in net position was an increase of \$292,260. 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, 2023, totals \$6,092,855 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

The Village of Sugar Mountain's Capital Assets

FIGURE 4

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 284,300	\$ 284,300	\$ 1,191,542	\$ 1,191,542	\$ 1,475,842	\$ 1,475,842
Buildings and improvements	950,063	865,112	575,381	585,608	1,525,444	1,450,720
Infrastructure	1,967,974	1,771,834	359,857	328,529	2,327,831	2,100,363
Vehicles	108,914	161,828	-	-	108,914	161,828
Land improvements	11,656	13,321	-	-	11,656	13,321
Equipment	158,525	144,337	484,643	287,575	643,168	431,912
Total	3,481,432	3,240,732	2,611,423	2,393,254	6,092,855	5,633,986

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

- Governmental buildings \$108,928
- Governmental equipment \$35,624
- Business-type buildings \$6,220
- Business-type improvements \$52,645
- Business-type equipment \$346,376
- Governmental infrastructure \$360,360

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 Long-Term Debt

FIGURE 5

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Net pension liability (LGERS)	\$ 551,365	\$ 121,679	\$ 69,192	\$ 15,271	\$ 620,557	\$ 136,950
Total pension liability (LEOSSA)	199,293	203,164	-	-	199,293	203,164
Compensated absences	56,569	63,390	9,817	9,853	66,386	73,243
Installment purchases	624,166	789,166	364,190	216,476	988,356	1,005,642
Total	<u>\$ 1,431,393</u>	<u>\$ 1,177,399</u>	<u>\$ 443,199</u>	<u>\$ 241,600</u>	<u>\$ 1,874,592</u>	<u>\$ 1,418,999</u>

The Village of Sugar Mountain’s installment purchases decreased by \$17,286 during the past fiscal year, due to the payment of principal on long-term debt and a new installment purchase for golf carts.

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 \$39,177,573.

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.
- Residential construction continues at steady pace to increase overall tax base

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. General Fund revenues and expenditures are expected to remain stable. The Village adopted a \$2,634,256 General Fund Budget. The Council adopted a revenue-neutral tax rate, resulting in a property tax rate of 28 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, 2023

	Primary Government			Village of Sugar Mountain Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,332,693	548,759	1,881,452	\$ 1,201,909
Taxes receivable, net	5,722	-	5,722	-
Accounts receivable	-	468	468	-
Accrued interest receivable on taxes	270	-	270	-
Due from other governments	113,888	16,772	130,660	-
Total current assets	<u>1,452,573</u>	<u>565,999</u>	<u>2,018,572</u>	<u>1,201,909</u>
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	3,197,132	1,419,881	4,617,013	-
Total capital assets	<u>3,481,432</u>	<u>2,611,423</u>	<u>6,092,855</u>	<u>-</u>
Total assets	<u>4,934,005</u>	<u>3,177,422</u>	<u>8,111,427</u>	<u>1,201,909</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	589,484	68,793	658,277	-
Total deferred outflows of resources	<u>589,484</u>	<u>68,793</u>	<u>658,277</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	80,551	4,007	84,558	5,180
Accrued interest	6,807	-	6,807	-
Current portion of long-term liabilities	154,221	79,324	233,545	-
Total current liabilities	<u>241,579</u>	<u>83,331</u>	<u>324,910</u>	<u>5,180</u>
Long-term liabilities:				
Net pension liability	551,365	69,192	620,557	-
Total pension liability	199,293	-	199,293	-
Due in more than one year	526,514	294,683	821,197	-
Total liabilities	<u>1,518,751</u>	<u>447,206</u>	<u>1,965,957</u>	<u>5,180</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	2,405	-	2,405	-
Pension deferrals	37,304	380	37,684	-
Total deferred inflows of resources	<u>39,709</u>	<u>380</u>	<u>40,089</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,857,266	2,237,416	5,094,682	-
Restricted for:				
Stabilization by State Statute	113,888	-	113,888	-
Tourism	-	-	-	1,196,729
Unrestricted	993,875	561,213	1,555,088	-
Total net position	<u>\$ 3,965,029</u>	<u>\$ 2,798,629</u>	<u>\$ 6,763,658</u>	<u>\$ 1,196,729</u>

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Village of Sugar Mountain Tourism Development Authority
Primary government:								
Governmental Activities:								
General government	\$ 724,166	\$ 97,602	\$ 6,328	\$ -	\$ (620,236)	\$ -	\$ (620,236)	\$ -
Public safety	525,703	-	34,340	-	(491,363)	-	(491,363)	-
Transportation	725,305	-	57,314	-	(667,991)	-	(667,991)	-
Environmental protection	74,769	-	-	-	(74,769)	-	(74,769)	-
Interest on long-term debt	19,199	-	-	-	(19,199)	-	(19,199)	-
Total governmental activities (See Note 1)	2,069,142	97,602	97,982	-	(1,873,558)	-	(1,873,558)	-
Business-type activities:								
Golf course and tennis	662,637	689,284	-	94,441	-	121,088	121,088	-
Total business-type activities	662,637	689,284	-	94,441	-	121,088	121,088	-
Total primary government	\$ 2,731,779	\$ 786,886	\$ 97,982	\$ 94,441	\$ (1,873,558)	\$ 121,088	\$ (1,752,470)	\$ -
Component unit:								
Village of Sugar Mountain Tourism Development Authority	\$ 740,798	-	-	-	-	-	-	(740,798)
Total component unit	\$ 740,798	-	-	-	-	-	-	(740,798)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,410,856	-	1,410,856	-
Occupancy tax					-	-	-	882,080
Sales tax and unrestricted intergovernmental taxes					613,909	-	613,909	-
Miscellaneous revenues					158,816	-	158,816	827
Sale of capital assets					9,873	168,094	177,967	-
Unrestricted investment earnings					43,758	3,078	46,836	13,605
Total general revenues					2,237,212	171,172	2,408,384	896,512
Change in net position					363,654	292,260	655,914	155,714
Net position, beginning					3,601,375	2,506,369	6,107,744	1,041,015
Net position, ending					\$ 3,965,029	\$ 2,798,629	\$ 6,763,658	\$ 1,196,729

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Balance Sheet -
Governmental Funds
June 30, 2023

	Major Funds	
	General	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,332,693	\$ 1,332,693
Taxes receivables, net	5,722	5,722
Due from other governments	113,888	113,888
Total assets	1,452,303	1,452,303
LIABILITIES		
Accounts payable and accrued liabilities	80,551	80,551
Total liabilities	80,551	80,551
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	5,722	5,722
Prepaid taxes	2,405	2,405
Total deferred inflows of resources	8,127	8,127
FUND BALANCES		
Restricted		
Stabilization by State Statute	113,888	113,888
Assigned		
Subsequent year's expenditures	233,657	233,657
Unassigned	1,016,080	1,016,080
Total fund balances	1,363,625	1,363,625
Total liabilities, deferred inflows of resources and fund balances	\$ 1,452,303	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different		
Total Fund Balance, Governmental Funds		1,363,625
Capital assets used in governmental activities are not financial resources and therefore are not reported		
Gross capital assets at historical cost	6,075,252	
Accumulated depreciation	(2,593,820)	3,481,432
Net pension asset		
Deferred outflows of resources related to pensions are not reported in the funds		589,484
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-		270
Earned revenues considered deferred inflows of resources in fund statements.		5,722
Net pension liability		(551,365)
Total pension liability		(199,293)
Gross long-term debt		(680,735)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds		(6,807)
Deferred inflows of resources related to pensions are not reported in the funds		(37,304)
Net position of governmental activities	\$	3,965,029

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2023

Major Funds

	Major Funds		Total Governmental Funds
	General	ARP	
REVENUES			
Ad valorem taxes	\$ 1,409,489	\$ -	\$ 1,409,489
Unrestricted intergovernmental	613,909	-	613,909
Restricted intergovernmental	35,199	62,783	97,982
Permits and fees	7,602	-	7,602
Sales and services	90,000	-	90,000
Miscellaneous revenues	158,816	-	158,816
Investment earnings	43,311	447	43,758
Total revenues	<u>2,358,326</u>	<u>63,230</u>	<u>2,421,556</u>
EXPENDITURES			
Current:			
General government	451,952	-	451,952
Public safety	514,271	-	514,271
Transportation	1,206,870	-	1,206,870
Environmental protection	74,769	-	74,769
Debt service:			
Principal	165,000	-	165,000
Interest and other charges	20,763	-	20,763
Total expenditures	<u>2,433,625</u>	<u>-</u>	<u>2,433,625</u>
Excess (deficiency) of revenues over expenditures	<u>(75,299)</u>	<u>63,230</u>	<u>(12,069)</u>
Other financing sources (uses)			
Transfer from ARP Fund	63,282	-	63,282
Transfer to the General Fund	-	(63,282)	(63,282)
Sale of capital assets	9,873	-	9,873
Total other financing sources (uses)	<u>73,155</u>	<u>(63,282)</u>	<u>9,873</u>
Net change in fund balance	(2,144)	(52)	(2,196)
Fund balances, beginning	1,365,769	52	1,365,821
Fund balances, ending	<u>\$ 1,363,625</u>	<u>-</u>	<u>\$ 1,363,625</u>

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities -
Governmental Funds
For the Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds \$ (2,196)

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	\$ 504,912	
Depreciation expense for governmental assets	(264,212)	240,700

Cost of capital asset disposed of during the year, not recognized on modified accrual basis		-
---	--	---

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		171,493
--	--	---------

Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position		13,281
--	--	--------

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		-
Change in unavailable revenue for tax revenues		1,367

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.

Decrease in accrued interest payable	1,564	
Principal payments on long-term debt	165,000	166,564

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	6,820	
Pension expense	(234,375)	(227,555)

Total changes in net position of governmental activities	\$	<u>363,654</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, 2023

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget - Original	Budget - Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 1,418,464	\$ 1,418,464	\$ 1,409,489	\$ (8,975)
Unrestricted intergovernmental	502,755	502,755	613,909	111,154
Restricted intergovernmental	57,393	57,393	35,199	(22,194)
Permits and fees	5,000	5,000	7,602	2,602
Sales and services	90,000	90,000	90,000	-
Investment earnings	1,000	1,000	43,311	42,311
Miscellaneous	184,925	184,925	158,816	(26,109)
Total revenues	2,259,537	2,259,537	2,358,326	98,789
Expenditures:				
Current:				
General government	445,082	462,782	451,952	10,830
Public safety	530,963	530,963	514,271	16,692
Transportation	1,338,561	1,290,861	1,206,870	83,991
Environmental protection	56,000	86,000	74,769	11,231
Debt service:				
Principal retirement	165,000	165,000	165,000	-
Interest and other charges	20,765	20,765	20,763	2
Total expenditures	2,556,371	2,556,371	2,433,625	122,746
Revenues over (under) expenditures	(296,834)	(296,834)	(75,299)	221,535
Other financing sources (uses)				
Sale of capital assets	2,500	2,500	9,873	7,373
Transfers from other funds	-	-	63,282	63,282
Total other financing sources (uses)	2,500	2,500	73,155	70,655
Fund balance appropriated	294,334	294,334	-	(294,334)
Net change in fund balance	\$ -	-	(2,144)	\$ (2,144)
Fund balances, beginning			1,365,769	
Fund balances, ending			\$ 1,363,625	

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Fund Net Position -
Proprietary Fund
June 30, 2023

	Golf Course and Tennis Fund
ASSETS	
Current assets:	
Cash and cash equivalents	548,759
Accounts receivable	468
Due from other governments	16,772
Total current assets	565,999
Noncurrent assets:	
Capital assets:	
Land and construction in progress	1,191,542
Other capital assets, net of depreciation	1,419,881
Capital assets	2,611,423
Total noncurrent assets	2,611,423
Total assets	\$ 3,177,422
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	68,793
Total deferred outflows of resources	68,793
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	4,007
Current portion of long-term debt	79,324
Total current liabilities	83,331
Noncurrent liabilities:	
Net pension liability	69,192
Non-current of long-term debt	294,683
Total noncurrent liabilities	363,875
Total liabilities	447,206
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	380
NET POSITION	
Net investment in capital assets	2,237,416
Unrestricted	561,213
Total net position	\$ 2,798,629

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund
For the Year Ended June 30, 2023

	Golf Course and Tennis Fund
OPERATING REVENUES	
Charges for services	643,579
Other operating revenues	45,705
Total operating revenues	689,284
OPERATING EXPENSES	
Salaries and benefits	324,245
Operating expenses	185,270
Depreciation	140,666
Total operating expenses	650,181
Operating income (loss)	39,103
NONOPERATING REVENUES (EXPENSES)	
Interest and fees	(12,456)
Investment earnings	3,078
Sale of capital assets	168,094
Capital contributions	94,441
Total nonoperating revenue (expenses)	253,157
Change in net position	292,260
Total net position, beginning	2,506,369
Total net position, ending	\$ 2,798,629

The accompanying notes are an integral part of this statement

Village of Sugar Mountain, North Carolina
Statement of Cash Flows -
Proprietary Fund
For the Year Ended June 30, 2023

	Golf Course and Tennis Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 686,389
Cash paid for goods and services	(188,841)
Cash paid to employees	(318,823)
Net cash provided (used) by operating activities	178,725
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(405,241)
Proceeds from sale of capital assets	214,500
Proceeds from long-term debt	323,946
Principal paid on long-term debt	(176,232)
Capital contributions	94,441
Interest and other charges	(12,456)
Net cash provided (used) by capital and related financing activities	38,958
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	3,078
Net cash provided (used) by investing activities	3,078
Net increase (decrease) in cash and cash equivalents	220,761
Balances, beginning	327,998
Balances, ending	\$ 548,759
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 39,103
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	140,666
Pension expense	
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable, net	1,395
(Increase) decrease in due from other governments	(4,290)
(Increase) decrease in deferred outflows of resources-pensions	(26,841)
Increase (decrease) in net pension liability	53,921
Increase (decrease) in accounts payable and accrued liabilities	(3,581)
Increase (decrease) in compensated absences	(36)
Increase (decrease) in deferred inflows of resources for pensions	(21,612)
Total adjustments	139,622
Net cash provided by operating activities	\$ 178,725

The accompanying notes are an integral part of this statement

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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 Village has no fiduciary funds to reports. 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.

American Rescue Plan Fund. This fund accounts for funds used to account for ARP expenditures.

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, 2023

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, 2023

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. A project ordinance is adopted for the American Rescue Plan 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 and TDA are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Village and TDA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Village and TDA 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)(8)] authorizes the Village and TDA 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 and TDA's investments are reported at fair value as determined by quoted prices. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) government money market fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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, 2023**

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, 2022. 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 prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

Compensated Absences

The vacation policy of the Village provides for an accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Village's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Vacation pay taken is reduced using the first-in-first-out method. The portion of

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Village does not have any obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

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 2023 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.

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.

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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.

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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.

Defined Benefit Cost-Sharing Plan

For purposes of measuring the net pension liability, 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.

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 OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023, the Village’s deposits had a carrying amount of \$343,225 and a bank balance of \$463,041. Of the bank balance, \$250,000 was covered by FDIC. The Village held \$700 in petty cash as of June 30, 2023.

At June 30, 2023, the Authority’s deposits had a carrying amount of \$678,706 and a bank balance of \$724,637. Of the bank balance, \$250,000 was covered by federal depository insurance.

2. Investments

At June 30, 2023, the Village’s investments balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2023	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	1,537,527	N/A	AAAm
Total:		\$1,537,527		

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.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ benchmark quoted prices.

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-mf by Moody’s Investors Services and AAAm by Standard and Poor’s as of June 30, 2023.

At June 30, 2023, the Authority had \$523,203 invested with the North Carolina Capital Management Trust’s Government Portfolio which carried a credit rating of AAAm-mf by Moody’s Investors Services and AAAm by Standard and Poor’s. The Authority has no formal policy regarding credit risk of its investments.

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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:

	Accrued		Due from		
	Interest	Taxes	Other	Accounts	Total
	<u>Interest</u>	<u>Taxes</u>	<u>Governments</u>	<u>Receivable</u>	<u>Total</u>
Governmental Activities:					
General Fund					
Property taxes	\$ -	\$ 7,984	\$ -	\$ -	\$ 7,984
Local option sales/franchise tax	-	-	61,613	-	61,613
Due from ABC Board	-	-	6,000	-	6,000
Miscellaneous	-	-	26,462	-	26,462
Accrued interest	270	-	-	-	270
DMV fees	-	-	4,813	-	4,813
Sales tax refund	-	-	12,659	-	12,659
Fuel tax refund	-	-	2,341	-	2,341
Allowance for doubtful accounts	-	(2,262)	-	-	(2,262)
Total Governmental Activities	<u>\$ 270</u>	<u>\$ 5,722</u>	<u>\$ 113,888</u>	<u>\$ -</u>	<u>\$ 119,880</u>
Enterprise Activities					
Golf and Tennis Fund					
Sales tax refund	\$ -	\$ -	\$ 16,772	\$ -	\$ 16,772
Miscellaneous	-	-	-	468	468
Total Enterprise Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,772</u>	<u>\$ 468</u>	<u>\$ 17,240</u>

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Governmental Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 293,300	\$ -	\$ 9,000	\$ 284,300
Total capital assets not being depreciated.	<u>293,300</u>	<u>-</u>	<u>9,000</u>	<u>284,300</u>
Depreciable Assets:				
Buildings	1,194,325	108,928	-	1,303,253
Infrastructure	3,154,699	360,360	-	3,515,059
Vehicles	563,066	-	-	563,066
Land improvements	16,651	-	-	16,651
Equipment	433,960	35,624	76,661	392,923
Total depreciable assets	<u>5,362,701</u>	<u>504,912</u>	<u>76,661</u>	<u>5,790,952</u>
Less Accumulated Depreciation:				
Buildings	329,213	23,977	-	353,190
Infrastructure	1,382,865	164,220	-	1,547,085
Vehicles	401,238	52,914	-	454,152
Land improvements	3,330	1,665	-	4,995
Equipment	289,623	21,436	76,661	234,398
Total accumulated depreciation	<u>2,406,269</u>	<u>264,212</u>	<u>76,661</u>	<u>2,593,820</u>
Governmental activities capital assets, net	<u>\$ 3,249,732</u>	<u>\$ 240,700</u>	<u>\$ 9,000</u>	<u>\$ 3,481,432</u>

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

Governmental Activities:	
General government	\$ 26,750
Public safety	19,118
Public works	<u>218,344</u>
Total	<u>\$ 264,212</u>

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Capital Assets

The capital assets of the proprietary fund of the Village at June 30, 2023, were as follows:

Business-type Activities:	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Tennis and Golf Fund:				
Non-Depreciable Assets:				
Land	\$ 1,191,542	-	-	\$ 1,191,542
Total non-depreciable assets	<u>1,191,542</u>	<u>-</u>	<u>-</u>	<u>1,191,542</u>
Depreciable and Amortizable Assets:				
Buildings	821,567	6,220	-	827,787
Improvements	833,998	52,645	-	886,643
Equipment	<u>765,716</u>	<u>346,376</u>	<u>226,853</u>	<u>885,239</u>
Total depreciable and amortizable assets	<u>2,421,281</u>	<u>405,241</u>	<u>226,853</u>	<u>2,599,669</u>
Less Accumulated Depreciation:				
Buildings	235,959	16,447	-	252,406
Improvements	505,469	21,317	-	526,786
Equipment	<u>478,141</u>	<u>102,902</u>	<u>180,447</u>	<u>400,596</u>
Total accumulated depreciation	<u>1,219,569</u>	<u>140,666</u>	<u>180,447</u>	<u>1,179,788</u>
Total capital assets being depreciated, net				
Business-type activities capital assets, net	<u>\$ 2,393,254</u>	<u>\$ 264,575</u>	<u>\$ 46,406</u>	<u>\$ 2,611,423</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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, was 19.24% of compensation for law enforcement officers and 20.18% 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 \$193,014 for the year ended June 30, 2023.

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, 2023, the Village reported a liability of \$620,557 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, (measurement date) the Village's proportion was 0.0110%,

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

which was an increase of 0.00207% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Village recognized pension expense of \$241,614. At June 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,739	\$ 2,622
Changes of assumptions	61,918	-
Net difference between projected and actual earnings on pension plan investments	205,101	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	130,206	782
Village contributions subsequent to the measurement date	193,014	-
Total	\$ 616,978	\$ 3,404

\$193,014 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 liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 146,413
2025	123,394
2026	53,039
2027	97,714
2028	-
Total	420,560

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	325 percent
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan currently uses the Pub-2010 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 are projected from 2010 using generational improvement with the Scale MP-2019.

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

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.1%
Global Equity	42.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Opportunistic Fixed Income	7.0%	5.0%
Inflation Sensitive	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Village's proportionate share of the net pension liability (asset)	\$ 1,120,026	\$ 620,557	\$ 208,966

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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, 2021, 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	6
Total	7

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, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Inflation	2.5 percent
Projected salary increases	3.25 to 7.75 percent, including inflation

Discount rate. The discount rate used to measure the total pension liability was 4.31%. The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

Mortality Rates Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables. Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths after Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths after Retirement (Disabled Members at Retirement): Mortality rates are based on the NonSafety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths after Retirement (Survivors of Deceased Members): Mortality rates are based on the Belowmedian Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

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 \$13,281 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, 2023, the Village reported a total pension liability of \$199,293. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Village recognized pension expense of \$19,308.

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	Deferred Outflows of Resources	Deferred Inflows of
Differences between expected and actual experience	\$ 16,698	\$ 9,071
Changes of assumptions	11,320	25,209
Village benefit payments and plan administrative expense made subsequent to the measurement date	13,281	-
Total	\$ 41,299	\$ 34,280

\$13,281 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 1,623
2025	(3,337)
2026	(3,444)
2027	(1,104)
2028	-
Thereafter	-
Total	\$ (6,262)

\$13,281 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 4.31 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 (2.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 212,907	\$ 199,293	\$ 186,933

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

	<u>2023</u>
Beginning balance	\$ 203,164
Service Cost	10,535
Interest on the total pension liability	4,526
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	14,674
Changes of assumptions or other inputs	(29,554)
Benefit payments	(4,052)
Other changes	-
Ending balance of the total pension liability	<u>\$ 199,293</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent at December 31, 2021 to 4.31 percent at December 31, 2022. 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.

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

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

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 241,614	\$ 19,308	\$ 260,922
Pension liability	620,557	199,293	819,850
Proportionate share of the net position liability	68.38%	N/A	-

Deferred Outflows of Resources:

Difference between expected and actual experience	\$ 26,739	\$ 16,698	\$ 43,437
Changes of assumptions and other inputs	61,918	11,320	73,238
Net difference between projected and actual earnings on pension plan investments	205,101	-	205,101
Changes in proportion and differences between contributions and proportionate share of contributions	130,206	-	130,206
Village contributions and benefit payments and admin costs cost paid subsequent to the measurement date	193,014	13,281	206,295
Total deferred outflows of resources	<u>\$ 616,978</u>	<u>\$ 41,299</u>	<u>\$ 658,277</u>

Deferred Inflows of Resources:

Difference between expected and actual experience	\$ 2,622	\$ 9,071	\$ 11,693
Changes of assumptions and other inputs	-	25,209	25,209
Changes in proportion and differences between contributions and proportionate share of contributions	782	-	782
Total deferred inflows of resources	<u>\$ 3,404</u>	<u>\$ 34,280</u>	<u>\$ 37,684</u>

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 Annual Comprehensive Financial Report for the State of North Carolina. The State’s Annual Comprehensive Financial Report 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, 2023, were \$24,849 which consisted of \$13,467 from the Village and \$11,382 from the law enforcement officers. Employees not engaged in law enforcement made voluntary contributions of \$45,039 to the plan with the Village contributing \$29,074.

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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:	<u>Amount</u>
Differences between expected and actual experience	\$ 43,437
Net difference between projected and actual earnings on pension plan investments	205,101
Changes of assumptions and other inputs	73,238
Changes in proportion and differences between Village contributions and proportionate share of contributions	130,206
Village contributions and benefits payments made and administrative expenses subsequent to measurement date	206,295
	<u>\$ 658,277</u>

Deferred inflows of resources at year-end are comprised of the following:	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes Receivable, less penalties (General Fund)	-	\$ 5,722
Prepaid taxes not yet earned (General Fund)	2,405	2,405
Differences between expected and actual experience	11,693	-
Change in assumptions	25,209	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	782	-
	<u>\$ 40,089</u>	<u>\$ 8,127</u>

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in two

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 Authority's employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$80,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

Long-Term Obligations

Serviced by the General Fund and Golf and Tennis Fund

In October 2008, the Village entered into a direct borrowing installment note for \$850,000 to finance the construction of a new town hall. The finance contract requires semi-annual payments varying from \$44,441 to \$28,870, plus 4.79% interest rate and matures in 2023. The Village's outstanding note from direct placement for the construction of the town hall related to governmental activities, contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment. The note is secured by the town hall.

\$ 28,333

In July 2016, the Village entered into a direct borrowing installment note for \$1,300,000 to finance Phase I and Phase II road improvement projects. The finance contract requires annual payments varying from \$54,890 to \$71,522, plus 2.67% interest rate and matures in 2028. The Village's outstanding note from direct placement for the road improvement projects relates to governmental activities, contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment. The note is secured by the equipment and all amounts on deposit.

595,833
\$ 624,166

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

In April 2020, the Village entered into a direct borrowing installment note for \$107,473 to finance the purchase of a golf equipment. The finance contract requires monthly payments of \$2,382, plus 3.2% interest and matures in 2024. The Village's outstanding note from direct placement for the golf equipment related to enterprise activities, contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment. The note is secured by the golf equipment. \$ 21,156

In February 2022, the Village entered into a direct borrowing installment note for \$38,985 to finance the purchase of golf equipment. The finance contract requires monthly payments of \$877, plus 3.99 interest and matures 2026. The Village's outstanding note from direct placement for the golf equipment related to enterprise activities, contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment. The note is secured by the golf equipment. 25,463

In February 2023, the Village entered into a direct borrowing installment note for \$323,946 to finance the purchase of golf carts. The finance contract requires monthly payments of \$5,175 plus a balloon payment of \$121,828 in November 2027, at an interest rate of 7.4% interest and matures in fiscal year 2028. The Village's outstanding note from direct placement for the golf carts related to enterprise activities, contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment. The note is secured by the golf carts. 317,571

Total enterprise activities \$ 364,190

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

<u>Years</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>Ending</u>						
<u>June 30,</u>						
2024	\$136,666	\$ 15,722	\$ 70,764	\$ 23,298	\$207,430	\$ 39,020
2025	108,334	12,293	53,059	19,565	161,393	31,858
2026	108,334	9,401	52,012	16,227	160,346	25,628
2027	108,334	6,508	49,830	12,270	158,164	18,778
2028	108,334	4,338	138,525	4,004	246,859	8,342
2029-2033	54,164	-	-	-	54,164	-
Total	<u>\$624,166</u>	<u>\$ 48,262</u>	<u>\$364,190</u>	<u>\$ 75,364</u>	<u>\$988,356</u>	<u>\$123,626</u>

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

A summary of changes in long-term obligations follows:

	Beginning			Ending	Current
	Balance	Additions	Retirements	Balance	Portion of
					Balance
Governmental Activities:					
Installment purchases-direct borrowings	\$ 789,166	\$ -	\$ 165,000	\$ 624,166	\$ 136,666
Net pension liability (LGERS)	121,679	429,686	-	551,365	-
Total pension liability (LEOSSA)	203,164	-	3,871	199,293	-
Compensated absences	63,390	54,889	61,710	56,569	17,555
Total	<u>\$ 1,177,399</u>	<u>\$ 484,575</u>	<u>\$ 230,581</u>	<u>\$ 1,431,393</u>	<u>\$ 154,221</u>
Business-Type Activities:					
Golf and Tennis Fund					
Installment purchases-direct borrowings	\$ 216,476	\$ 323,946	\$ 176,232	\$ 364,190	\$ 70,764
Net pension liability (LGERS)	15,271	53,921	-	69,192	-
Compensated absences	9,853	8,560	8,596	9,817	8,560
Total	<u>\$ 241,600</u>	<u>\$ 386,427</u>	<u>\$ 184,828</u>	<u>\$ 443,199</u>	<u>\$ 79,324</u>

Compensated absences typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO basis, assuming that the employees are taking leave time as it is earned. At June 30, 2023, the Village had a legal debt margin of \$39,177,573.

C. Interfund Transactions

Transfers to/from Other Funds at June 30, 2023 consists of the following:

None

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 \$150,000 for Village infrastructure improvements, \$765 for Village services to promote tourism in Sugar Mountain, and \$90,000 for the TDA coordinator. The Village of Sugar Mountain Tourism

**VILLAGE OF SUGAR MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Development Authority paid the Village an administrative fee equal to 3 percent of collected occupancy taxes. The administrative fee totaled \$26,462 for the year ended June 30, 2023.

6. Fund Balance

Total fund balance - General Fund	\$1,363,625
Less:	
Stabilization by state statute	113,888
Subsequent year's expenditures	233,657
Remaining fund balance	1,016,080

7. American Rescue Plan Act

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Village was allocated \$62,783 of fiscal recovery funds to be paid in two equal installments. The first installment of \$31,392 was received in July 2021. The second installment of \$31,392 was received in July 2022. Village staff and the Village Council opted to utilize the funds to cover governmental salaries and benefits.

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

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Sugar Mountain's proportion of the net pension liability (asset) (%)	0.01100%	0.00893%	0.00952%	0.01031%	0.01064%	0.01000%	0.01080%	0.01042%	0.0106%	0.0129%
Sugar Mountain's proportion of the net pension liability (asset) (\$)	\$ 620,557	\$ 136,950	\$ 340,190	\$ 281,558	\$ 252,417	\$ 152,772	\$ 235,155	\$ 46,762	\$ (62,749)	\$ 155,495
Sugar Mountain's covered-employee payroll	\$ 907,513	\$ 809,098	\$ 771,099	\$ 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	68.38%	16.93%	44.12%	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**	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employees in the LGERS plan.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 193,014	\$ 169,545	\$ 144,518	\$ 124,945	\$ 111,235	\$ 102,979	\$ 98,404	\$ 96,563	\$ 94,947	\$ 90,953
Contributions in relation to the contractually required contribution	193,014	169,545	144,518	124,945	111,235	102,979	98,404	96,563	94,947	90,953
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sugar Mountain's covered-employee payroll	\$ 989,713	\$ 907,513	\$ 809,098	\$ 771,099	\$ 737,381	\$ 673,318	\$ 693,125	\$ 635,929	\$ 662,272	\$ 635,929
Contributions as a percentage of covered-employee payroll	19.50%	18.68%	17.86%	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

	June 30,						
	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 203,164	\$ 195,410	\$ 155,727	\$ 164,834	\$ 121,748	\$ 140,202	\$ 133,008
Service Cost	10,535	7,454	4,966	5,567	6,828	6,177	6,443
Interest on the total pension liability	4,526	3,732	5,011	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	14,674	5,062	(5,582)	(21,096)	43,570	(35,899)	-
Changes of assumptions or other inputs	(29,554)	(4,442)	39,340	4,548	(7,043)	8,874	(3,997)
Benefit payments	(4,052)	(4,052)	(4,052)	(4,052)	(4,052)	(2,961)	-
Other changes	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 199,293</u>	<u>\$ 203,164</u>	<u>\$ 195,410</u>	<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.

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

The 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.

Notes to Schedule:

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Discount rate	4.31 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor

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

MORTALITY ASSUMPTION: All mortality rates use Pub-2010 amount-weighted tables.

MORTALITY PROJECTION: All mortality rates are projected from 2010 using generational improvements with Scale MP-2019.

DEATHS AFTER RETIREMENT (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

DEATHS AFTER RETIREMENT (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

DEATHS AFTER RETIREMENT (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

DEATHS PRIOR TO RETIREMENT: Mortality rates are based on the Safety Mortality Table for Employees.

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 Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 199,293	\$ 203,164	\$ 195,410	\$ 155,727	\$ 164,834	\$ 121,748	\$ 140,202
Covered payroll	279,853	182,457	174,005	177,642	182,550	175,547	191,196
Total pension liability as a percentage of covered payroll	71.21%	111.35%	112.30%	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.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

* - This schedule will build to ten years of information as the data becomes available.

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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 1,405,574	\$
Interest		3,915	
Total	<u>1,418,464</u>	<u>1,409,489</u>	<u>(8,975)</u>
Unrestricted intergovernmental:			
Local option sales taxes		233,674	
Utilities franchise tax		140,269	
Beer and wine tax		1,759	
ABC profit distribution		191,000	
Other taxes		47,207	
Total	<u>502,755</u>	<u>613,909</u>	<u>111,154</u>
Restricted intergovernmental:			
Powell Bill allocation		32,001	
Grant		1,198	
ABC Revenue for law enforcement		2,000	
Total	<u>57,393</u>	<u>35,199</u>	<u>(22,194)</u>
Permits and fees:			
Zoning compliance		7,602	
Total	<u>5,000</u>	<u>7,602</u>	<u>2,602</u>
Sales and services:			
Tourism development administration	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Investment earnings	<u>1,000</u>	<u>43,311</u>	<u>42,311</u>
Miscellaneous:	<u>184,925</u>	<u>158,816</u>	<u>(26,109)</u>
Total revenues	<u>2,259,537</u>	<u>2,358,326</u>	<u>98,789</u>
Expenditures:			
Governing body:			
Salaries and employee benefits		8,397	
Operating expenditures		12,300	
Total		<u>20,697</u>	
Administration:			
Salaries and employee benefits		334,599	
Operating expenditures		93,150	
Capital outlay		3,506	
Total		<u>431,255</u>	
Total general government	<u>462,782</u>	<u>451,952</u>	<u>10,830</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, 2023

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		444,441	
Operating expenditures		63,367	
Capital outlay		6,463	
Total public safety	530,963	514,271	16,692
Transportation:			
Street maintenance:			
Salaries and employee benefits		562,061	
Operating expenditures		371,902	
Capital outlay		272,907	
Total transportation	1,290,861	1,206,870	83,991
Environmental protection:			
Solid waste:			
Other operating expenditures		74,769	
Total culture and recreation	86,000	74,769	11,231
Debt service:			
Principal retirement		165,000	
Interest and other charges		20,763	
Total debt service	185,765	185,763	2
Total expenditures	2,556,371	2,433,625	122,746
Revenues over (under) expenditures	(296,834)	(75,299)	221,535
Other financing sources (uses):			
Sale of capital assets	2,500	9,873	7,373
Transfers from other funds:			
ARP Fund	-	63,282	63,282
Total	2,500	73,155	70,655
Fund balance appropriated	294,334	-	(294,334)
Net change in fund balance	\$ -	(2,144)	\$ (2,144)
Fund balances, beginning		1,365,769	
Fund balances, ending		\$ 1,363,625	

Village of Sugar Mountain
ARPA Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Restricted intergovernmental	\$ 62,783	\$ 62,783	\$ -
Investment earnings	-	447	447
	<u>62,783</u>	<u>63,230</u>	<u>447</u>
Total revenues			
Revenues under expenditures	<u>62,783</u>	<u>63,230</u>	<u>447</u>
OTHER FINANCING USES			
Transfer to the general fund	<u>(62,783)</u>	<u>(63,282)</u>	<u>(499)</u>
Total other financing sources	<u>(62,783)</u>	<u>(63,282)</u>	<u>(499)</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>(52)</u>	<u>\$ (52)</u>
Fund balances, beginning		<u>52</u>	
Fund balances, ending		<u><u>\$ -</u></u>	

**Village of Sugar Mountain, North Carolina
Golf Course and Tennis Fund -
Statement of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2023**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for golf services	\$ 519,000	\$ 602,228	\$ 83,228
Charges for tennis services	37,000	41,351	4,351
Other operating revenues	39,350	45,705	6,355
Total operating revenues	<u>595,350</u>	<u>689,284</u>	<u>93,934</u>
Non-operating revenues:			
Investment interest	-	3,078	3,078
Contribution from Tourism Development Authority	90,060	94,441	4,381
Total non-operating revenues	<u>90,060</u>	<u>97,519</u>	<u>7,459</u>
Total revenues	<u>685,410</u>	<u>786,803</u>	<u>101,393</u>
Expenditures:			
Current:			
Golf course administration:			
Salaries and benefits		76,638	
Other operating expenses		48,650	
Capital outlay		-	
Total golf course administration	<u>135,973</u>	<u>125,288</u>	<u>10,685</u>
Golf course maintenance:			
Salaries and benefits		195,791	
Other operating expenses		112,694	
Capital outlay		399,021	
Total golf course maintenance	<u>723,800</u>	<u>707,506</u>	<u>16,294</u>
Tennis administration:			
Salaries and benefits		46,384	
Other operating expenses		22,667	
Capital outlay		6,220	
Total tennis administration	<u>78,478</u>	<u>75,271</u>	<u>3,207</u>
Park			
Other operating expenses		1,259	
Total park	<u>3,000</u>	<u>1,259</u>	<u>1,741</u>
Debt service:			
Interest and other charges		12,456	
Principal retirement		176,232	
Total debt service	<u>191,305</u>	<u>188,688</u>	<u>2,617</u>
Total expenditures	<u>1,132,556</u>	<u>1,098,012</u>	<u>34,544</u>
Revenues over(under) expenditures	<u>(447,146)</u>	<u>(311,209)</u>	<u>135,937</u>

Village of Sugar Mountain, North Carolina
Golf and Tennis Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Sale of capital assets	123,200	168,094	44,894
Installment proceeds	323,946	323,946	-
Total other financing sources (uses)	447,146	492,040	44,894
Revenues and other sources over (under) expenditures and other financing uses	\$ -	180,831	\$ 180,831

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

Revenues and other sources over expenditures and other uses		\$ 180,831	
Reconciling items:			
Principal retirement		176,232	
Debt proceeds		(323,946)	
Capital outlay		405,241	
Increase in compensated absences		36	
Increase in deferred outflows of resources - pensions		26,841	
Increase in net pension liability		(53,921)	
Decrease in deferred inflows of resources - pensions		21,612	
Depreciation		(140,666)	
Total reconciling items		111,429	
Change in net position		\$ 292,260	

Village of Sugar Mountain, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 1,407,129	\$ 1,401,208	\$ 5,921
2021-2022	4,981	-	4,308	673
2020-2021	548	-	58	490
2019-2020	462	-	-	462
2018-2019	40	-	-	40
2017-2018	148	-	-	148
2016-2017	115	-	-	115
2015-2016	96	-	-	96
2014-2015	39	-	-	39
2013-2014	85	-	85	-
	<u>\$ 6,514</u>	<u>\$ 1,407,129</u>	<u>\$ 1,405,659</u>	<u>\$ 7,984</u>
				Less: allowance for uncollectible accounts:
				General Fund
				<u>2,262</u>
				Ad valorem taxes receivable - net
				<u>\$ 5,722</u>
				<u>Reconciliation to revenues:</u>
				Ad valorem taxes - General Fund
				\$ 1,409,489
				Reconciling items:
				Taxes written off
				85
				Penalties and interest
				<u>(3,915)</u>
				Subtotal
				<u>(3,830)</u>
				Total collections and credits
				<u>\$ 1,405,659</u>

Village of Sugar Mountain, North Carolina
Analysis of Current Tax Levy
Village - Wide Levy
June 30, 2023

	Village- Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 487,915,484	0.28	\$ 1,366,163	\$ 1,366,163	\$ -
Registered motor vehicles taxed	9,805,714	0.28	27,456	-	27,456
Penalties	-		1,320	1,320	-
Total	<u>497,721,198</u>		<u>1,394,939</u>	<u>1,367,483</u>	<u>27,456</u>
Discoveries:					
Current year taxes	<u>4,386,629</u>	0.28	<u>12,283</u>	<u>12,283</u>	<u>-</u>
Abatements	<u>(33,721)</u>	0.28	<u>(93)</u>	<u>(93)</u>	<u>-</u>
Total property valuation	<u>\$ 502,074,106</u>				
Net levy			1,407,129	1,379,673	27,456
Uncollected taxes at June 30, 2023			<u>(5,921)</u>	<u>(5,921)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,401,208</u>	<u>\$ 1,373,752</u>	<u>\$ 27,456</u>
Current levy collection percentage			<u>99.58%</u>	<u>99.57%</u>	<u>100.00%</u>