

CITY OF SUGAR HILL, GEORGIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the year ended December 31, 2009

CITY OF SUGAR HILL, GEORGIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the year ended December 31, 2009

Prepared by the City of Sugar Hill, Georgia
Finance Department

CITY OF SUGAR HILL, GEORGIA

December 31, 2009

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CITY OF SUGAR HILL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009

Introductory Section



Letter of Transmittal

June 11, 2010

The Honorable Mayor Gary Pirkle,
Members of The City Council and Citizens of the
City of Sugar Hill
Sugar Hill, Georgia 30518

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Sugar Hill, Georgia for the fiscal year ended December 31, 2009.

This report consists of management's representations concerning the finances of the City of Sugar Hill, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Sugar Hill, Georgia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Sugar Hill's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefits, the City of Sugar Hill's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

The accounting firm of Wayne Ivey Bowen, Certified Public Accountant, Gainesville, Georgia, a licensed certified public accountant has audited the City of Sugar Hill's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sugar Hill for the fiscal year ended December 31, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Sugar Hill's financial statements for the fiscal year ended December 31, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent auditor's Report on Compliance and on Internal Control over Financial Reporting is presented on page 53.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The Introductory Section, which is unaudited, includes this transmittal letter, the City's organizational chart and an identification of principal officials.

The financial section includes the independent auditor's opinion letter, Management Discussion and Analysis (MD&A), basic financial statements for the entity as a whole, fund financial statements, notes to the financial statements, required supplementary information section which contains the major governmental fund statement of revenues, expenditures and changes in fund balance on a budget to actual basis, and the supplementary information section that includes the City's Schedules of Projects Constructed with SPLOST. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Sugar Hill's MD&A can be found immediately following the auditor's report.

The statistical section, which is also unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

General Information

The City of Sugar Hill, Georgia existed as a Georgia Militia District for many years before it was chartered as a city on March 24, 1939. The “unofficial” story of how Sugar Hill got its name; a freight wagon traveling from the railroad in Buford to Cumming broke a wheel while on a steep hill, spilling its load of sugar all over the hill. The hill came to be called, “the hill where the sugar spilled.” It was shortened to “The Sugar Hill” and then just to “Sugar Hill.” Sugar Hill is located in the far northwest portion of Gwinnett County. In the early 1980’s, Sugar Hill earned the Community of Pride designation through a program initiated by the Governor and administered through the Georgia Department of Community Affairs. Sugar Hill has become one of the premier communities of the Atlanta metro area.

The City operates under a mayor-council form of government with a five member elected council, a mayor elected at large, and an appointed professional city manager. The Mayor and Council members serve overlapping four-year terms. The City manager handles daily administration and management, with policy and guidance provided by the Mayor and Council. The City provides a full range of services. These services include police protection, natural gas, cultural and recreational activities, planning and zoning, solid waste disposal through a contracted vendor, public golf course, and the construction and maintenance of highways, streets and infrastructure.

Economic Condition and Outlook

The City of Sugar Hill is the 4th largest city in Gwinnett County. Located minutes from Lake Lanier, the Georgia Mountains and the City of Atlanta, citizens enjoy the country setting with less traffic, crime and congestion.

The area’s unemployment rate in December 2009 was 9.8 percent, compared to 10.3 percent for Georgia’s statewide rate and significantly better than the national rate of 10.0 percent. Atlanta is the primary economic engine for the area and therefore has enjoyed a better economic growth and stability than other parts of the country. The region’s growth and economic diversity are expected to be the basis for continued health of the local economy in coming years.

One factor in measuring the economic condition of a community is its overall property fair value. For Sugar Hill, the trend is impressive. In just five years the value has increased by 36.7%. Much of this was driven by new development. Even with this growth the City continues to operate by continually lowering its property tax assessment. The growth rate of the City with respect to fair values is shown below.

ESTIMATED FAIR VALUES (IN MILLIONS)		
<u>YEAR</u>	<u>FAIR VALUES</u>	<u>PERCENT CHANGE</u>
2005	\$494.3	5.43%
2006	\$548.8	11.02%
2007	\$636.9	16.05%
2008	\$687.3	7.91%
2009	\$675.6	-1.70%

Source: Ga. Department of Revenue 2009 Tax Digest Consolidation Summary

As the general economy improves, the City anticipates more commercial development activity. Our optimism is based on several factors. First, the City is strategically located for future commercial development and the influx of revenues that this brings. The City is located off Highway 20 connecting Buford and Cumming. Along this corridor there are large tracts of land available for commercial, industrial and residential development. Plans are underway to improve and expand the highway that will accommodate the anticipated growth.

Major Initiatives

City Hall Facilities-

The City had outgrown the existing City Hall building it had occupied for approximately 36 years. The City contracted to have City Hall expanded and brought into ADA compliance. An elevator was also installed and the Planning and Development

Department was relocated to the new upstairs offices. The Planning and Development Department use to be located in a small white house behind City Hall. This house was demolished and more parking spaces were added. City Hall is the center of the City. Residents come here to sign up for gas service, apply for a business license, zoning needs and a post office was opened in the fall of 2004.

Gas Meter and Pipe Replacement Program-

The City has completed the gas meter and pipe replacement program for the year. The City replaced approximately 320 gas meters and 0 feet of steel pipe in the ground. This program is a year round program. It rids the City's system of non-working meters and rusty, out of date pipe. This program is expected to result in a 1% increase in billable gas volume, increasing the City's utility revenue. The City's gas system is the 6th largest municipality owned gas system in the state. The City has grown to 9,774 gas customers and has a loss and unaccounted gas rate of less than 2.0%.

Public Safety-

Public Safety continues to be a major priority for the City of Sugar Hill. The City has contracted with Plaza Security to use part-time security officers to patrol our streets and neighborhoods. The security officers rotate their shifts for up to a minimum of 80 hours of service per week. Their main objective is to provide security presence and patrols to increase the quality of life within the City and to deter criminal activity.

Budgeting Controls

The annual budget serves as the foundation for the City of Sugar Hill's financial planning and control. The annual budget process begins with the City Manager, Finance staff and department heads working together to analyze funding areas. Prior to October 1, the Finance Department prepares a budget worksheet for the City Manager and department heads. After reviewing the draft budget and meeting with the departments, the City Manager and Finance staff prepares a Proposed Budget. The Mayor presents to City Council in October. The Council conducts public hearings in October and November, and adopts budgeted revenues and appropriations for the upcoming fiscal year by ordinance no later than December 31, the close of the City's fiscal year. The budget is

prepared both by fund, function (e.g. street) and department (e.g. police). The City Manager is permitted to transfer appropriations within a function. Transfers between departments and subsequent budgetary amendments require the approval of the City Council.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound financial management.

Cash Management

Cash is deposited in interest bearing accounts that are insured or fully collateralized in accordance with state law. Cash temporarily idle during the year was invested in the City's money market account and certificates of deposit.

Risk Management

The City of Sugar Hill has adequate risk protection in the form of insurance coverage. The City Clerk and Finance Officer handle the monitoring of the policies and administer the coverage and related claims. Through our insurance carrier, a risk consultant is employed to educate employees on hazardous conditions, manage return-to-work programs for injured employees and to alert the City to potential areas of risk.

Certificate of Achievement to Awards

The City earned the Community of Pride designation through a program initiated by the Governor and administered through the Georgia Department of Community Affairs. To qualify, Sugar Hill had to meet a number of criteria including formation of a Betterment Committee to survey citizens about the community's needs, and development of a program to help meet these needs. This resulted in expansion of our city park, installation of sidewalks and numerous other amenities. It was during this process that we acquired our logo, which was designed by one of our citizens.

The City later earned the designation of a Certified City of Ethics by the Georgia Municipal Association. The Certified City of Ethics program was designed by a public-private task force to help city officials improve the public's perception of government officials.

The City has also earned the Marketing Excellence Award through the Municipal Gas Authority of Georgia. The City of Sugar Hill was the first city in the State to offer a level gas billing program to its customers.

The City earned its Second Marketing Excellence Award through the Municipal Gas Authority of Georgia. This award was for setting up automatic bank drafts for our utility system. This saves our customers both time and money. No more writing checks, hunting for stamps or forgetting to mail their payment. The City simply drafts their payment from their checking account each month and this service is free of charge.

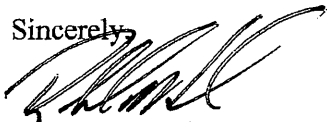
In 2008, the City earned the "Blue Flame" award for excellence in customer service from the Municipal Authority of Georgia. Sugar Hill was the first MGAG member that has instituted all the payment plan options of budget billing, on line payment and third party payment plans. This was the culmination of extensive work by the City staff to research and implement the on line billing, and streamlining the customer service department.

Acknowledgements

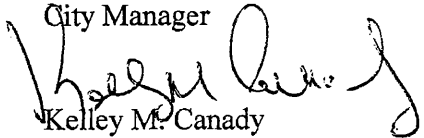
Preparation of the Comprehensive Annual Financial Report was a combined effort by the dedicated staff of the Finance Department, the auditors for the City and the cooperation of the various elected officials and appointed management. We sincerely appreciate the contribution and assistance each provided in making this report more than a presentation of financial statements.

Finally, we acknowledge the Mayor and City Council for their unfailing support, leadership, and professional conservative financial management.

Sincerely,

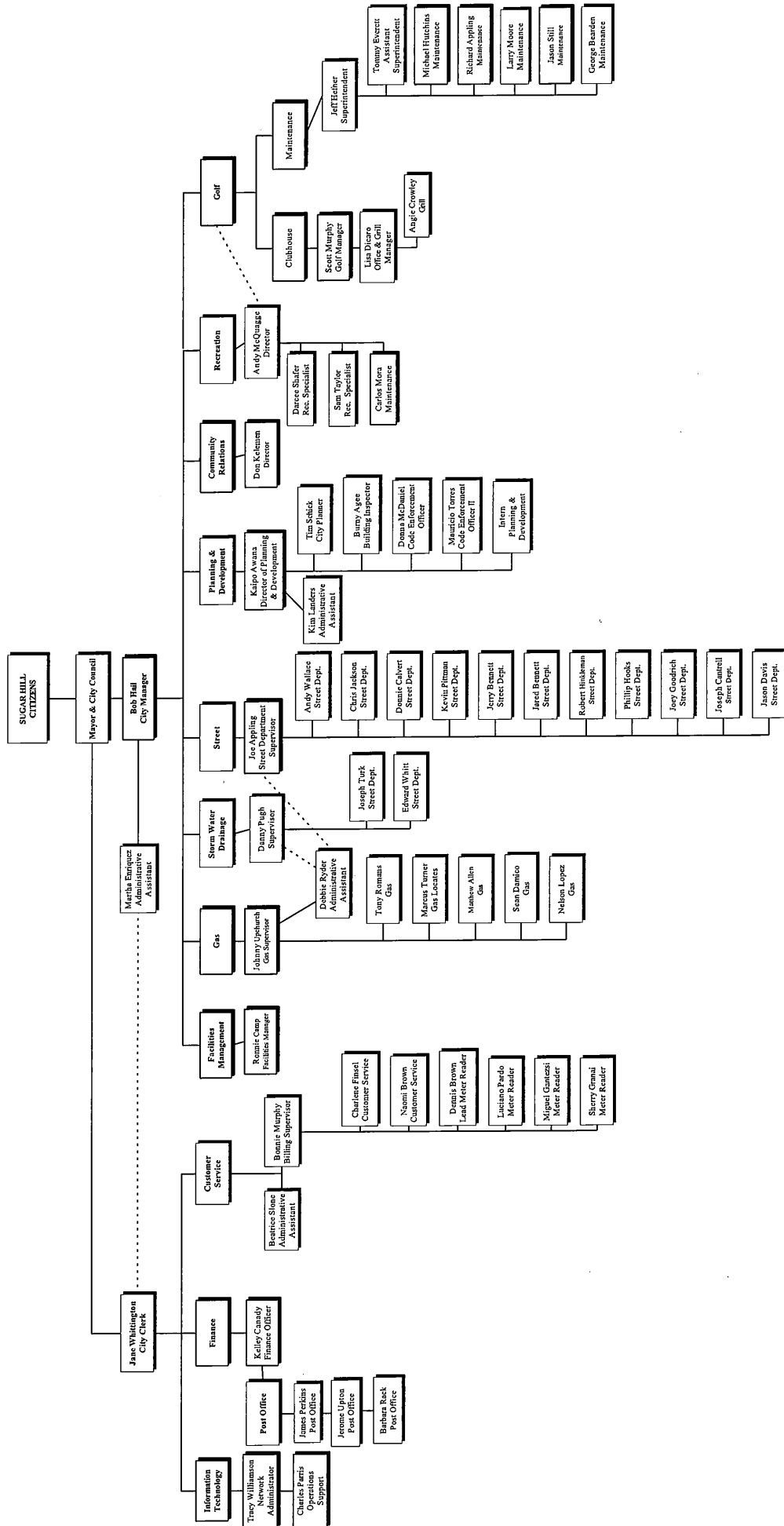


Robert M. Hail
City Manager



Kelley M. Canady
Financial Officer

CITY OF SUGAR HILL, GEORGIA
ORGANIZATIONAL CHART
 December 31, 2009



**CITY OF SUGAR HILL, GEORGIA
CITY OFFICIALS AND ADMINISTRATIVE PERSONNEL**

PRINCIPAL OFFICIALS

ELECTED OFFICIALS

Mayor

Gary Pirkle

City Council

Suzanne Gajewski
Mike Sullivan
Marc Cohen

Steve Edwards
Nick Thompson

APPOINTED OFFICIALS

Bob Hall..... City Manager
Jane Whittington..... City Clerk

KEY STAFF MEMBERS

Burny Agee..... Chief Building Official
Tim Schick..... City Planner
Don Kelemen..... Community Relations Director
Kelley Canady..... Finance Director
Ronnie Camp..... Facilities Manager
Johnny Upchurch..... Gas Supervisor
Scott Murphy..... Clubhouse Manager
Jeff Hefner..... Golf Maintenance
Tracy Williamson..... Information Technology
Kaipo Awana..... Planning and Development Director
Andy McQuagge..... Recreation Director
Danny Pugh..... Stormwater/Drainage Supervisor
Joe Appling..... Street Department Supervisor

Mailing Address

4988 West Broad Street
Sugar Hill, Georgia 30518
www.cityofsugarhill.com

CITY OF SUGAR HILL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009

Financial Section

WAYNE IVEY BOWEN
CERTIFIED PUBLIC ACCOUNTANT
529 GREEN STREET - P.O. BOX 2335
GAINESVILLE, GEORGIA 30503

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER
GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

June 11, 2010

Independent Auditor's Report

The Honorable Mayor Gary Pirkle and
Members of the City Council
City of Sugar Hill, Georgia 30518

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sugar Hill, Georgia as of and for the year ended December 31, 2009 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Sugar Hill, Georgia's management. My responsibility is to express opinions on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sugar Hill, Georgia as of December 31, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual- General Fund are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of the City's management. I have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, I did not audit the information and accordingly, express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sugar Hill, Georgia's basic financial statements. The introductory section and supplementary information section as listed in the table of contents and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, I express no opinion on them.

In accordance with Government Auditing Standards, I have also issued my report dated June 11, 2010 on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.


Wayne Howen
Certified Public Accountant

Management's Discussion and Analysis

This discussion and analysis presents the highlights of financial activities and financial position for the City of Sugar Hill (City). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements.

Financial Highlights

The City's net assets increased \$3.8 million (or 7%). This increase is attributable in part to availability of new Special Local Option Sales Tax funds and delaying some Capital Improvement Projects.

The City's Capital Outlay/Fixed Assets increased by \$5.8 million due mainly to capital expenditures for parks and

Report Layout

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

- o **Independent Auditor's Report**
- o **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.
- o **Basic Financial Statements.** Includes Statement of Net Assets, Statement of Activities, Fund Financial Statements and the notes to the financial statements. Statements of Net Assets and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated in total for the City.
 - . The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns, the liabilities it owes and the net difference. The net difference is further separated into amounts invested in capital assets, net of related debt, restricted for specific purposes and unrestricted amounts.
 - . The Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - . Fund Financial Statements focus separately on the governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's General Fund and SPLOST Capital Project Funds are presented in their own columns. Statements for the City's proprietary funds follow the governmental funds and include net assets, revenues, expenses and changes in fund net assets, and cash flows.
 - . The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial
- o **Required Supplementary Information.** The City's major governmental fund (general) is presented with budgetary comparison. The General Fund and SPLOST Capital Project Funds are the City's only major governmental funds.

- o **Supplementary Information.** This section presents Schedules of Projects Constructed with the City's Special Purpose Local Option Sales Tax along with the Independent Auditor's Report.
- o **Report by Independent Certified Public Accountant.** Supplemental communication on the City's compliance and internal controls.
- o **Statistical Section.** Trend information and statistics

City as a Whole

Statement of Net Assets at December 31, 2009 and 2008

	Net Assets at Year-End					
	(in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Cash and Investments	\$ 17,889.7	\$ 20,100.3	\$ 6.6	\$ 5.5	\$ 17,896.3	\$ 20,105.8
Other Assets	703.0	662.4	1,413.1	1,673.8	2,116.1	2,336.2
Capital Assets	40,223.5	34,660.2	10,402.7	10,175.0	50,626.2	44,835.2
Total Assets	<u>58,816.2</u>	<u>55,422.9</u>	<u>11,822.4</u>	<u>11,854.3</u>	<u>70,638.6</u>	<u>67,277.2</u>
Other Liabilities	773.5	1,056.7	1,683.8	1,709.4	2,457.3	2,766.1
Long-Term Debt Outstanding	2,387.4	2,493.4	112.6	138.1	2,500.0	2,631.5
Total Liabilities	<u>3,160.9</u>	<u>3,550.1</u>	<u>1,796.4</u>	<u>1,847.5</u>	<u>4,957.3</u>	<u>5,397.6</u>
Net Assets:						
Invested in Capital Assets, Net of Debt	40,073.5	34,517.7	10,298.4	10,036.4	50,371.9	44,554.1
Unrestricted	15,581.8	17,355.1	(272.4)	(29.6)	15,309.4	17,325.5
Total Net Assets	<u>\$ 55,655.3</u>	<u>\$ 51,872.8</u>	<u>\$ 10,026.0</u>	<u>\$ 10,006.8</u>	<u>\$ 65,681.3</u>	<u>\$ 61,879.6</u>

Governmental Activities

General governmental net assets increased during the year by \$3.8 million. The increase was mainly a result of transfers in from the Gas Department.

Fixed assets increased by more than \$5.5 million. There were two significant ongoing projects: Expansion of the City Park System and development of a town center.

Business-Type Activities

The net assets of the business-type funds increased by approximately \$19,000.

Overall debt of the business-type activities decreased by approximately \$51,000. The debt consists of accounts payable for the continuing operation of the business-type activities, compensated absences, as well as leases for capital assets. Approximately \$31,000 of the lease debt is due in 2010.

Fixed assets increased by approximately \$228,000 as a result of the purchase of various fixed assets and renovations to the golf course necessary for the continuing operations of the business-type funds.

Statement of Activities for the Years Ended December 31, 2009 and 2008

**Governmental and Proprietary Activities
For The Year Ending December 31, 2009 and 2008**

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenue						
Charges for Services	\$ 646.6	\$ 649.8	\$ 9,596.2	\$10,617.6	\$ 10,242.8	\$ 11,267.4
Grants and Contributions	2,045.6	2,190.6	-	-	2,045.6	2,190.6
General Revenues						
Taxes	4,333.9	4,264.8	-	-	4,333.9	4,264.8
Interest	255.5	542.3	-	-	255.5	542.3
Miscellaneous	28.7	33.8	-	-	28.7	33.8
Total Revenues	<u>7,310.3</u>	<u>7,681.3</u>	<u>9,596.2</u>	<u>10,617.6</u>	<u>16,906.5</u>	<u>18,298.9</u>
Expenses						
Governmental Activities:						
General Government	1,348.0	1,191.1	-	-	1,348.0	1,191.1
Public Safety	131.0	26.4	-	-	131.0	26.4
Public Works	2,461.1	2,052.3	-	-	2,461.1	2,052.3
Public Health and Welfare	31.9	25.5	-	-	31.9	25.5
Recreation and Culture	583.8	576.8	-	-	583.8	576.8
Housing and Development	534.0	531.6	-	-	534.0	531.6
Business-Type Activities						
Gas	-	-	6,544.8	7,658.1	6,544.8	7,658.1
Golf	-	-	1,186.3	1,241.8	1,186.3	1,241.8
Storm Water	-	-	327.8	-	327.8	-
Total Expenses	<u>5,089.8</u>	<u>4,403.7</u>	<u>8,058.9</u>	<u>8,899.9</u>	<u>13,148.7</u>	<u>13,303.6</u>
Change in net assets before transfers	<u>2,220.5</u>	<u>3,277.6</u>	<u>1,537.3</u>	<u>1,717.7</u>	<u>3,757.8</u>	<u>4,995.3</u>
Transfers	<u>1,562.0</u>	<u>1,502.3</u>	<u>(1,518.1)</u>	<u>(1,502.3)</u>	<u>43.9</u>	<u>-</u>
Change in Net Assets	<u>3,782.5</u>	<u>4,779.9</u>	<u>19.2</u>	<u>215.4</u>	<u>3,801.7</u>	<u>4,995.3</u>
Beginning Net Assets	<u>51,872.8</u>	<u>47,092.9</u>	<u>10,006.8</u>	<u>9,791.4</u>	<u>61,879.6</u>	<u>56,884.3</u>
Ending Net Assets	<u>\$ 55,655.3</u>	<u>\$ 51,872.8</u>	<u>\$10,026.0</u>	<u>\$10,006.8</u>	<u>\$ 65,681.3</u>	<u>\$ 61,879.6</u>

Governmental Activities

Total revenues decreased approximately \$370,000 (or 5%). This decrease was due in large part to a decrease in investment income.

Overall expenses increased by approximately \$686,000 (or 15%) from 2008.

Business-type Activities

Total revenues decreased \$1,021,000 (or 10%). The decrease is mainly attributable to an decrease in gas revenues which decreased by approximately \$1 million.

Expenses of the proprietary funds decreased \$841,000 (or 10%). Gas fund expenses decreased by \$1,100,000 corresponding with the decrease in revenue.

Budgetary Highlights

The City Council approves all budget changes in December of each year at the same time the new fiscal budget is approved. Budget variances are reviewed with the Mayor and Council on a monthly basis.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2009 the City had invested \$50.6 million in capital assets reflected in the following table.

	(in thousands of dollars)		
	Governmental Activities	Business-Type Activities	Total Government
Land	\$ 4,760.8	\$ 4,267.3	\$ 9,028.1
Buildings & Improvements	1,970.4	1,950.7	3,921.1
Infrastructure/Plant & System	31,686.8	4,233.3	35,920.1
Machinery & Equipment	1,167.8	1,773.2	2,941.0
Recreational Upgrades	1,821.2	-	1,821.2
Sprayfield	226.9	583.7	810.6
Golf Course Renovation	-	706.0	706.0
Vehicles	788.5	353.4	1,141.9
Construction In Progress	10,320.4	186.3	10,506.7
	<u>52,742.8</u>	<u>14,053.9</u>	<u>66,796.7</u>
Less Accumulated Depreciation	<u>(12,519.3)</u>	<u>(3,651.3)</u>	<u>(16,170.6)</u>
Book Value - Depreciable Assets	<u>\$ 40,223.5</u>	<u>\$ 10,402.6</u>	<u>\$ 50,626.1</u>

The following table reconciles the change in capital assets:

	Change In Capital Assets		
	(in thousands of dollars)		
	Governmental Activities	Business-Type Activities	Total Government
Beginning Balance	\$ 34,660.2	\$ 10,175.0	\$ 44,835.2
Additions	6,680.0	641.8	7,321.8
Retirement	(81.2)	(0.7)	(81.9)
Depreciation Expense	(1,035.5)	(413.5)	(1,449.0)
Ending Balance	<u>\$ 40,223.5</u>	<u>\$ 10,402.6</u>	<u>\$ 50,626.1</u>

Capital asset additions from governmental activities amounted to approximately \$6.7 million with most coming from recreational upgrades.

Business-type activities asset additions amounted to more than \$641,000, with a major portion going towards gas lines and meters for the gas fund, as well as other machinery and equipment.

Debt Outstanding

As of year-end, the City had \$ 3,159,800 in debt outstanding compared to \$ 3,309,900 in 2008. \$151,134 of the debt outstanding is due within one year.

Debt Outstanding At Year End 2009 and 2008

(in thousands of dollars)

	Totals	
	2009	2008
Governmental		
Compensated Absences	\$ 92.6	\$ 78.7
Landfill closure/postclosure	2,414.8	2,534.8
Sub-total	<u>2,507.4</u>	<u>2,613.5</u>
Business-type		
Compensated Absences	39.5	33.8
Customer Deposits	508.6	523.9
Capital Leases	104.3	138.7
Sub-total	<u>652.4</u>	<u>696.4</u>
Total	<u>\$ 3,159.8</u>	<u>\$ 3,309.9</u>

For further information on Capital Assets and Long-Term Debt of The City of Sugar Hill, please refer to the Notes to the financial statements

Economic Factors

Funding for City operations and Services are from the following sources: Property Taxes, Occupational Taxes, Construction Permit/Inspection Fees, Franchise Fees, Utility Service Fees and User fees. The City has been able to hold its Millage Rate constant at 3.8; increased operating costs and expansion of services have been funded by increased Tax Revenues due to growth of the City through annexations (5.91 acres in 2009) and development.

Funding for Transportation and Recreation Capital Improvements over the last three (3) years has been from a combination of the General Fund and Special Local Option Sales Tax (SPLOST) funds. An excellent Purchasing Program as a result of an aggressive Request for Proposal (RFP) and the bidding/solicitation process allows for vendors to put their best proposal price forward for consideration.

City population has grown almost 15% over the last three years and there is a possibility of an additional 10% in the next four years. Increased growth has also been experienced by the Natural Gas Utility (over 25% in three years) resulting in increased Service Fees used for expansion of the system. The City's Land Use Plan has been revised to better define new growth patterns for both residential and commercial development. The City has developed a Town Center Master Plan for better connectivity. Community interaction continues to improve and expand with the formation of a Sugar Hill Business Alliance and the opportunity to assist in the development of the Land Use Plan and Town Center Master Plan. A 66 acre park located on Austin Garner Road is in initial design and will include tennis courts, soccer fields, walking paths, playgrounds, concessions and rest room facilities.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Chief Financial Officer at 4988 West Broad Street, Sugar Hill, Georgia, 30518.

CITY OF SUGAR HILL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009

Basic Financial Statements

CITY OF SUGAR HILL, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2009

	Primary Government			Component Unit - City of Sugar Hill Housing Authority
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Current Assets				
Cash	\$ 6,085,314	\$ 6,572	\$ 6,091,886	\$ 39,601
Investments	11,804,415	-	11,804,415	166,009
Accounts Receivables(net of allowance for uncollectibles)	684,126	1,304,553	1,988,679	-
Prepaid Items and Other Receivables	18,901	31,166	50,067	-
Supplies/Inventory	-	77,447	77,447	-
Total Current Assets	18,592,756	1,419,738	20,012,494	205,610
Capital Assets:				
Land	4,760,836	4,267,304	9,028,140	-
Buildings and Improvements	1,970,352	1,950,700	3,921,052	-
Sprayfield	226,915	583,676	810,591	-
Machinery and Equipment	1,167,756	1,773,238	2,940,994	-
Vehicles	788,500	353,448	1,141,948	-
Recreational Upgrades	1,821,203	-	1,821,203	-
Infrastructure	31,686,754	-	31,686,754	-
Gas Distribution System	-	4,233,333	4,233,333	-
Golf Course Renovations	-	706,041	706,041	-
Construction in Progress	10,320,436	186,215	10,506,651	-
Less Accumulated Depreciation	(12,519,265)	(3,651,275)	(16,170,540)	-
Capital Assets, net of depreciation	40,223,487	10,402,680	50,626,167	-
<i>Total Assets</i>	58,816,243	11,822,418	70,638,661	205,610
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Expenses	386,317	1,144,043	1,530,360	-
Retainage Payable	149,951	-	149,951	-
Lease Payable Due Within One Year	-	31,134	31,134	-
Due to Others	117,240	-	117,240	-
Customer Deposits	-	508,642	508,642	-
Landfill Closure/Postclosure Cost - current portion	120,000	-	120,000	-
Total Current Liabilities	773,508	1,683,819	2,457,327	-
Long-Term Liabilities:				
Lease Payable Due in More Than One Year	-	73,155	73,155	-
Compensated Absences	92,573	39,453	132,026	-
Landfill Closure/Postclosure Cost	2,294,795	-	2,294,795	-
Total long-term liabilities	2,387,368	112,608	2,499,976	-
<i>Total Liabilities</i>	3,160,876	1,796,427	4,957,303	-
NET ASSETS				
Invested in Capital Assets, net of related debt	40,073,536	10,298,391	50,371,927	-
Unrestricted	15,581,831	(272,400)	15,309,431	205,610
<i>Total Net Assets</i>	\$ 55,655,367	\$ 10,025,991	\$ 65,681,358	\$ 205,610

CITY OF SUGAR HILL, GEORGIA
STATEMENT OF ACTIVITIES
December 31, 2009

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT:	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			Component Unit-City of Sugar Hill Housing Authority
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT		TOTAL	
					GOVERNMENTAL BUSINESS-TYPE ACTIVITIES	TOTAL		
GOVERNMENTAL ACTIVITIES								
General Government	\$ 1,347,951	\$ 510,338	\$ 846,074	\$ 8,461	\$ -	\$ -	\$ 8,461	
Public Safety	131,044	12,106	29,512	(89,426)	-	-	(89,426)	
Public Works	2,461,051	9,484	535,163	(1,916,404)	-	-	(1,916,404)	
Public Health and Welfare	31,872	-	105,776	73,904	-	-	73,904	
Recreation and Culture	583,771	114,699	529,062	59,990	-	-	59,990	
Housing and Development	534,022	-	-	(534,022)	-	-	(534,022)	
Total Governmental Activities	5,089,711	646,627	2,045,587	(2,397,497)	-	-	(2,397,497)	
BUSINESS-TYPE ACTIVITIES								
Gas	6,544,761	8,305,324	-	-	1,760,563	-	1,760,563	
Golf	1,186,312	799,607	-	-	(386,705)	-	(386,705)	
Stormwater Utility	327,849	535,232	-	-	207,383	-	207,383	
Total Business-type activities	8,058,922	9,640,163	-	-	1,581,241	-	1,581,241	
Total Primary Government	\$ 13,148,633	\$ 10,286,790	\$ 2,045,587	\$ (2,397,497)	\$ 1,581,241	\$ -	\$ (816,256)	
COMPONENT UNIT								
Sugar Hill Housing Authority	\$ -	\$ 14,113	-	-	-	-	\$ 14,113	

GENERAL REVENUES

Property Taxes	\$ 2,626,952	\$ -	\$ 2,626,952	\$ -
Franchise Taxes	747,261	-	747,261	-
Selective Sales Taxes	48,103	-	48,103	-
Business Taxes	911,588	-	911,588	-
Unrestricted Investment Earnings	255,476	-	255,476	6,047
Miscellaneous	28,678	-	28,678	-
TRANSFERS	1,562,014	(1,562,014)	-	-
Total General Revenues and Transfers	6,180,072	(1,562,014)	4,618,058	6,047
CHANGE IN NET ASSETS	3,782,575	19,227	3,801,802	20,160
NET ASSETS, Beginning	51,872,792	10,006,764	61,879,556	185,450
NET ASSETS, Ending	\$ 55,655,367	\$ 10,025,991	\$ 65,681,358	\$ 205,610

Accompanying notes to financial statements are an integral part of this statement

**CITY OF SUGAR HILL, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009**

	<u>GENERAL FUND</u>	<u>2005 SPLOST</u>	<u>2009 SPLOST</u>	<u>TOTAL</u>
ASSETS				
Cash	\$ 3,650,869	\$ 1,547,426	\$ 887,019	\$ 6,085,314
Investments	11,804,415	-	-	11,804,415
Accounts Receivable (net of allowance for uncollectibles)	311,605	-	372,521	684,126
Prepaid Items and Other Receivables	18,901	-	-	18,901
TOTAL ASSETS	<u>\$15,785,790</u>	<u>\$1,547,426</u>	<u>\$ 1,259,540</u>	<u>\$18,592,756</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 333,008	\$ -	\$ -	\$ 333,008
Accrued Salaries and Fringe Benefits	53,309	-	-	53,309
Retainage Payable	149,951	-	-	149,951
Erosion Bonds - Escrow Deposit	117,240	-	-	117,240
Deferred Revenue	245,914	-	-	245,914
TOTAL LIABILITIES	<u>899,422</u>	<u>-</u>	<u>-</u>	<u>899,422</u>
FUND BALANCE				
Unreserved, Undesignated, Reported in General Fund	14,886,368	-	-	14,886,368
Capital Projects Funds	-	1,547,426	1,259,540	2,806,966
TOTAL FUND BALANCE	<u>14,886,368</u>	<u>1,547,426</u>	<u>1,259,540</u>	<u>17,693,334</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$15,785,790</u>	<u>\$1,547,426</u>	<u>\$ 1,259,540</u>	<u>\$18,592,756</u>

**City of Sugar Hill, Georgia
Governmental Fund
Reconciliation of the Balance Sheet of the Governmental Funds
To the Statement of Net Assets
December 31, 2009**

Total Fund Balance for the Governmental Funds **\$17,693,334**

Amounts reported for governmental activities on the *Statement of Net Assets* differs from the amount reported on the Balance Sheet for the Governmental Funds because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 4,760,836	
Buildings and Improvements	1,970,352	
Sprayfield	226,915	
Machinery and Equipment	1,167,756	
Vehicles	788,500	
Recreational Upgrades	1,821,203	
Infrastructure	31,686,754	
Construction in Progress	10,320,436	
Accumulated Depreciation	<u>(12,519,265)</u>	
Total capital assets		40,223,487

Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

245,914

Some Liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Landfill Closure/Postclosure Costs	(2,414,795)	
Compensated Absences	<u>(92,573)</u>	
Total Long Term Liabilities		<u>(2,507,368)</u>

Net Assets of Governmental Activities **\$55,655,367**

CITY OF SUGAR HILL, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

	<u>GENERAL FUND</u>	<u>2005 SPLOST</u>	<u>2009 SPLOST</u>	<u>TOTAL</u>
REVENUES				
Taxes	\$ 4,110,772	\$ -	\$ -	\$ 4,110,772
Licenses and Permits	163,381	-	-	163,381
Intergovernmental	237,400	495,997	1,443,813	2,177,210
Charges for Services	471,139	-	-	471,139
Fines and Forfeitures	12,106	-	-	12,106
Investment Earnings	250,594	4,233	649	255,476
Miscellaneous	28,678	-	-	28,678
TOTAL REVENUES	<u>5,274,070</u>	<u>500,230</u>	<u>1,444,462</u>	<u>7,218,762</u>
EXPENDITURES				
Current Expenditures				
General Government	1,305,769	-	-	1,305,769
Public Safety	131,044	-	-	131,044
Public Works	1,903,260	-	-	1,903,260
Health and Welfare	13,430	-	-	13,430
Recreation and Culture	5,547,237	-	-	5,547,237
Housing and Development	531,390	-	-	531,390
Capital Outlay	-	1,059,290	184,922	1,244,212
Debt Service				
Landfill Closure/Postclosure Costs	120,000	-	-	120,000
TOTAL EXPENDITURES	<u>9,552,130</u>	<u>1,059,290</u>	<u>184,922</u>	<u>10,796,342</u>
REVENUES OVER EXPENDITURES	<u>(4,278,060)</u>	<u>(559,060)</u>	<u>1,259,540</u>	<u>(3,577,580)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	37,316	-	-	37,316
Transfers In	1,977,114	-	-	1,977,114
Transfers Out	(415,100)	-	-	(415,100)
TOTAL OTHER FINANCING SOURCES	<u>1,599,330</u>	<u>-</u>	<u>-</u>	<u>1,599,330</u>
NET CHANGE IN FUND BALANCE	(2,678,730)	(559,060)	1,259,540	(1,978,250)
FUND BALANCE, Beginning of year	17,565,098	2,106,486	-	19,671,584
FUND BALANCE, End of year	<u>\$14,886,368</u>	<u>\$1,547,426</u>	<u>\$ 1,259,540</u>	<u>\$17,693,334</u>

**City of Sugar Hill, Georgia
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009**

Net Change in Fund Balance - Total Governmental Funds \$ (1,978,250)

Amounts reported for governmental activities on the *Statement of Activities* are different from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because:

The Governmental Funds reports 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.

Expenditures for Capital Assets	\$ 6,680,010	
Less Current Year Depreciation	<u>(1,035,571)</u>	
Excess of capital outlay over depreciation expense		5,644,439

In the Statement of Activities, only the gain/loss on the sale of various equipment is reported, whereas in the Governmental Funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the equipment sold.

(81,199)

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

Landfill Closure/Postclosure		120,000
------------------------------	--	---------

Compensated Absences are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Liability at December 31, 2009	(92,573)	
Liability at December 31, 2008	<u>78,650</u>	(13,923)

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the Governmental Funds.

Property Taxes:		
Liability at December 31, 2009	245,914	
Liability at December 31, 2008	<u>(154,406)</u>	<u>91,508</u>

Change in Net Assets of Governmental Activities **\$ 3,782,575**

CITY OF SUGAR HILL, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2009

	GAS FUND	GOLF FUND	STORMWATER UTILITY FUND	TOTAL
ASSETS				
Current Assets:				
Cash	\$ 800	\$ 5,772	\$ -	\$ 6,572
Supplies / Inventory	61,062	16,385	-	77,447
Accounts Receivable (net of allowance for uncollectibles)	1,244,698	-	59,855	1,304,553
Prepaid Items and Other Receivables	23,580	3,730	3,856	31,166
Total Current Assets	1,330,140	25,887	63,711	1,419,738
Capital Assets:				
Land	10,900	4,256,404	-	4,267,304
Buildings and Improvements	196,240	1,754,460	-	1,950,700
Sprayfield	-	583,676	-	583,676
Machinery and Equipment	677,338	999,274	96,626	1,773,238
Vehicles	279,229	29,834	44,385	353,448
Golf Course Renovations	-	706,041	-	706,041
Gas Distribution System	4,233,333	-	-	4,233,333
Construction in Progress	-	186,215	-	186,215
Less: Accumulated Depreciation	(1,629,131)	(2,016,427)	(5,717)	(3,651,275)
Total Capital Assets (net of accumulated depreciation)	3,767,909	6,499,477	135,294	10,402,680
TOTAL ASSETS	5,098,049	6,525,364	199,005	11,822,418
LIABILITIES				
Current Liabilities				
Accounts Payable	1,087,798	18,063	-	1,105,861
Other Accrued Items	18,600	15,364	4,218	38,182
Customer Deposits	508,642	-	-	508,642
Current Portion of Long-term Debt	-	31,134	-	31,134
Total Current Liabilities	1,615,040	64,561	4,218	1,683,819
Noncurrent Liabilities				
Compensated Absences	17,142	16,289	6,022	39,453
Long-term Portion of Debt	-	73,155	-	73,155
Total Noncurrent Liabilities	17,142	89,444	6,022	112,608
TOTAL LIABILITIES	1,632,182	154,005	10,240	1,796,427
NET ASSETS				
Invested in Capital Assets, net of related debt	3,767,909	6,395,188	135,294	10,298,391
Unrestricted	(302,042)	(23,829)	53,471	(272,400)
TOTAL NET ASSETS	\$ 3,465,867	\$ 6,371,359	\$ 188,765	\$10,025,991

Accompanying notes to financial statements are an integral part of this statement

CITY OF SUGAR HILL, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2009

	GAS FUND	GOLF FUND	STORMWATER UTILITY FUND	TOTAL
OPERATING REVENUES				
Sales	\$ 7,863,159	\$ -	\$ -	\$ 7,863,159
Green and Cart Fees	-	620,332	-	620,332
Tap-On Fees	7,400	-	-	7,400
Rentals	-	32,124	-	32,124
Concession and Merchandise	-	130,740	-	130,740
User Fees and Charges	-	-	534,639	534,639
Penalties and Interest	152,319	-	593	152,912
Rebates and Other Revenue	282,446	16,411	-	298,857
TOTAL OPERATING REVENUES	8,305,324	799,607	535,232	9,640,163
OPERATING EXPENSES				
Personal Services and Employee Benefits	681,224	561,891	165,831	1,408,946
Purchased/Contracted Services				
Professional and Technical	20,787	37,538	19,263	77,588
Purchased Property Services	15,784	59,503	4,620	79,907
Rentals	-	951	-	951
Other Purchased Services	60,338	33,949	112,268	206,555
Supplies	5,594,929	248,305	20,150	5,863,384
Depreciation	170,436	237,328	5,717	413,481
TOTAL OPERATING EXPENSES	6,543,498	1,179,465	327,849	8,050,812
OPERATING INCOME (LOSS)	1,761,826	(379,858)	207,383	1,589,351
NON-OPERATING EXPENSES				
Interest Expense	(1,263)	(6,175)	-	(7,438)
Loss on Disposition of Assets	-	(672)	-	(672)
TOTAL NON-OPERATING (EXPENSES)	(1,263)	(6,847)	-	(8,110)
INCOME (LOSS) BEFORE TRANSFERS	1,760,563	(386,705)	207,383	1,581,241
TRANSFERS				
Transfer Out To General Fund	(1,958,496)	-	(18,618)	(1,977,114)
Transfers In From General Fund	-	415,100	-	415,100
TOTAL TRANSFERS IN (OUT)	(1,958,496)	415,100	(18,618)	(1,562,014)
CHANGE IN NET ASSETS	(197,933)	28,395	188,765	19,227
TOTAL NET ASSETS, Beginning of Year	3,663,800	6,342,964	-	10,006,764
TOTAL NET ASSETS, End of Year	\$ 3,465,867	\$ 6,371,359	\$ 188,765	\$10,025,991

Accompanying notes to financial statements are an integral part of this statement

CITY OF SUGAR HILL, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2009

	GAS FUND	GOLF FUND	STORMWATER UTILITY FUND	TOTAL
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:				
Receipts from Customers	\$ 8,562,914	\$ 799,607	\$ 475,377	\$ 9,837,898
Payments to Vendors and Other Suppliers	(5,675,083)	(361,253)	(160,157)	(6,196,493)
Payments to Employees	(676,616)	(562,471)	(155,591)	(1,394,678)
Net Cash Provided (Used) by Operating Activities	<u>2,211,215</u>	<u>(124,117)</u>	<u>159,629</u>	<u>2,246,727</u>
CASH FLOWS FROM (TO) NON-CAPITAL FINANCING ACTIVITIES				
Transfers From (To) Other Funds	(1,958,496)	415,100	(18,618)	(1,562,014)
CASH FLOWS TO CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(251,456)	(249,316)	(141,011)	(641,783)
Principal Payments, Net of Borrowings	-	(34,377)	-	(34,377)
Interest Paid	(1,263)	(6,175)	-	(7,438)
Net cash Used by Financing Activities	<u>(252,719)</u>	<u>(289,868)</u>	<u>(141,011)</u>	<u>(683,598)</u>
Net Increase in Cash and Cash Equivalents	-	1,115	-	1,115
CASH, Beginning of Year	800	4,657	-	5,457
CASH, End of Year	<u>\$ 800</u>	<u>\$ 5,772</u>	<u>\$ -</u>	<u>\$ 6,572</u>

Accompanying notes to financial statements are an integral part of this statement

**CITY OF SUGAR HILL, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2009**

	GAS FUND	GOLF FUND	STORMWATER UTILITY FUND	TOTAL
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 1,761,826	\$ (379,858)	\$ 207,383	\$ 1,589,351
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation	170,436	237,328	5,717	413,481
Change in Assets and Liabilities:				
Accounts Receivable	272,880	-	(59,855)	213,025
Supplies / Inventory	45,349	3,801	-	49,150
Prepaid Items and Other Receivables	1,114	1,178	(3,856)	(1,564)
Accounts Payable	(29,708)	14,014	-	(15,694)
Customer Deposits	(15,290)	-	-	(15,290)
Compensated Absences	2,283	(2,656)	6,022	5,649
Other Accrued Items	2,325	2,076	4,218	8,619
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,211,215</u>	<u>\$ (124,117)</u>	<u>\$ 159,629</u>	<u>\$ 2,246,727</u>

Accompanying notes to financial statements are an integral part of this statement

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies

The City of Sugar Hill operates under a Mayor-Council form of government. The City provides a full range of services. These services include: natural gas, streets and sanitation, cultural and recreational activities, golf course activities, planning and zoning, economic development and public improvement.

The accompanying financial statements report on the financial activity for the City of Sugar Hill, Georgia for the year ended December 31, 2009. The statements include all the funds controlled by the Mayor and Council of the City of Sugar Hill, Georgia. The financial statements have been prepared in conformance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has elected to apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 in government-wide financial statements and the fund financial statements for the proprietary funds, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

This summary of the City of Sugar Hill's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are an integral part of the accompanying financial statements.

Reporting Entity

As required by GASB Statement No. 14 "The Financial Reporting Entity", The City presents in the accompanying financial statements those entities that comprise the primary government along with its component unit, an entity for which the City is considered to be financially accountable. At December 31, 2009, the City's reporting entities consist of the City of Sugar Hill, Georgia, and the Sugar Hill Housing Authority, Sugar Hill, Georgia (a component unit).

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies (Continued)

Discretely presented component units are separate legal entities that meet the component unit criteria, but do not meet the criteria for blending. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separated. The Sugar Hill Housing Authority ("Authority") is a discrete component unit of the City of Sugar Hill. The total assets of the Authority totaled \$205,610 at December 31, 2009 with reported revenues of \$20,160 for the year then ended. The Authority solely serves the City and is controlled and managed by a board of five members appointed by the Mayor and Council of the City. The purpose of the Authority is to provide safe and sanitary dwelling accommodations to persons of low income. The Authority has a December 31, year-end and is reported as a discrete component unit in a separate column on the government-wide financial statements.

Financial statements on the City of Sugar Hill's Housing Authority for the year ended December 31, 2009, may be obtained by writing to:

City of Sugar Hill Housing Authority
P.O. Box 1250
Lawrenceville, Georgia 30046
Attention: Mr. Lee Thompson

Blended component units, although legally separate entities are, in substance, part of the primary government's operation and data from these units are combined with the data of the primary government. The City of Sugar Hill has no blended component units.

As a general rule, the effect of interfund activity has been eliminated from the government – wide financial statements. Exceptions to this general rule include charges between the City's business type/proprietary funds and the governmental funds.

Basic Financial Statements

The financial transactions of the City are presented in the basic financial statements that consist of the government-wide financial statements and the fund level financial statements. These statements categorize primary activities as either governmental or business-type. Governmental activities, which are generally financed by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed for the most part by fees and charges for goods and services.

Government-wide financial statements provide financial information about the reporting government as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Interfund activity, for the most part, has been removed from these statements. They focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies (Continued)

The Statement of Activities matches the direct expenses of a given function or segment with the related program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements present information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or agency. Major individual governmental funds and both major and nonmajor individual proprietary funds are reported as separate columns in the fund financial statements. The City has no nonmajor governmental funds.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the general fund, the 2005 SPLOST capital projects fund and the 2009 SPLOST capital projects fund as major governmental funds.

General Fund

The General Fund is the principal fund of City and is used to account for all activities not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., culture and recreation, public works, general government, etc.).

SPLOST Capital Projects Funds

The SPLOST Capital Projects Funds account for funds received from the 2005 & 2009 local 1% sales tax reserved for construction of various capital projects.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies (Continued)

The City reports its Gas and Golf proprietary funds as major funds. The Stormwater Utility Fund is reported as a nonmajor fund. These funds are often called "income determination", "non-expendable", or "commercial-type" funds and are used to account for the ongoing activities of the City that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the City's business activities are accounted for through proprietary funds. The measurement focus is upon flow of economic resources.

The funds apply all applicable Government Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

The report includes the following proprietary funds:

Gas Fund

The Gas Fund is the larger of the two proprietary funds and accounts for the distribution and sale of natural gas in the City of Sugar Hill and Gwinnett County. Natural gas sales are very seasonal in nature and are the highest during the colder months of the year.

Golf Fund

The Golf Fund accounts for the operation of the City's Golf Course. The Golf Course is a public course open to all residents and non-residents.

Stormwater Utility Fund

The Stormwater Utility Fund accounts for revenues from charges and fees to property owners and expenses associated with the management, protection, control, regulation, use and enhancement of the City's stormwater management systems and facilities.

Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its basis of accounting and measurement focus. Basis of accounting refers to when transactions are recorded while measurement focus describes which transactions are recorded.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies (Continued)

The Government-wide Financial Statements and the Proprietary Funds Financial Statements are presented on an *accrual* basis of accounting with an *economic resource* measurement focus. An economic resource focus concentrates on an entity or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

All Governmental Fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the transaction can be identified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt is recorded as fund expenditures when paid.

All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues that are susceptible to accrual include certain intergovernmental revenues, sales taxes, interest on investments and charges for services. Revenues from fines are not susceptible to accrual because generally they are not measurable until received in cash.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

The Proprietary Fund types are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the balance sheet using this measurement focus. Fund equity (i.e., net total assets) is segregated into invested capital assets, net of related debt, restricted and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies (Continued)

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 City's Gas, Golf and Stormwater Utility Funds are charges to customers for sales and services. The Gas Fund also recognizes fees intended to recover the costs of connecting new customers to the City's utility systems as operating revenue. Operating expenses for enterprise funds include cost of sales and services, administrative expenses and overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports deferred revenue on its governmental funds balance sheet. For governmental fund types, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the governmental funds balance sheet and revenue is recognized.

Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements. The operating budget includes proposed expenditures and the means of financing them.

1. In October, the City Administrator meets with all department heads to formulate a preliminary budget for expenditures and expenses after all known revenues are calculated. After the preliminary budget is prepared, the Administrator meets with the City Council for final adjustments.
2. In November/December hearings are conducted to obtain public comments.
3. At the Council meeting in December, the budget is formally approved.

The legal level of control (the level at which expenditures and/or expenses may not legally exceed appropriations) for each legally adopted annual operating budget is at the object level within departments.

Formal budgetary integration is employed as a management control device during the year for the General, SPLOST, Stormwater Utility, Gas and Golf Course Funds. The budgets for the General and SPLOST Funds are adopted on the modified accrual basis while budgets for the enterprise funds are adopted on the accrual basis, which is in accordance with GAAP.

The actual results of operations on the budgetary basis are presented in the Statement of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) of the General Fund in order to provide a meaningful comparison of actual results with the budget.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies (Continued)

The budgetary comparison schedule is presented for the General Fund at the legal level of control. Material excesses (if both over 3 percent and greater than \$15,000) of expenditures over the budget at the object level within departments are as follows:

<u>Department</u>	<u>Expenditures</u>	<u>Budgeted</u>	<u>Excess</u>
-------------------	---------------------	-----------------	---------------

No departments overspent their final budget in Fiscal Year 2009:

Assets, Liabilities and Equity

Cash and Investments

The City follows the practice of pooling cash and investments of all funds except SPLOST within the General Fund. Interfund transactions are then recorded as operating transfers from/to each of the applicable funds. The total amount of the pooled cash (excluding SPLOST) is reported on the balance sheet in the General Fund. SPLOST Capital Project Funds have separate bank accounts and records their own cash on the balance sheets.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are stated at cost which approximates market value. Increases or decreases in fair value during the year are recognized as part of interest income.

Assets whose use is restricted for construction, debt service or by management decision are segregated on the Government-Wide statement of net assets and the Proprietary Fund statement of net assets. The City's policy in applying either restricted or unrestricted resources when an expense is incurred for the purpose for which both restricted and unrestricted assets are available, is to first apply restricted resources.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies (Continued)

Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and proprietary funds are stated net of an allowance for uncollectibles.

Inventories

Inventories consist of expendable supplies, parts, pipe, meters, golf paraphernalia, etc. The purchase method of accounting is used by the Governmental Funds while the consumption method is used by the Proprietary Funds. Inventory is reflected on the balance sheet of the Proprietary Funds at cost on a first-in, first-out basis.

Prepaid Items

Payments made to vendors that will benefit periods beyond December 31, 2009, are recorded as prepaid items.

Capital Assets

Property, plant, and equipment have been recorded at cost, if purchased, and if donated, at fair market value on the date of donation. Interest is capitalized during construction when assets are constructed with borrowed monies. The City maintains a capitalization threshold of five thousand dollars and an estimated useful life in excess of one year. Capital assets are reported in both the applicable governmental or business type activities columns in the government wide statements. Capital assets are charged to expenditures when purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Governmental Funds	<u>Years</u>
Buildings	15-50
Infrastructure, Plant/System	30-50
Vehicles and Equipment	1-30
Recreational Upgrades	20-40
Gas	
Buildings	20-40
Infrastructure, Plant/Gas Distribution System	40-50
Vehicles and Equipment	5-15
Golf	
Buildings	20-30
Infrastructure, Plant/System & Golf Course Renovations	10-20
Vehicles and Equipment	5-20
Sprayfield	30

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirement of assets are included in current operations.

Major improvements that extend the life of an asset are capitalized. Normal maintenance and repairs are charged to expense as incurred.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

1-Summary of Significant Accounting Policies (Continued)

Compensated Absences

Personal Leave is accrued when earned. Personal Leave can be carried over a maximum of 240 hours to the following year. At the end of employment, any unused Personal Leave is paid to the employee. Other accumulated leave (over 240 hours) is transferred to catastrophic leave.

Personal leave is generally earned and accumulated at the rate between 3.08-6.77 hours per pay period depending on the employee's years of service. Employees may not elect to apply accumulated sick leave to time of service at their retirement.

Long-term Obligations

In the government-wide financial statements, long-term debt and other liabilities are reported as liabilities of governmental activities or business-type activities. They are also reported as liabilities in the proprietary fund financial statements.

In the governmental funds financial statements, long-term debt is not reported as a liability. Instead, the face amount of debt issued is reported as other financing sources, and payment of principal and interest are reported as expenditures. 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 actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the government-wide statements equity is classified as net assets and displayed as "Invested in Capital Assets, net of related debt"; "Restricted Net Assets"; or "Unrestricted Net Assets". Invested in capital assets represents capital assets, including restricted capital assets, net of accumulated depreciation reduced by any bonds, mortgages, notes or other debt attributable to the acquisition, construction or improvement of those assets. Restricted net assets consist of net assets with constraints placed on their use. Unrestricted net assets are all other net assets that do not meet the criteria for classification as "invested in capital assets, net of related debt" or "restricted".

In the fund financial statements fund equity has several components. Reserves of the fund balance, represents funds that are not available for appropriation or are legally segregated for a future use. Designations of fund balance represent funds that have tentatively been set aside for future use. In the proprietary funds equity is presented in the same manner as the government-wide statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009**

1-Summary of Significant Accounting Policies (Continued)

Interfund Activity

Interfund balances represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

As of December 31, 2009 there were no Interfund Balances (Due to/from).

2- Deposits and Investments

Deposits - as of December 31, 2009, the carrying amount for the City and the discretely presented component unit, was \$6,091,886 and \$39,601 respectively and the bank balance was \$6,362,816 and \$39,601 respectively. The amount of the total bank balance is classified into three categories of credit risk: (1) deposits that are insured or collateralized with securities held by the City or by its agent in the City's name, (2) deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name and (3) uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

The City's deposits are displayed as follows:

Statement of net assets	Primary Government	Component Unit
Cash	<u>\$ 6,091,886</u>	<u>\$ 39,601</u>

The City's deposits are classified as follows at December 31, 2009:

	Category			Total
	1	2	3	
Primary Government	<u>\$ 760,875</u>	<u>\$ 5,601,941</u>	<u>\$ -</u>	<u>\$ 6,362,816</u>
Component Unit The Housing Authority of the City of Sugar Hill	<u>\$ 39,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,601</u>

Statutes require collateral pledged in the amount of 110% of deposits.

INVESTMENTS. The City's investments are categorized as either (1) insured or registered, or securities held by the entity or its agent in the entity's name, (2) uninsured or unregistered, with securities held by the counter party's trust department or agent in the entity's name; or (3) uninsured and unregistered, with securities held by the counter party in the entity's name, or by its trust department or agent but not in the entity's name.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

2- Deposits and Investments (Continued)

Investments are displayed as follows:
Statement of Net Assets
Investments

Primary Government	Component Unit
\$ 11,804,415	\$ 166,009

The following investments were subject to categorization:

	Category			Total
	1	2	3	
Primary Government	\$ 750,000	\$ 11,054,415	\$ -	\$ 11,804,415
Component Unit The Housing Authority of the City of Sugar Hill	\$ 166,009	\$ -	\$ -	\$ 166,009

Investment	Maturities	Credit Rating	Fair Value
Primary Government:			
Wachovia Money Market Account	N/A	N/A	\$ 6,996,443
CD - Quantum Bank	October 22, 2010	N/A	1,000,000
CD - Gwinnett Community Bank	October 21, 2010	N/A	3,807,972
			\$ 11,804,415
Component Unit:			
CD - Quantum Bank	August 7, 2010	N/A	\$ 41,859
CD - Quantum Bank	May 7, 2010	N/A	41,623
CD - Quantum Bank	February 5, 2010	N/A	41,100
CD - Quantum Bank	November 7, 2010	N/A	41,427
			\$ 166,009

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At December 31, 2009, all deposits of the City were adequately insured or collateralized.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

3-Accounts Receivable

Receivables as of year-end for the City's major governmental and proprietary funds are as follows:

	General	2009 SPLOST	Gas	Total
Receivables:				
Property Taxes	\$ 311,605	\$ -	\$ -	\$ 311,605
Sales Tax Receivable	-	372,521	-	372,521
Accounts Receivable	-	-	1,244,698	1,244,698
Total	<u>\$ 311,605</u>	<u>\$ 372,521</u>	<u>\$ 1,244,698</u>	<u>\$ 1,928,824</u>

Property taxes attach as an enforceable lien on property as of November 16. The taxes are levied in June and billed to the property holder on August 15 by the Gwinnett County Tax Office. Taxes are due 60 days after billing which is October 15. The taxes for the 2009 digest year were payable on August 15, 2009. Interest of 1% per month and a penalty of 5% is assessed on taxes not paid as of November 16. At fiscal year end, the receivables represent delinquent taxes. At the fund reporting level, if delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue since they are not available to finance current expenditures.

The City maintains an allowance for bad debts account and is adjusted annually and netted in with the above receivables. Annually, accounts that are determined to be uncollectible are written off directly against receivables.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

4 - Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Primary Government:				
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 4,180,971	\$ 579,865	\$ -	\$ 4,760,836
Construction in progress	4,554,120	5,766,316	-	10,320,436
Total non-depreciable capital assets	<u>8,735,091</u>	<u>6,346,181</u>	<u>-</u>	<u>15,081,272</u>
Depreciable Assets:				
Buildings and Improvements	1,970,352	-	-	1,970,352
Machinery and Equipment	1,222,326	52,838	(107,408)	1,167,756
Vehicles	770,119	63,515	(45,134)	788,500
Infrastructure	31,670,704	16,050	-	31,686,754
Sprayfield	226,915	-	-	226,915
Recreational Upgrades	1,619,777	201,426	-	1,821,203
Total depreciable capital assets	<u>37,480,193</u>	<u>333,829</u>	<u>(152,542)</u>	<u>37,661,480</u>
Accumulated Depreciation:				
Buildings and Improvements	(486,573)	(48,265)	-	(534,838)
Machinery and Equipment	(359,268)	(65,322)	31,151	(393,439)
Vehicles	(266,885)	(69,309)	40,192	(296,002)
Infrastructure	(10,334,823)	(788,827)	-	(11,123,650)
Sprayfield	(26,674)	(6,376)	-	(33,050)
Recreational Upgrades	(80,814)	(57,472)	-	(138,286)
Less Total Accumulated Depreciation	<u>(11,555,037)</u>	<u>(1,035,571)</u>	<u>71,343</u>	<u>(12,519,265)</u>
Total depreciable capital assets, net	<u>25,925,156</u>	<u>(701,742)</u>	<u>(81,199)</u>	<u>25,142,215</u>
Governmental activities capital assets, net	<u><u>\$34,660,247</u></u>	<u><u>\$ 5,644,439</u></u>	<u><u>\$ (81,199)</u></u>	<u><u>\$40,223,487</u></u>
Business-type activities:				
Non-Depreciable Assets:				
Land	\$ 4,267,304	\$ -	\$ -	\$ 4,267,304
Construction in progress	-	186,215	-	186,215
Total non-depreciable capital assets	<u>4,267,304</u>	<u>186,215</u>	<u>-</u>	<u>4,453,519</u>
Depreciable Assets:				
Buildings and Improvements	1,950,700	-	-	1,950,700
Machinery and Equipment	1,587,487	198,831	(13,080)	1,773,238
Vehicles	301,078	90,982	(38,612)	353,448
Sprayfield	583,676	-	-	583,676
Gas Distribution System	4,092,477	140,856	-	4,233,333
Golf Course Renovations	681,143	24,898	-	706,041
Total depreciable capital assets	<u>9,196,561</u>	<u>455,567</u>	<u>(51,692)</u>	<u>9,600,436</u>
Accumulated Depreciation:				
Buildings and Improvements	(1,051,387)	(64,106)	-	(1,115,493)
Machinery and Equipment	(721,674)	(148,754)	12,408	(858,020)
Vehicles	(208,389)	(32,078)	38,612	(201,855)
Sprayfield	(189,695)	(19,456)	-	(209,151)
Gas Distribution System	(950,452)	(102,053)	-	(1,052,505)
Golf Course Renovations	(167,217)	(47,034)	-	(214,251)
Less Total Accumulated Depreciation	<u>(3,288,814)</u>	<u>(413,481)</u>	<u>51,020</u>	<u>(3,651,275)</u>
Total depreciable capital assets, net	<u>5,907,747</u>	<u>42,086</u>	<u>(672)</u>	<u>5,949,161</u>
Business-type activities capital assets, net	<u><u>\$10,175,051</u></u>	<u><u>\$ 228,301</u></u>	<u><u>\$ (672)</u></u>	<u><u>\$10,402,680</u></u>

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

4 - Capital Assets (Continued)

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

Governmental activities:		
General Government		\$ 32,110
Health and Welfare		18,442
Housing and Development		6,156
Public Works		889,083
Recreation and Culture		89,780
Total Depreciation Expense - Governmental Activities		<u>\$ 1,035,571</u>
Business-type activities:		
Gas		\$ 170,436
Golf		237,328
Stormwater		5,717
Total Depreciation Expense - Business-Type Activities		<u>\$ 413,481</u>

5-Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. One effort is for each department to hold monthly safety meetings with its employees. The City also has a safety policy that employees must read and sign to prove acknowledgement.

Risk control techniques have been established to reasonably ensure that the City's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned by or under the control of the City. Furthermore, supervisory personnel are held responsible for monitoring risk control techniques on an operational basis.

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a small deductible amount. Should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City.

No significant fluctuations in the City's general liability occurred during the year ended December 31, 2009. There have been no claims exceeding the City's insurance coverage during the fiscal year or the preceding 3 years.

6-Landfill Closure and Postclosure Care Cost

State and Federal laws require the City to place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City recognizes a portion of the closure and postclosure care cost in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. The City received its closure certificate on February 14, 2000. As of December 31, 2009, the City has recorded a liability for the landfill of \$2,414,795 which represents the estimated postclosure costs based on 100% of landfill capacity used to date. All estimated liability for these costs has been recognized since the landfill is no longer used. These amounts are based on what it would cost to perform all postclosure care in 2009. The estimated costs are subject to changes resulting from inflation, technology, or changes in applicable laws or regulations. The revised estimated liability for the postclosure care costs has been estimated by the City's Public Works Department.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

7-Long Term Debt

Long-term debt information is presented separately for governmental and business-type activities.

The table below presents current year changes in long-term debt and the current portions due for each type of debt:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decrease)</u>	<u>Ending Balance</u>	<u>Due In FY 2010</u>
Governmental Activities:					
Compensated Absences	\$ 78,650	\$ 13,923	\$ -	\$ 92,573	\$ -
Landfill Closure/Postclosure	<u>2,534,795</u>	<u>-</u>	<u>(120,000)</u>	<u>2,414,795</u>	<u>120,000</u>
Total Governmental Activities	<u>\$ 2,613,445</u>	<u>\$ 13,923</u>	<u>\$ (120,000)</u>	<u>\$ 2,507,368</u>	<u>\$ 120,000</u>
Business-Type Activities:					
Leases Payable:					
National City Comm. Cap. Co.	\$ 133,877	\$ -	\$ (29,588)	\$ 104,289	\$ 31,134
Yamaha	<u>4,789</u>	<u>-</u>	<u>(4,789)</u>	<u>-</u>	<u>-</u>
Total Leases Payable	<u>138,666</u>	<u>-</u>	<u>(34,377)</u>	<u>104,289</u>	<u>31,134</u>
Compensated Absences	<u>33,804</u>	<u>-</u>	<u>(373)</u>	<u>39,453</u>	<u>-</u>
Total Business-Type	<u>\$ 172,470</u>	<u>\$ -</u>	<u>\$ (34,750)</u>	<u>\$ 143,742</u>	<u>\$ 31,134</u>

The capital leases, which consist of golf equipment, will be paid from the Golf Fund. The compensated absences will be paid from the fund in which they are recorded and the employee's salaries are paid. In the business-type activities, the Gas, Golf, and the Stormwater Funds are responsible for \$17,142, \$16,289, and \$6,022 in compensated absences respectively.

In 2008 the Golf Fund financed the acquisition of 4 pieces of Toro Golf maintenance equipment. The total cost of the turf equipment was \$158,077 and the equipment was financed through National City Commercial Capital Company. The lease will be paid by the Golf Fund. over 60 months in the amount of \$2,978 per month at an imputed interest of approximately 4.9% per annum. Total principal paid during Fiscal Year 2009 amounted to \$29,588 leaving a year end remaining principal balance of \$104,289. Depreciation for Fiscal Year 2009 was \$22,580 leaving a book value of \$124,205 on the assets. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

7-Long Term Debt (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009 were as follows:

Year Ended 31-Dec	National City Comm. Cap. Co.
2010	\$ 35,738
2011	35,738
2012	35,738
2013	<u>5,956</u>
Minimum Lease Payments	113,170
Less: Amount representing interest at the City's Incremental borrowing rate of interest	<u>(8,881)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 104,289</u></u>

8-Conduit Debt of Component Unit

On May 7, 1998, the Housing Authority of the City of Sugar Hill issued Multifamily Housing Revenue Bonds in the amount of \$12,790,000. The proceeds of the bonds were used to build apartment units. Contemporaneously with the issuance of the revenue bonds, a note was issued to the Housing Authority by Level Creek Partners, L.P. for \$12,790,000. In addition, the apartment units are pledged against the note as collateral. As the revenue bonds become due, Level Creek Partners, L.P. pledged to deposit sufficient funds in a trust account for payment of principal and interest. The bonds do not constitute a debt or pledge of the faith and credit of the Housing Authority or the City and accordingly have not been reported in the accompanying financial statements; the aforementioned debt is merely conduit debt.

The outstanding balance of the Multifamily Housing Revenue Bonds on December 31, 2009, was \$11,290,000.

9-Erosion Bonds - Escrow Deposit

As of December 31, 2009, seven companies posted erosion bonds with the City against any damages that might occur during construction. Once these construction projects are successfully completed, the monies posted will be returned to the appropriate company. The outstanding balance of the erosion bonds as of December 31, 2009 is \$117,240.

10-Reservations of Fund Balance/Retained Earnings

Reserves are used to indicate that a portion of the fund balance or retained earnings are not appropriated for expenditure or are legally segregated for a specific future use.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

As of December 31, 2009, the City is involved in one pending civil action file. Although the outcome of this pending litigation is not presently determinable, in the opinion of the City attorney, the resolution of this matter will not subject the City to a determination of liability or to a judgment for monetary or other damages. However, the progression could affect future grants and distributions of taxes, fees, or other funds between Gwinnett County and the City. Other than the matter of pending litigation, there were no other known threatened litigation, claims, assessments, or contingent liabilities which would materially or adversely affect the financial position of the City.

12-Interfund Transfers

Interfund transfers during the year ended December 31, 2009 are as follows:

	Transfer Amount
Transfers From Gas Fund to General Fund	\$(1,958,496)
Transfers From General Fund to Golf Fund	415,100
Transfers From StormWater Fund to General Fund	(18,618)
Total	<u><u>\$(1,562,014)</u></u>

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to return money to the fund from which it was originally provided, once a project is completed.

The City transfers either occur on a regular basis or are consistent with the statutory provisions of the fund making the transfer.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

13-Retirement Plan

The City has adopted a Defined Contribution Money Purchase Plan, which operates in conjunction with a Deferred Compensation Plan as discussed below. The Plan was established by the City Council. The Plan can be amended or removed by a majority vote of The Sugar Hill City Council. Employees must complete one year of service to be eligible for participation in the plan. The City's contribution requirements were established and can be amended by majority vote of the City Council. For FY 2009 the contribution requirement of the City was 3% of eligible employees' salaries as a base contribution. Employees are fully vested after 4 years of continuous service.

Normal retirement age is 60. The "Plan" does not provide for early retirement.

Contributions required under the plan equaled \$66,106. Actual contributions made were \$75,239 by the City. Percentage of covered payroll contributed by the City was 3%. Total salaries paid for the current year was \$2,338,339, and total current year covered payroll was \$2,203,530. All contributions are invested with Nationwide Retirement Solutions.

14-Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan contributions are invested with Nationwide Retirement Solutions. The plan is available to all City employees and permits them to defer a portion of their salary until future years. The plan is funded through payroll deductions with maximum contribution being 25% with a ceiling dollar amount of \$16,500 per year. For employees over 50 years of age the ceiling is \$22,000 per year with a catch-up provision.

The City has no fiduciary responsibilities in relation to these plans, and therefore, is not required to report the financial activity as an expendable trust fund.

CITY OF SUGAR HILL, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

15-Atlanta Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues there to. During its year ended December 31, 2009, the City's dues were paid by Gwinnett County, which did not request reimbursement from the City. According to the ARC, all dues are billed to the County and the management of the County determines if each municipality within the County should be billed for their pro-rata share of the dues. Membership in an ARC is required by the official Code of Georgia Annotated (OCGA) Section 50-8-34 that provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the governments are liable for any debts or obligations of an ARC. Separate financial statements may be obtained from the following location:

Atlanta Regional Commission
40 Courtland Street, N.E.
Atlanta, Georgia 30303

16-Special Local Option Sales Tax - Roads

Gwinnett County administers the roads SPLOST funds for the City. In connection therewith, the County collects the revenues on behalf of the City of Sugar Hill. The City expends these funds according to SPLOST resolution.

17-Subsequent Events

As of June 11, 2010, the date of this audit report, there were no material subsequent events to be disclosed.

CITY OF SUGAR HILL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009

Required Supplementary Information

CITY OF SUGAR HILL, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
For the Year Ended December 31, 2009
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 1,879,500	\$ 1,879,500	\$ 2,230,403	\$ 350,903
Vehicle Taxes	100,000	100,000	139,974	39,974
Transfer Taxes	5,000	5,000	3,559	(1,441)
Intangible Taxes	21,000	21,000	16,521	(4,479)
Franchise Taxes	665,000	665,000	747,261	82,261
Alcohol Taxes	50,000	50,000	48,103	(1,897)
Business Taxes	300,000	300,000	279,592	(20,408)
Insurance Premium Tax	600,000	600,000	631,996	31,996
Other Taxes (Fuel)	2,300	2,300	-	(2,300)
Penalty & Interest on Delinquent Taxes	2,000	2,000	13,363	11,363
Total Taxes	<u>3,624,800</u>	<u>3,624,800</u>	<u>4,110,772</u>	<u>485,972</u>
Licenses and Permits	<u>182,000</u>	<u>182,000</u>	<u>163,381</u>	<u>(18,619)</u>
Intergovernmental				
State Government Grants	50,000	50,000	105,776	55,776
Homeowner Tax Relief Grant	-	-	130,933	130,933
Buford Housing Authority	690	690	691	1
Total Intergovernmental	<u>50,690</u>	<u>50,690</u>	<u>237,400</u>	<u>186,710</u>
Charges for Service				
General Government	198,850	198,850	341,601	142,751
Recreation and Culture	70,000	70,000	114,699	44,699
Public Works	500	500	9,484	8,984
Bad Check Fees	4,000	4,000	5,355	1,355
Total Charges for Service	<u>273,350</u>	<u>273,350</u>	<u>471,139</u>	<u>197,789</u>
Fines and Forfeitures				
Municipal Court Fines	<u>30,000</u>	<u>30,000</u>	<u>12,106</u>	<u>(17,894)</u>
Investment Revenues				
Interest Income	<u>300,000</u>	<u>300,000</u>	<u>250,594</u>	<u>(49,406)</u>
Miscellaneous	<u>24,200</u>	<u>24,200</u>	<u>28,678</u>	<u>4,478</u>
TOTAL REVENUES	<u>\$ 4,485,040</u>	<u>\$ 4,485,040</u>	<u>\$ 5,274,070</u>	<u>\$ 789,030</u>

Accompanying notes to required supplementary information are an integral part of this statement

CITY OF SUGAR HILL, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
For the Year Ended December 31, 2009
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>continued...</i>				
EXPENDITURES				
General Government				
Legislative				
Personal Services and Employee Benefits	\$ 25,347	\$ 25,347	\$ 24,582	\$ 765
Purchased/Contracted Services	18,000	18,000	4,710	13,290
Supplies	5,000	5,000	2,934	2,066
Total	<u>48,347</u>	<u>48,347</u>	<u>32,226</u>	<u>16,121</u>
Elections				
Personal Services and Employee Benefits	2,438	3,238	3,232	6
Supplies	2,151	2,166	2,165	1
Total	<u>4,589</u>	<u>5,404</u>	<u>5,397</u>	<u>7</u>
General Administration				
Personal Services and Employee Benefits	662,070	682,540	678,906	3,634
Purchased/Contracted Services	332,800	337,355	258,702	78,653
Supplies	233,100	330,600	330,538	62
Capital Outlays	432,000	308,660	-	308,660
Total	<u>1,659,970</u>	<u>1,659,155</u>	<u>1,268,146</u>	<u>391,009</u>
Total General Government	<u>1,712,906</u>	<u>1,712,906</u>	<u>1,305,769</u>	<u>407,137</u>
Public Safety				
Personal Services and Employee Benefits	98,000	98,000	-	98,000
Purchased/Contracted Services	60,000	134,200	129,894	4,306
Supplies	40,000	20,800	1,150	19,650
Capital Outlays	175,000	120,000	-	120,000
Total Public Safety	<u>373,000</u>	<u>373,000</u>	<u>131,044</u>	<u>241,956</u>
Public Works				
Highways and Streets				
Personal Services and Employee Benefits	575,149	583,624	556,455	27,169
Purchased/Contracted Services	694,500	864,540	850,356	14,184
Supplies	241,400	250,505	124,946	125,559
Capital Outlays	2,100,000	1,872,380	371,503	1,500,877
Total Public Works	<u>\$ 3,611,049</u>	<u>\$ 3,571,049</u>	<u>\$ 1,903,260</u>	<u>\$ 1,667,789</u>

Accompanying notes to required supplementary information are an integral part of this statement

CITY OF SUGAR HILL, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
For the Year Ended December 31, 2009
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>continued...</i>				
Health and Welfare				
Purchased/Contracted Services	\$ 2,925	\$ 3,650	\$ 3,604	\$ 46
Supplies	2,200	10,380	9,826	554
Capital Outlays	29,000	20,095	-	20,095
Total Health and Welfare	<u>34,125</u>	<u>34,125</u>	<u>13,430</u>	<u>20,695</u>
Recreation and Culture				
Personal Services and Employee Benefits	234,128	234,133	230,518	3,615
Purchased/Contracted Services	131,450	84,425	80,096	4,329
Supplies	179,300	180,075	178,491	1,584
Capital Outlays	5,398,000	5,064,245	5,058,132	6,113
Total Recreation and Culture	<u>5,942,878</u>	<u>5,562,878</u>	<u>5,547,237</u>	<u>15,641</u>
Housing and Development				
Personal Services and Employee Benefits	410,043	417,523	416,691	832
Purchased/Contracted Services	120,500	115,495	83,950	31,545
Supplies	27,500	24,680	24,586	94
Capital Outlays	10,000	10,345	6,163	4,182
Total Housing and Development	<u>568,043</u>	<u>568,043</u>	<u>531,390</u>	<u>36,653</u>
Debt Service				
Landfill Closure/Postclosure Costs	80,000	120,000	120,000	-
TOTAL EXPENDITURES	<u>12,322,001</u>	<u>11,942,001</u>	<u>9,552,130</u>	<u>2,389,871</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,836,961)</u>	<u>(7,456,961)</u>	<u>(4,278,060)</u>	<u>3,178,901</u>
OTHER FINANCING SOURCES(USES)				
Sale of assets	-	-	37,316	37,316
Transfers in	1,400,000	1,400,000	1,977,114	577,114
Transfers out	-	(380,000)	(415,100)	(35,100)
TOTAL OTHER FINANCING SOURCES(USES)	<u>1,400,000</u>	<u>1,020,000</u>	<u>1,599,330</u>	<u>579,330</u>
NET CHANGE FUND BALANCE	<u>(6,436,961)</u>	<u>(6,436,961)</u>	<u>(2,678,730)</u>	<u>3,758,231</u>
FUND BALANCE ALLOCATION	<u>6,436,961</u>	<u>6,436,961</u>	<u>-</u>	<u>(6,436,961)</u>
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>17,565,098</u>	<u>17,565,098</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,886,368</u>	<u>\$ 14,886,368</u>

Accompanying notes to required supplementary information are an integral part of this statement

CITY OF SUGAR HILL, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
December 31, 2009

Budgetary Information

The City adopted annual budgets for the 2009 fiscal year for the governmental and proprietary funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. In October, the City Administrator meets with all department heads to formulate a preliminary budget for expenditures and expenses after all known revenues are calculated. After the preliminary budget is prepared, the Administrator meets with the City Council for final adjustments. In November, hearings are conducted to obtain public comments. At the first Council meeting in December, the budget is formally approved.

The legal level of control (the level at which expenditures and/or expenses may not legally exceed appropriations) for each legally adopted annual operating budget is at the object level within departments.

Formal budgetary integration is employed as a management control device during the year for the General, SPLOST Capital Project Funds, Gas, Golf Course and Stormwater Utility Funds. The budget for the Governmental Funds are adopted on the modified accrual basis while budgets for the enterprise funds are adopted on the accrual basis, which is in accordance with GAAP.

The actual results of operations on the budgetary basis are presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual of the General Fund.

No departments overspent their final budget in Fiscal Year 2009.

CITY OF SUGAR HILL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009

Supplementary Information

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June 11, 2010

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF
PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX

The Honorable Mayor Gary Pirkle and
Members of the City Council
City of Sugar Hill, Georgia 30518

I have audited the accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax for the City of Sugar Hill, Georgia for the year ended December 31, 2009. These schedules are the responsibility of the City of Sugar Hill, Georgia's management. My responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Schedules of Special Purpose Local Option Sales Tax are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

The accompanying Schedules of Special Purpose Local Option Sales Tax were prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and are not intended to be a complete presentation of The City of Sugar Hill's revenues and expenditures.

In my opinion, the Schedules of Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in the City of Sugar Hill, Georgia's resolution or ordinance calling for the tax for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountant

CITY OF SUGAR HILL, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2005 SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended December 31, 2009

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Years		
Roads, Streets and Bridges	\$ 4,000,000	\$ 4,000,000	\$ 2,699,303	\$ 560,229	\$ 3,259,532	81.49%
Recreational Facilities	3,896,581	3,896,581	4,077,570	499,061	4,576,631	100.00%
Public Safety Facilities and Equipment	500,000	500,000	-	-	-	0.00%
Total	\$ 8,396,581	\$ 8,396,581	\$ 6,776,873	\$ 1,059,290	\$ 7,836,163	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting

Note B: Beginning April 1, 2005 a Special One Percent Sales Tax was approved with funds to be specifically used for:

- 1) Roads, Streets & Bridges
- 2) Recreational Facilities
- 3) Public Safety Facilities and Equipment

CITY OF SUGAR HILL, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended December 31, 2009

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Years		
Roads, Streets and Bridges	\$ 3,000,000	\$ 3,000,000	-	-	\$ -	0.00%
Recreational Facilities	3,000,000	3,000,000	-	184,922	184,922	6.16%
Administrative Facilities	8,458,245	8,458,245	-	-	-	0.00%
Total	\$14,458,245	\$14,458,245	\$ -	\$ 184,922	\$ 184,922	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting

Note B: Beginning April 1, 2009 a Special One Percent Sales Tax was approved with funds to be specifically used for:

- 1) Roads, Streets & Bridges
- 2) Recreational Facilities
- 3) Administrative Facilities

CITY OF SUGAR HILL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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June 11, 2010

**Independent Auditor's Report on Internal Control over Financial
 Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with Government Auditing Standards**

The Honorable Mayor Gary Pirkle and
 Members of the City Council
 City of Sugar Hill, Georgia 30518

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sugar Hill, Georgia as of and for the year ended December 31, 2009, which collectively comprise the City of Sugar Hill, Georgia's basic financial statements and have issued my report thereon dated June 11, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the City of Sugar Hill, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sugar Hill, Georgia's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Honorable Mayor and others within the organization, the City Council and federal awarding agencies and pass-thru entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION**

Statistical tables differ from financial statements in that they usually cover more than one fiscal year and may present non-accounting data, un-audited data, projections and the like. Where data is readily available, the City has presented data retroactively as well as for the current year.

The objective of the statistical section information is to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

CITY OF SUGAR HILL, GEORGIA
 STATISTICAL SECTION
 NET ASSETS BY COMPONENT
 LAST SEVEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 3,394,162	\$ 4,509,473	\$ 5,989,439	\$ 7,677,505	\$ 29,483,497	\$ 34,517,722	\$ 40,073,536
Restricted	64,470	65,404	-	-	-	-	-
Unrestricted	4,226,097	6,387,268	9,548,067	13,707,679	17,609,414	17,355,070	15,581,831
Total Governmental Activities net assets	7,684,729	10,962,145	15,537,506	21,385,184	47,092,911	51,872,792	55,655,367
Business-type Activities:							
Invested in capital assets, net of related debt	9,164,266	9,541,620	9,799,959	10,193,983	10,066,473	10,036,385	10,298,391
Unrestricted	(528,223)	(742,624)	(843,497)	(352,798)	(275,077)	(29,621)	(272,400)
Total Business-type Activities net assets	8,636,043	8,798,996	8,956,462	9,841,185	9,791,396	10,006,764	10,025,991
Primary Government:							
Invested in capital assets, net of related debt	12,558,428	14,051,093	15,789,398	17,871,488	39,549,970	44,554,107	50,371,927
Restricted	64,470	65,404	-	-	-	-	-
Unrestricted	3,697,874	5,644,644	8,704,570	13,354,881	17,334,337	17,325,449	15,309,431
Total Primary Government net assets	\$16,320,772	\$19,761,141	\$24,493,968	\$31,226,369	\$56,884,307	\$61,879,556	\$65,681,358

CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
CHANGES IN NET ASSETS (Accrual Basis of Accounting)
LAST SEVEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009
EXPENSES							
Governmental Activities:							
General Government	\$ 596,755	\$ 730,754	\$ 867,620	\$ 892,117	\$ 1,101,516	\$ 1,191,132	\$ 1,347,951
Public Safety	77,239	75,839	153,779	171,056	163,824	26,363	131,044
Public Works	793,534	766,840	916,666	833,672	1,865,566	2,052,278	2,461,051
Public Health and Welfare	6,592	20,795	20,910	31,218	31,083	25,531	31,872
Recreation and Culture	155,368	213,780	294,443	399,398	501,806	576,823	583,771
Housing and Development	306,536	407,929	441,919	466,739	517,400	531,660	534,022
Total Governmental Activities	1,936,024	2,215,937	2,695,337	2,794,200	4,181,195	4,403,787	5,089,711
Business-type Activities:							
Gas	4,640,811	5,908,359	7,575,926	7,188,279	6,843,931	7,658,050	6,544,761
Golf	906,691	914,464	989,529	1,086,507	1,282,808	1,241,822	1,186,312
Stormwater Utility	-	-	-	-	-	-	327,849
Total Business-type Activities:	5,547,502	6,822,823	8,565,455	8,274,786	8,126,739	8,899,872	8,058,922
Total Primary Government	\$ 7,483,526	\$ 9,038,760	\$ 11,260,792	\$ 11,068,986	\$ 12,307,934	\$ 13,303,659	\$ 13,148,633

CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
CHANGES IN NET ASSETS (Accrual Basis of Accounting)
LAST SEVEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009
Program Revenues							
Governmental Activities:							
Charges for Service							
General Government	\$ 795,001	\$ 480,301	\$ 567,929	\$ 657,503	\$ 626,222	\$ 510,752	\$ 510,338
Public Safety	8,255	4,441	15,520	40,895	13,940	22,449	12,106
Public Works	5,374	25,738	38,337	981	2,494	4,171	9,484
Public Health and Welfare	3,200	-	-	-	-	-	-
Recreation and Culture	25,981	44,264	62,413	75,635	87,037	112,380	114,699
Capital Grants and Contributions							
General Government	188,000	-	136,300	-	-	-	846,074
Public Safety	-	-	97,930	141,649	138,550	126,040	29,512
Public Works	255,512	75,103	784,095	1,134,144	1,109,330	1,009,166	535,163
Public Health and Welfare	-	85,000	-	85,000	146,320	72,330	105,776
Recreation and Culture	-	831,316	763,850	1,104,862	1,080,688	983,111	529,062
Total Governmental Activities	1,281,323	1,546,163	2,466,374	3,240,669	3,204,581	2,840,399	2,692,214
Business-type Activities:							
Charges for Service							
Gas	6,316,322	7,168,971	8,885,119	9,554,836	8,619,735	9,649,738	8,305,324
Golf	542,568	474,953	544,284	659,355	1,033,137	967,843	799,607
Stormwater Utility	-	-	-	-	-	-	535,232
Capital Grants and Contributions							
Gas	19,000	-	-	-	-	-	-
Golf	50,200	-	-	-	-	-	-
Total Business-type Activities	6,928,090	7,643,924	9,429,403	10,214,191	9,652,872	10,617,581	9,640,163
Total Primary Government Program Revenues	\$ 8,209,413	\$ 9,190,087	\$11,895,777	\$13,454,860	\$12,857,453	\$13,457,980	\$12,332,377
Net Revenues (Expenses)							
Government Activities	\$ (654,701)	\$ (669,774)	\$ (228,963)	\$ 446,469	\$ (976,614)	\$ (1,563,388)	\$ (2,397,497)
Business-type Activities	1,380,588	821,101	863,948	1,939,405	1,526,133	1,717,709	1,581,241
Total Primary Government Net Income	\$ 725,887	\$ 151,327	\$ 634,985	\$ 2,385,874	\$ 549,519	\$ 154,321	\$ (816,256)

CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
CHANGES IN NET ASSETS (Accrual Basis of Accounting)
LAST SEVEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes							
Property Taxes	\$ 1,603,800	\$ 1,779,577	\$ 1,863,263	\$ 2,093,298	\$ 2,408,195	\$ 2,455,702	\$ 2,626,952
Franchise Tax	455,714	477,161	505,853	567,726	622,882	741,131	747,261
Selective Sales tax	548,986	54,802	55,705	55,665	49,248	65,913	48,103
Business Taxes	-	764,974	831,404	894,440	987,347	999,765	911,588
Other Taxes	-	7,136	-	2,210	3,712	2,289	-
Unrestricted investment earnings	89,027	149,653	349,064	695,563	963,023	542,333	255,476
Miscellaneous	3,107	26,732	40,275	37,625	34,088	33,795	28,678
Transfers	1,443,484	687,155	680,909	1,054,682	1,575,922	1,502,341	1,562,014
Total Governmental Activities	4,144,118	3,947,190	4,326,473	5,401,209	6,644,417	6,343,269	6,180,072
Business-type Activities:							
Gain on sale of fixed assets	-	265	3,169	-	-	-	-
Transfers	(1,443,484)	(687,155)	(680,909)	(1,054,682)	(1,575,922)	(1,502,341)	(1,562,014)
Total Business-type Activities	(1,443,484)	(686,890)	(677,740)	(1,054,682)	(1,575,922)	(1,502,341)	(1,562,014)
Total Primary Government	\$ 2,700,634	\$ 3,260,300	\$ 3,648,733	\$ 4,346,527	\$ 5,068,495	\$ 4,840,928	\$ 4,618,058
Change in Net Assets							
Governmental Activities	\$ 3,489,417	\$ 3,277,416	\$ 4,097,510	\$ 5,847,678	\$ 5,667,803	\$ 4,779,881	\$ 3,782,575
Business-type Activities	(62,896)	134,211	186,208	884,723	(49,789)	215,368	19,227
Total Primary Government	\$ 3,426,521	\$ 3,411,627	\$ 4,283,718	\$ 6,732,401	\$ 5,618,014	\$ 4,995,249	\$ 3,801,802

CITY OF SUGAR HILL, GEORGIA
 STATISTICAL SECTION
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST SEVEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ 64,470	\$ 65,404	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/Undesignated	7,231,293	9,401,879	10,750,165	12,689,857	16,383,026	17,565,098	14,886,368
Total General Fund	<u>7,295,763</u>	<u>9,467,283</u>	<u>10,750,165</u>	<u>12,689,857</u>	<u>16,383,026</u>	<u>17,565,098</u>	<u>14,886,368</u>
All Other Governmental Funds							
Unreserved/Undesignated	-	-	1,653,180	3,712,452	3,855,925	2,106,486	2,806,966
Total Governmental Funds	<u>\$ 7,295,763</u>	<u>\$ 9,467,283</u>	<u>\$ 12,403,345</u>	<u>\$ 16,402,309</u>	<u>\$ 20,238,951</u>	<u>\$ 19,671,584</u>	<u>\$ 17,693,334</u>

CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009
REVENUES							
Taxes	\$ 2,649,312	\$ 2,970,938	\$ 4,729,945	\$ 5,886,474	\$ 6,246,841	\$ 6,317,324	\$ 4,110,772
Licenses and permits	546,821	417,790	419,309	458,254	352,430	222,944	163,381
Intergovernmental	556,381	1,110,104	123,429	214,079	278,143	73,021	2,177,210
Charges for Services	63,763	132,514	249,370	275,864	363,324	404,359	471,139
Fines and Forfeitures	8,255	4,442	15,520	40,895	13,940	22,449	12,106
Investment earnings	89,027	149,653	349,064	695,561	963,023	542,333	255,476
Miscellaneous	21,475	26,732	34,629	37,625	34,089	33,795	28,678
Total Revenues	3,935,034	4,812,173	5,921,266	7,608,752	8,251,790	7,616,225	7,218,762
EXPENDITURES							
General Government	576,546	694,574	1,398,801	891,633	1,099,348	1,173,303	1,305,769
Public Safety	77,239	75,839	153,779	171,056	163,824	26,363	131,044
Public Works	820,599	699,425	1,551,253	1,613,935	2,292,818	1,847,753	1,903,260
Health and Welfare	4,627	9,746	9,192	85,226	12,641	7,089	13,430
Recreation and Culture	135,377	185,022	414,468	1,309,352	575,257	2,042,931	5,547,237
Housing and Development	305,429	399,763	535,059	473,268	517,637	521,121	531,390
Capital Outlay	2,226,423	1,134,258	-	-	1,218,545	3,947,373	1,244,212
Debt Service							
Principal	9,061	9,061	-	-	-	-	-
Interest and paying agent fees	290	120	-	-	-	-	-
Landfill closure/postclosure costs	45,876	120,000	120,000	120,000	120,000	120,000	120,000
Total Expenditures	4,201,467	3,327,808	4,182,552	4,664,470	6,000,070	9,685,933	10,796,342
Excess of Revenues Over (Under) Expenditures	(266,433)	1,484,365	1,738,714	2,944,282	2,251,720	(2,069,708)	(3,577,580)
Other Financing Sources (Uses)							
Gain on sale of asset	100	-	38,588	-	9,000	-	37,316
Transfers In	1,673,267	1,362,540	1,245,262	1,679,365	1,665,091	1,711,130	1,977,114
Transfers Out	(229,783)	(675,385)	(564,353)	(624,683)	(89,169)	(208,789)	(415,100)
Total Other Financing Sources	1,443,584	687,155	719,497	1,054,682	1,584,922	1,502,341	1,599,330
Net Change in Fund Balances	\$ 1,177,151	\$ 2,171,520	\$ 2,458,211	\$ 3,998,964	\$ 3,836,642	\$ (567,367)	\$ (1,978,250)

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Due Date	Total Tax Levy	Tax Collections	% of Collections to Tax Levy	Outstanding Delinquent Taxes	% of Delinquent taxes to Tax levy
2000	9/15/2000	\$ 995,372	\$ 995,155	99.98%	217	0.02%
2001	9/15/2001	1,180,474	1,179,943	99.96%	531	0.04%
2002	9/15/2002	1,413,604	1,411,844	99.88%	1,760	0.12%
2003	9/15/2003	1,511,561	1,509,114	99.84%	2,447	0.16%
2004	9/15/2004	1,767,344	1,726,911	97.71%	40,433	2.29%
2005	10/15/2005	1,505,471	1,419,302	94.28%	86,169	5.72%
2006	11/15/2006	1,866,496	1,615,133	86.53%	251,363	13.47%
2007	9/15/2007	1,992,839	1,834,998	92.08%	157,841	7.92%
2008	9/15/2008	2,507,829	1,935,686	77.19%	572,143	22.81%
2009	11/15/2009	2,754,311	2,497,431	90.67%	256,880	9.33%

Source: City Finance Department

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Total Assessed Value	Total Estimated Actual Value	Assessment Value	Total Direct Rate
2000	209,449,725	41,365,983	7,459,830	258,275,538	645,688,845	40%	3.87%
2001	248,326,210	38,328,925	21,012,900	307,668,035	769,170,088	40%	3.87%
2002	303,106,590	44,047,900	22,987,850	370,142,340	925,355,850	40%	3.87%
2003	333,293,820	54,664,128	25,857,890	413,815,838	1,034,539,595	40%	3.87%
2004	382,594,500	56,822,707	29,402,260	468,819,467	1,172,048,668	40%	3.80%
2005	401,640,105	63,416,471	29,220,584	494,277,160	1,235,692,900	40%	3.80%
2006	435,533,122	84,306,278	28,911,622	548,751,022	1,371,877,555	40%	3.80%
2007	495,062,300	111,478,470	30,388,814	636,929,584	1,592,323,960	40%	3.80%
2008	525,110,490	133,643,842	28,560,936	687,315,268	1,718,288,170	40%	3.80%
2009	520,369,870	131,568,852	23,641,260	675,579,982	1,688,949,955	40%	3.80%

Source: Georgia Department of Revenue 2009 Tax Digest Consolidation Summary

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

**Total Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)**

Fiscal Year	City of Sugar Hill	Gwinnett County	Gwinnett County Schools	State	Total
2000	3.87	11.99	19.17	0.25	35.28
2001	3.87	11.49	20.42	0.25	36.03
2002	3.87	11.32	20.30	0.25	35.74
2003	3.87	11.50	20.30	0.25	35.92
2004	3.80	11.47	20.30	0.25	35.82
2005	3.80	11.47	20.55	0.25	36.07
2006	3.80	11.30	20.55	0.25	35.90
2007	3.80	11.08	20.55	0.25	35.68
2008	3.80	10.97	20.55	0.25	35.57
2009	3.80	13.25	20.55	0.25	37.85

Source: Gwinnett County Tax Commissioners Office

CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
PRINCIPAL TAX PAYERS
December 31, 2009

Taxpayer	Nature of Business	2009	
		Taxable Assessed Value	% of Total Assessed Value
Level Creek Partners	Real Estate - Rentals	\$ 10,500,000	1.55%
GA Hwy 20 Associates, LLC	Various Businesses	7,975,500	1.18%
Halpern Properties, LLC	Various Businesses	6,977,100	1.03%
Lote Tree, LLC	Various Businesses	6,900,300	1.02%
Pinnacle-Peachtree Commons, LLC	Real Estate - Rentals	5,500,000	0.81%
Brogdon Road Place II, LLC	Various Businesses	4,956,000	0.73%
Ray Big Sky Properties, LLC	Various Businesses	4,788,200	0.71%
Rossini North America, Inc.	Manufacturer	4,378,066	0.65%
A.L. Grading Contractors, Inc.	General Contractor	4,067,283	0.60%
Shoppes At Bellagio, LLC	Various Businesses	3,725,500	0.55%
Total		<u>\$ 59,767,949</u>	<u>8.83%</u>
Total Assessed Value for all Taxpayers		<u><u>\$675,579,982</u></u>	

Source: County Tax Digest for 2009
Information for 2000 is not available

CITY OF SUGAR HILL, GEORGIA
 STATISTICAL SECTION
 STATEMENT OF LEGAL DEBT MARGIN
 December 31, 2009

	2005	2006	2007	2008	2009
Assessed Value Tax Digest	\$ 494,277,160	\$ 548,751,022	\$ 636,929,584	\$ 687,315,268	\$ 675,579,982
Debt Limit 10% of Assessed Value	\$ 49,427,716	\$ 54,875,102	\$ 63,692,958	\$ 68,731,527	\$ 67,557,998
Total Debt Applicable to Debt Limit	-	-	-	-	-
Legal Unused Debt Margin	\$ 49,427,716	\$ 54,875,102	\$ 63,692,958	\$ 68,731,527	\$ 67,557,998
Percentage of Debt Limit Used	0%	0%	0%	0%	0%

Source: County Tax Digest for 2009
 Information on debt for 1999 - 2003 is not available

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
GAS SYSTEM RATES, FEES AND CHARGES
December 31, 2009**

2009 Price Per Therm Per Month

January	\$ 1.14	July	\$ 0.66
February	1.16	August	0.65
March	1.11	September	0.59
April	1.04	October	0.85
May	0.82	November	0.91
June	0.76	December	0.91

Monthly Service Rate \$ 13.00

Tap On Fee \$ 200.00

<u>Meters</u>	<u>Price</u>	
	<u>Commercial</u>	<u>Residential</u>
R-275 68 1.25 Spud Gray	\$ 250.00	\$ 200.00
415 68 45LT Spud 10#	433.28	350.00
750 Meter 45LT 25 P.S.I.	1,043.60	1,000.00
1600 Meter 100 P.S.I. Max	1,587.44	1,550.00
3000 Meter 2" SCW	2,353.11	2,303.11
5000 Meter 4" SCW	3,048.78	2,998.78
10,000 Meter 4" SCW	4,292.99	4,242.99

<u>Meter Tree</u>		
Standard Meters	\$ 175.00	N/A
3 - Meter Outlet	42.00	
4 - Meter Branch	92.00	
6 - Meter Branch	112.00	
8 - Meter Branch	207.00	

Source: City of Sugar Hill Gas Department

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
LARGEST GAS SYSTEM CUSTOMERS
December 31, 2009**

<u>Customer Name</u>	<u>Industry</u>	<u>Total Billings</u>	<u>Percent of System Revenues</u>
Rossini North America, Inc.	Manufacturing	\$ 22,631	0.29%
Bears Best Atlanta	Golf Course/Restaurant	17,684	0.22%
MTI Whirlpools	Manufacturing	16,292	0.21%
Apple Restaurants, Inc.	Restaurant	15,964	0.20%
Publix Super Market	Supermarket	15,140	0.19%
The Derby	Restaurant	14,006	0.18%
N. Gwinnett High School Cafeteria	School	12,710	0.16%
20 Days	Printing	10,087	0.13%
Gwinnett County Board of Education	School	9,182	0.12%
N. Gwinnett High School New Gym	School	<u>8,574</u>	<u>0.11%</u>
Total		<u>142,270</u>	<u>1.81%</u>
Total Gas Revenue		<u>\$7,863,159</u>	

Source: City of Sugar Hill Gas Department

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
DEMOGRAPHIC AND ECONOMIC STATISTICS**

GENERAL INFORMATION, 2000

Total Population	11,399
Medial Age	32.1 Years
Median Income	\$ 59,489
Per Capita Income	\$ 23,198
Personal Income	\$ 264,434,002

Source: 2000 US Census Bureau

EMPLOYMENT STATUS, 2004

	<u>Number</u>	<u>Percentage</u>
Population 16 Years and Over	7815	100.0%
In Labor Force	7815	100.0%
Employed	7603	97.3%
Unemployed	212	2.7%

Source: Georgia Department of Labor, Workforce Information and Analysis

EMPLOYMENT BY INDUSTRY, 2000

	<u>Number</u>
Educational, Health and Social Services	932
Retail Trade	906
Manufacturing	813
Professional, Scientific, Management, Administrative, and Waste Management Services	689
Construction	579
Finance, Insurance, Real Estate, and Rental Leasing	505
Wholesale Trade	446
Arts, Entertainment, Recreation, Accommodation, and Food Service	359
Information	251
Other services (Except Public Administration)	233
Transportation, Warehousing and Utilities	177
Public Administration	138
Agriculture, Forestry, Fishing, Hunting, and Mining	36

Source: 2000 US Census Bureau

EDUCATIONAL ATTAINMENT, 2000

	<u>Number</u>	<u>Percentage</u>
Population 25 Years and Over	7208	100.0%
Less Than 9th grade	421	5.8%
9th to 12th grade, no diploma	785	10.9%
High School Graduate (Includes Equivalency)	1669	23.2%
Some College, No Degree	1812	25.1%
Associates Degree	497	6.9%
Bachelor's Degree	1590	22.1%
Graduate or Professional Degree	434	6.0%

Percent High School Graduate or Higher
Percent Bachelor's Degree or Higher

83.3%
28.1%

Source: 2000 US Census Bureau

**CITY OF SUGAR HILL, GEORGIA
PROPERTY VALUES AND CONSTRUCTION COSTS
LAST TEN FISCAL YEARS**

Fiscal Year	Property Values	Single Family Residential Permits(I)	% Change In Residential Permits Issued	Commercial Industrial Permits	% Change In Commercial Permits Issued	Estimated Construction Costs
2000	183,725,960	299	-15.06%	12	-45.45%	35,040,714
2001	218,176,190	360	20.40%	20	66.67%	56,601,228
2002	268,825,110	197	-45.28%	63	215.00%	385,115,813
2003	297,578,400	260	31.98%	20	-68.25%	179,943,846
2004	345,458,200	105	-59.62%	37	85.00%	28,227,323
2005	366,683,685	78	-25.71%	25	-32.43%	22,191,443
2006	400,507,522	254	225.64%	35	40.00%	46,464,236
2007	454,418,600	174	-31.50%	36	2.86%	29,068,832
2008	481,165,710	78	-55.17%	9	-75.00%	13,533,056
2009	474,452,810	77	-1.28%	14	55.56%	18,024,333

(I) Excludes Mobile Homes and Multi Family Dwellings

Source: City of Sugar Hill Department of Planning and Development and Georgia Department of Revenue Tax Digest Consolidation Summary

CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
PRINCIPAL EMPLOYERS
 December 31, 2009

	2009		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Total % of Employment</u>
Gwinnett County Public Schools	20,750	1	5.41%
Gwinnett County Government	4,991	2	1.30%
Gwinnett Health Systems	4,198	3	1.09%
Wal-Mart	3,593	4	0.94%
Publix	2,897	5	0.75%
United States Postal Service	2,301	6	0.60%
State of Georgia	2,167	7	0.56%
Kroger	1,904	8	0.50%
Scientific Atlanta	1,863	9	0.49%
Primerica Financial Services	1,700	10	0.44%
All other employees	337,509		87.92%
All Employment	<u>383,873</u>		<u>100.00%</u>

Notes: Statistics are kept only on a county-wide basis, therefore, Gwinnett County statistics are used

Source: Gwinnett County Department of Financial Services
 Information for 1999 is not available

Total County Employment from the Georgia Department of Labor, County Labor Force Estimates 2009

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
MISCELLANEOUS AND EMPLOYMENT**

Incorporated	1939
Form of Government	Mayor-Council
Mayor Elected for a Four Year Term	
Council Members (5) Elected for a Four Year Term	
Population Figures	
Sugar Hill, 2000 Census	11,399
Sugar Hill, 2006 Census Estimate	16,170
Gwinnett County, 2000 Census	588,448
Gwinnett County, 2007 Census Estimate	776,380
City of Sugar Hill Full Time-Equivalent Employees	
General Government	
Administration/Personnel	3
Finance/IT	3
Planning, License and Permits	6
Community Relations	1
Stormwater	3
Public Safety	
Municipal Court	1
Public Works	
Street	12
Facilities Maintenance	1
Utilities	
Gas:	
Administration	4
Other	10
Recreation	
Golf	14
	<hr/>
Total Full Time-Equivalent Employees	58
	<hr/> <hr/>

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
OPERATING INDICATORS BY FUNCTION/PROGRAM**

Function/Program**Public Works**

Loads of loose debris picked up	1,120
Number of street locations patched	14

Special Facilities - Community Center

Number of events	10
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Utilities

Gas:

New meters installed	43
leaks repaired	111
New gas line run (ft)	4,716
Locates	4,438
Total number of customers - Year End	9,774

Recreation

Golf:

Number of rounds played	16,076
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Source: City Finance Department

**CITY OF SUGAR HILL, GEORGIA
STATISTICAL SECTION
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Public Works	
Streets:	
Miles of streets	71
Miles of Sidewalks	27
Special Facilities - Community Center	
Rooms available for rental	2
Utilities	
Gas:	
Miles of gas line	
Coated	26
Plastic	143
Base supply contract (mcf per day)	
Number of connections - Year End	9,905
Recreation	
Park	2
Land Area (acres)	125
Baseball/Softball Fields	2
Tennis Courts	2
Soccer Field	1
Playgrounds	2
Volleyball Courts	2
Basketball Court	1
Veteran's Memorial	1
Walking Trails (miles)	0.46
Golf - Public 18-Hole:	
Land Area (acres)	170
Approximate City Land Area (sq miles)	14

Source: City Finance Department