Susan Phillips
Village Manager

Stacy C. Eggers IV
Village Attorney

(828) 898-9292
www.seesugar.com

Gunther Jochl
Mayor

Scott J. Brown
Mayor Pro Tem

Council Members
David Ammann
Wade Wittman
Dick Casey

THE VILLAGE OF SUGAR MOUNTAIN

251 Dick Trundy Lane
Sugar Mountain, NC 28604

Manager's Budget Message
Fiscal Year 2026-27

June 1, 2026

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

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the recommended Village of Sugar Mountain Budget for the fiscal year (FY) beginning July 1, 2026, and ending June 30, 2027, for your review and consideration.

It has again this year been a challenge in the development of the budget. It has been eighteen months since Hurricane Helene and the Village continues the recovery process on several fronts, with work still needed on roads and the golf course in the form of permanent repairs to completely recover from Helene.

The Village remains in a solid fiscal position, and this is an opportune time to proceed with the funding of several initiatives which will improve services to our residents, while maintaining our strong financial position.

FUNDS OF THE BUDGET

GENERAL FUND

General Fund Revenues

The General Fund is used to account for resources which are not required legally or by sound fiscal management to be accounted for in another fund. The FY 2026-27 proposed Budget continues to deliver excellent residential services while maintaining the current tax rate of .28 cents per $100 valuation. The estimated valuation of $528,145,129 at a tax rate of .28 cents will generate approximately $1,499,147 in real, personal, motor vehicle, and related tax revenues with an anticipated collection rate of 99.1%. The Village has historically achieved a high tax collection rate. The Village receives approximately 60% of the general fund revenues from real, personal, and motor vehicle ad valorem tax.

In addition to the above tax revenues, the Village receives State Shared revenues, State Road maintenance funds (Powell Bill), sales tax revenues, permit fee revenues, investment returns, grant funding, ABC revenue, and contributions from the Tourism Development Authority totaling an estimated $1,126,085. The Village will also receive FEMA/State funding of approximately $925,000.

The recommended budget appropriates $316,512 in fund balance to balance the General Fund budget. The proposed General Fund Budget revenues for FY 2026-2 total $3,866,744; $2,941,744 general revenues, $925,000 FEMA/State Helene funding.

It is estimated the Village will have an unreserved General Fund balance (Village Savings Account) of $1,951,724 on June 30, 2026, or 45% of the FY 2025-26 Budget estimated year end expenditures of $3,827,981; ($2,492,981general expenditures, $1,335,000 Helene recovery expenditures). The Village remains in a healthy financial position going forward.

General Fund Expenditures

The total General Fund expenditures are projected to be $ 3,866,744 ($2,941,744 general fund expenditures; $925,000 Helene recovery expenditures).

Salaries and Related Benefits:

The FY 2026-27 General Fund budget recommends funding 18.15 full-time employees. There is one new staff position (Police Officer) proposed in this budget.

Salaries and wages, including a cost- of -living raise (COLA), and benefits for the Village's proposed 18.15 FTE employees account for $1,720,657 or 58.49% of the proposed General Fund general operating budget. The salary and benefit costs of the Tourism Development Authority (TDA) Coordinator will again this year be funded with a contribution from the TDA as well as the salary and benefit costs of a police officer. This contribution to salary costs and benefits will total $100,000 or 5.8% of total salaries and benefits costs.

The medical related benefits provided by the Village will be administered by the Hilb Group in FY 2026-27. The Village will see an 8% increase in medical premiums and will not receive a $30,000 credit from Blue Cross Blue Shield of NC as we saw in FY 2025-26. Medical, dental, vision, life, and short- term disability insurances are provided for all full time Village employees. The Village will see a slight increase to the employer contribution portion for the administration of the State retirement system of .75% for general employees and a 1.02% increase for law enforcement employees.

A 4.0% COLA allocation for all employee salaries is proposed in the FY 2026 -27 Budget. The general employee benefit of an employer contribution to the employee's 401(k) fund remains in the FY 2026-27 Budget. The Village offers a matching contribution of up to 5% for full-time general employees who have attained six months of employment with the Village and the employee participates in the 401(k) program. Under North Carolina General Statutes, the Village is required to fund all full- time law enforcement personnel at 5% of the employee's salary; regardless of the employee contributions.

Operating Costs:
Operating costs for FY 2026-27 are projected at $1,851,182 ($926,182 general operating/$925,000 Helene recovery expenses) or 31.49% of the total General Fund operating budget. These expenditures include all costs other than salaries, benefits, and capital costs. Debt service costs on long-term financial obligations are included in operating costs. These operating costs also include improvements for Village streets, of which $237,500 has been budgeted for significant resurfacing, repairs, and culvert replacement throughout the Village. Additional road improvements will be made through the Helene recovery program ($750,000). These operating costs will be funded with a contribution from the TDA of $274,000 or 9.31% of total general operating costs.

Capital Expenditures:
Capital expenditures are the purchase of vehicles, equipment and other items that are considered not expendable at the time of purchase, have a value greater than $5,000, and have a life expectancy of at least one year. The requested capital expenditures are a Roadside Mower ($162,905), Police Vehicle with equipment ($60,000), two Truck Beds and 1 Cab for Public Works Vehicles ($22,000), Improvements to the Public Works Building ($30,000) and Village Hall repairs ($20,000); totaling $ 294,905. The Roadside mower will be partially funded with a contribution from the TDA of $100,000.

ENTERPRISE FUND

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

The Village receives revenues in the Enterprise Fund through the collection of fees charged for season passes, green fees and golf cart fees for the Golf Course, season memberships, and court play fees for use of the Tennis Courts. The FY 2026-27 Budget projects revenues of $682,000 in golf user fees and $32,500 in tennis user fees. Golf revenues of green fees, cart fees, and season passes have all been budgeted much like our revenues of FY 2023-24 (pre-Helene).

The Enterprise Fund also receives contributions from the Tourism Development Authority (TDA), Sugar Mountain Resort lease and utility reimbursements, and park revenues, totaling an estimated $121,100.

The recommended budget appropriates no retained earnings (fund balance) to balance the Enterprise Fund budget. The proposed Enterprise Fund Budget revenues for FY 2026-27 total $ 1,882,250; ($857,250 general revenues, $1,025,000 FEMA/State Helene funding).

Salaries and Related Benefits:
The FY 2026-27 Enterprise Fund budget recommends funding 2.85 full-time employees, and 3.50 full-time equivalents (FTE) for golf and tennis operations.

Salaries and wages, including cost of living raises (COLA), and benefits for the Village's proposed 6.35 FTE employees account for $411,248, or 47.97% of the proposed Enterprise Fund general operating budget. The salary and benefit costs of the Tennis Professional will again this year be funded with a contribution from the TDA of $22,100 or 5.4% of total salaries and benefits costs.

As in the General Fund, a 4.0% COLA for employees is proposed in the FY 2026-27 Enterprise Fund Budget. In addition, the full-time employees of the Enterprise fund will receive the same medical-related benefits and 401(k) participation as the full-time General Fund employees.

Operating Costs:
Operating costs for FY 2026-27 are projected at $1,362,002 ($337,002 general operating/$1,025,000 Helene recovery expenses) or 39.31% of the total Enterprise Fund general operating budget. These expenditures include all costs other than salaries, benefits, and capital costs. Debt service costs on long-term financial obligations are included in operating costs. Debt service payments this fiscal year will include lease-purchase payments on golf course equipment of $20,719 and the lease-purchase payments of golf carts of $62,102.

In addition, these operating costs include $9,000 for pre-season repairs and resurfacing the tennis courts. They also include $5,000 in funding for improvements to the Golf Pro Shop. These operating costs will be funded with a contribution from the TDA of $14,000 or 4.15% of total general operating costs.

Capital Expenditures:
As in the General Fund, Capital expenditures are the purchase of vehicles, equipment and other items that are considered not expendable at the time of purchase. The capital items requested in this year's budget are a Utility Cart for Tennis ($4,000), Golf Maintenance Utility Vehicle ($55,000) and a Golf Course Rough Mower ($50,000). The purchase of the Golf Course Rough Mower will be funded with a contribution from the TDA of $50,000 or 45.87% of total capital expenditures.

RECOMMENDED BALANCED BUDGET

As required by the North Carolina General Statutes the proposed Budget is balanced, with total revenues equal to total expenditures. I have presented a budget that recommends an ad valorem rate of $0.28 per $100 valuation for the General Fund.

The North Carolina General Statutes specify that the budget ordinance and tax rate be adopted by July 1, 2026. Also, General Statute 159-12 (b) requires the Village's governing body to hold a public hearing on the budget prior to adoption, which is scheduled for Tuesday, June 23rd at 4:00 p.m.

I would like to thank Village Department Heads for their efforts in the development of the 2026-27 budget and look forward to our continued efforts in providing Sugar Mountain residents with a high quality of life.

Respectfully submitted,

Susan Phillips

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Village Manager