

**CITY OF SUGAR HILL, GEORGIA**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

**For the year ended December 31, 2010**

Prepared by the City of Sugar Hill, Georgia  
Finance Department

**CITY OF SUGAR HILL, GEORGIA**  
**December 31, 2010**

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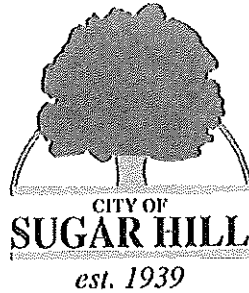
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**CITY OF SUGAR HILL, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Year Ended December 31, 2010

**Introductory Section**



## Letter of Transmittal

July 15, 2011

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, 2010.

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, 2010, 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, 2010, 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 3rd 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 2010 was 9.4 percent, compared to 10.1 percent for Georgia’s statewide rate and the same as the national rate of 9.4 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 14.7%. 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.

<b>ESTIMATED FAIR VALUES (IN MILLIONS)</b>		
<b><u>YEAR</u></b>	<b><u>FAIR VALUES</u></b>	<b><u>PERCENT CHANGE</u></b>
2006	\$548.8	11.02%
2007	\$636.9	16.05%
2008	\$687.3	7.91%
2009	\$675.6	-1.70%
2010	\$629.4	-6.8%

Source: Ga. Department of Revenue 2010 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 37 years. The City contracted to have City Hall expanded and brought into ADA compliance. An elevator was 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. In 2010, the City became a Passport Acceptance Facility. This allows us to act as agents of the US Department of State in accepting passport applications and forwarding them for processing. There are plans for a new city hall to be opened in the year 2012.

#### **Gas Meter and Pipe Replacement Program-**

The City has completed the gas meter and pipe replacement program for the year. The City replaced approximately 271 gas meters and 4,004 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 9,892 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 90 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.

The American Public Gas Association (APGA) presented the City with its first Safety Award in 2010. This award was given to the City in recognition of the Successful Efforts the City has made to ensure the Safety of our Employees and Customers and the Integrity of our gas system.

### **Acknowledgements**

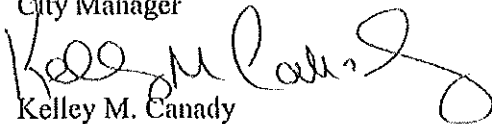
Preparation of the Comprehensive Annual Financial Report was a combined effort by the dedicated staff of the Finance Department, the auditors for the City and the cooperation of the various elected officials and appointed management. We sincerely appreciate the contribution and assistance each provided 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. Hall  
City Manager



Kelley M. Canady  
Financial Officer



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  
Curtis Northrup

**APPOINTED OFFICIALS**

Bob Hail..... 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](http://www.cityofsugarhill.com)

**CITY OF SUGAR HILL, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Year Ended December 31, 2010

**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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FAX (770) 536-0136

MEMBER  
GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

July 15, 2011

**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, 2010 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, 2010 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 July 15, 2011 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 \$4.2 million (or 6%). 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 \$3.8 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, 2010 and 2009

	Net Assets at Year-End					
	(in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Cash and Investments	\$ 17,843.5	\$ 17,889.7	\$ 7.6	\$ 6.6	\$ 17,851.1	\$ 17,896.3
Other Assets	704.6	703.0	1,464.5	1,413.1	2,169.1	2,116.1
Capital Assets	44,031.6	40,223.5	10,443.5	10,402.7	54,475.1	50,626.2
<b>Total Assets</b>	<b>62,579.7</b>	<b>58,816.2</b>	<b>11,915.6</b>	<b>11,822.4</b>	<b>74,495.3</b>	<b>70,638.6</b>
Other Liabilities	456.3	773.5	1,827.2	1,683.8	2,283.5	2,457.3
Long-Term Debt Outstanding	2,273.3	2,387.4	82.6	112.6	2,355.9	2,500.0
<b>Total Liabilities</b>	<b>2,729.6</b>	<b>3,160.9</b>	<b>1,909.8</b>	<b>1,796.4</b>	<b>4,639.4</b>	<b>4,957.3</b>
Net Assets:						
Invested in Capital Assets,						
Net of Debt	43,978.8	40,073.5	10,370.3	10,298.4	54,349.1	50,371.9
Unrestricted	15,871.3	15,581.8	(364.5)	(272.4)	15,506.8	15,309.4
<b>Total Net Assets</b>	<b>\$ 59,850.1</b>	<b>\$ 55,655.3</b>	<b>\$10,005.8</b>	<b>\$10,026.0</b>	<b>\$ 69,855.9</b>	<b>\$ 65,681.3</b>

### Governmental Activities

General governmental net assets increased during the year by \$4.2 million. The increase was mainly a result of transfers in from the Gas Department.

Fixed assets increased by more than \$3.8 million. There were two significant capital projects: Expansion of the City Park System and development of a town center.

### Business-Type Activities

The net assets of the business-type funds decreased by approximately \$20,000.

Overall debt of the business-type activities increased by approximately \$113,000. 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 \$33,000 of the lease debt is due in 2011.

Fixed assets increased by approximately \$41,000 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, 2010 and 2009**

**Governmental and Proprietary Activities  
For The Year Ending December 31, 2010 and 2009**

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program Revenue						
Charges for Services	\$ 754.2	\$ 646.6	\$10,295.6	\$ 9,596.2	\$ 11,049.8	\$ 10,242.8
Grants and Contributions	2,246.5	2,045.6	-	-	2,246.5	2,045.6
General Revenues						
Taxes	4,006.3	4,333.9	-	-	4,006.3	4,333.9
Interest	113.9	255.5	-	-	113.9	255.5
Miscellaneous	27.0	28.7	-	-	27.0	28.7
Total Revenues	<u>7,147.9</u>	<u>7,310.3</u>	<u>10,295.6</u>	<u>9,596.2</u>	<u>17,443.5</u>	<u>16,906.5</u>
<b>Expenses</b>						
Governmental Activities:						
General Government	1,381.9	1,348.0	-	-	1,381.9	1,348.0
Public Safety	122.3	131.0	-	-	122.3	131.0
Public Works	1,773.8	2,461.1	-	-	1,773.8	2,461.1
Public Health and Welfare	27.5	31.9	-	-	27.5	31.9
Recreation and Culture	909.5	583.8	-	-	909.5	583.8
Housing and Development	528.3	534.0	-	-	528.3	534.0
Business-Type Activities						
Gas	-	-	7,031.2	6,544.8	7,031.2	6,544.8
Golf	-	-	1,223.7	1,186.3	1,223.7	1,186.3
Storm Water	-	-	270.7	327.8	270.7	327.8
Total Expenses	<u>4,743.3</u>	<u>5,089.8</u>	<u>8,525.6</u>	<u>8,058.9</u>	<u>13,268.9</u>	<u>13,148.7</u>
Change in net assets before transfers	<u>2,404.6</u>	<u>2,220.5</u>	<u>1,770.0</u>	<u>1,537.3</u>	<u>4,174.6</u>	<u>3,757.8</u>
Transfers	<u>1,790.2</u>	<u>1,562.0</u>	<u>(1,790.2)</u>	<u>(1,518.1)</u>	<u>-</u>	<u>43.9</u>
<b>Change in Net Assets</b>	<u>4,194.8</u>	<u>3,782.5</u>	<u>(20.2)</u>	<u>19.2</u>	<u>4,174.6</u>	<u>3,801.7</u>
Beginning 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>
<b>Ending Net Assets</b>	<u>\$ 59,850.1</u>	<u>\$ 55,655.3</u>	<u>\$10,005.8</u>	<u>\$10,026.0</u>	<u>\$ 69,855.9</u>	<u>\$ 65,681.3</u>

**Governmental Activities**

Total revenues decreased approximately \$160,000 (or 2%). This decrease was due in large part to a decrease in tax revenues.

Overall expenses decreased by approximately \$347,000 (or 7%) from 2009.

**Business-type Activities**

Total revenues increased \$699,000 (or 7%). The increase is mainly attributable to an increase in gas revenues.

Expenses of the proprietary funds increased \$467,000 (or 6%). Gas fund expenses increased by \$486,000 corresponding with the increase 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, 2010 the City had invested \$54.5 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	1,978.8	2,399.3	4,378.1
Infrastructure/Plant & System	32,829.4	4,306.8	37,136.2
Machinery & Equipment	1,205.1	1,808.3	3,013.4
Recreational Upgrades	13,774.2	-	13,774.2
Sprayfield	226.9	583.7	810.6
Golf Course Renovation	-	706.0	706.0
Vehicles	833.5	439.1	1,272.6
Construction In Progress	2,213.9	-	2,213.9
	<u>57,822.6</u>	<u>14,510.5</u>	<u>72,333.1</u>
Less Accumulated Depreciation	<u>(13,791.0)</u>	<u>(4,067.0)</u>	<u>(17,858.0)</u>
Book Value - Depreciable Assets	<u>\$ 44,031.6</u>	<u>\$ 10,443.5</u>	<u>\$ 54,475.1</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	\$ 40,223.5	\$ 10,402.6	\$ 50,626.1
Additions	5,093.1	486.7	5,579.8
Retirement	(12.4)	-	(12.4)
Depreciation Expense	(1,272.6)	(445.8)	(1,718.4)
Ending Balance	<u>\$ 44,031.6</u>	<u>\$ 10,443.5</u>	<u>\$ 54,475.1</u>

Capital asset additions from governmental activities amounted to approximately \$5.1 million with most coming from recreational upgrades.

Business-type activities asset additions amounted to more than \$480,000, with a major portion going towards renovation of the Sugar Hill Golf Course Club House, as well as other machinery and equipment.

## Debt Outstanding

As of year-end, the City had \$ 3,020,300 in debt outstanding compared to \$ 3,159,800 in 2009. \$152,762 of the debt outstanding is due within one year.

### Debt Outstanding At Year End 2010 and 2009

(in thousands of dollars)

	Totals	
	2010	2009
Governmental		
Compensated Absences	\$ 98.6	\$ 92.6
Landfill closure/postclosure	2,294.8	2,414.8
Sub-total	<u>2,393.4</u>	<u>2,507.4</u>
Business-type		
Compensated Absences	42.2	39.5
Customer Deposits	511.5	508.6
Capital Leases	73.2	104.3
Sub-total	<u>626.9</u>	<u>652.4</u>
Total	<u>\$ 3,020.3</u>	<u>\$ 3,159.8</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 using SPLOST Funds for improvements and freeing up General Fund for operation.

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 has been designed and includes multipurpose fields, soccer fields, walking paths, playgrounds, concession/rest room facilities and state of the art sports lighting.

## 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, 2010

**Basic Financial Statements**

**CITY OF SUGAR HILL, GEORGIA**  
**STATEMENT OF NET ASSETS**  
**December 31, 2010**

ASSETS	Primary Government			Component Unit - City of Sugar Hill Housing Authority
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>Current Assets</b>				
Cash	\$ 5,936,538	\$ 7,568	\$ 5,944,106	\$ 27,116
Investments	11,906,995	-	11,906,995	169,572
Accounts Receivable (net of allowance for uncollectibles)	683,757	1,342,879	2,026,636	-
Prepaid Items and Other Receivables	20,874	36,090	56,964	-
Supplies/Inventory	-	85,574	85,574	-
<b>Total Current Assets</b>	<b>18,548,164</b>	<b>1,472,111</b>	<b>20,020,275</b>	<b>196,688</b>
<b>Capital Assets:</b>				
Land	4,760,836	4,267,304	9,028,140	-
Buildings and Improvements	1,978,799	2,399,270	4,378,069	-
Sprayfield	226,915	583,676	810,591	-
Machinery and Equipment	1,205,135	1,808,339	3,013,474	-
Vehicles	833,537	439,148	1,272,685	-
Recreational Upgrades	13,774,227	-	13,774,227	-
Infrastructure	32,829,358	-	32,829,358	-
Gas Distribution System	-	4,306,768	4,306,768	-
Golf Course Renovations	-	706,041	706,041	-
Construction in Progress	2,213,846	-	2,213,846	-
Less Accumulated Depreciation	(13,791,084)	(4,067,050)	(17,858,134)	-
<b>Capital Assets, net of depreciation</b>	<b>44,031,569</b>	<b>10,443,496</b>	<b>54,475,065</b>	<b>-</b>
<b>Total Assets</b>	<b>62,579,733</b>	<b>11,915,607</b>	<b>74,495,340</b>	<b>196,688</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	247,104	1,282,920	1,530,024	-
Retainage Payable	52,753	-	52,753	-
Lease Payable Due Within One Year	-	32,762	32,762	-
Due to Others	36,420	-	36,420	-
Customer Deposits	-	511,467	511,467	-
Landfill Closure/Postclosure Cost - current portion	120,000	-	120,000	-
<b>Total Current Liabilities</b>	<b>456,277</b>	<b>1,827,149</b>	<b>2,283,426</b>	<b>-</b>
<b>Long-Term Liabilities:</b>				
Lease Payable Due in More Than One Year	-	40,393	40,393	-
Compensated Absences	98,558	42,210	140,768	-
Landfill Closure/Postclosure Cost	2,174,795	-	2,174,795	-
<b>Total long-term liabilities</b>	<b>2,273,353</b>	<b>82,603</b>	<b>2,355,956</b>	<b>-</b>
<b>Total Liabilities</b>	<b>2,729,630</b>	<b>1,909,752</b>	<b>4,639,382</b>	<b>-</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	43,978,816	10,370,341	54,349,157	-
Unrestricted	15,871,287	(364,486)	15,506,801	196,688
<b>Total Net Assets</b>	<b>\$ 59,850,103</b>	<b>\$ 10,005,855</b>	<b>\$ 69,855,958</b>	<b>\$ 196,688</b>

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

**CITY OF SUGAR HILL, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
December 31, 2010

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS		PRIMARY GOVERNMENT		Component Unit-City of Sugar Hill Housing Authority
			GOVERNMENTAL ACTIVITIES	GOVERNMENTAL BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL	
General Government	\$ 1,381,989	\$ 573,433	\$ 1,313,427	\$ 504,871	\$ -	\$ 504,871	
Public Safety	122,272	10,298	-	(111,974)	-	(111,974)	
Public Works	1,773,769	4,496	469,070	(1,300,203)	-	(1,300,203)	
Public Health and Welfare	27,490	-	-	(27,490)	-	(27,490)	
Recreation and Culture	909,468	165,994	463,958	(279,516)	-	(279,516)	
Housing and Development	528,326	-	-	(528,326)	-	(528,326)	
Total Governmental Activities	4,743,314	754,221	2,246,455	(1,742,638)	-	(1,742,638)	
BUSINESS-TYPE ACTIVITIES							
Gas	7,031,203	8,829,021	-	-	1,797,818	1,797,818	
Golf	1,223,648	923,127	-	-	(300,521)	(300,521)	
Stormwater Utility	270,725	543,466	-	-	272,741	272,741	
Total Business-type activities	8,525,576	10,295,614	-	-	1,770,038	1,770,038	
Total Primary Government	\$ 13,268,890	\$ 11,049,835	\$ 2,246,455	\$ (1,742,638)	\$ 1,770,038	\$ 27,400	
COMPONENT UNIT							
Sugar Hill Housing Authority	\$ 27,901	\$ 15,201				\$ (12,700)	

GENERAL REVENUES	PROPERTY TAXES	FRANCHISE TAXES	SELECTIVE SALES TAXES	BUSINESS TAXES	UNRESTRICTED INVESTMENT EARNINGS	MISCELLANEOUS	TRANSFERS	TOTAL GENERAL REVENUES AND TRANSFERS	CHANGE IN NET ASSETS	NET ASSETS, Beginning	NET ASSETS, Ending
\$ 2,352,060	\$ 719,410	\$ 63,987	\$ 870,766	\$ 113,940	\$ 27,037	\$ 1,790,174	\$ (1,790,174)	\$ 4,194,736	\$ 55,655,367	\$ 59,850,103	\$ 69,855,958
								4,174,600	10,025,991	10,005,855	205,610
								65,681,358	65,681,358	65,681,358	196,688
								3,778			3,778
								27,037			27,037
								4,147,200			4,147,200
								(20,136)			(8,922)
								65,681,358			205,610
								69,855,958			196,688

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



**CITY OF SUGAR HILL, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2010**

	<u>GENERAL FUND</u>	<u>2005 SPLOST</u>	<u>2009 SPLOST</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash	\$ 2,357,816	\$ 972,919	\$ 2,605,803	\$ 5,936,538
Investments	11,906,995	-	-	11,906,995
Accounts Receivable (net of allowance for uncollectibles)	277,374	-	406,383	683,757
Prepaid Items and Other Receivables	20,874	-	-	20,874
<b>TOTAL ASSETS</b>	<u>\$14,563,059</u>	<u>\$ 972,919</u>	<u>\$ 3,012,186</u>	<u>\$18,548,164</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 188,985	\$ -	\$ -	\$ 188,985
Accrued Salaries and Fringe Benefits	58,119	-	-	58,119
Retainage Payable	52,753	-	-	52,753
Erosion Bonds - Escrow Deposit	36,420	-	-	36,420
Deferred Revenue	248,842	-	-	248,842
<b>TOTAL LIABILITIES</b>	<u>585,119</u>	<u>-</u>	<u>-</u>	<u>585,119</u>
<b>FUND BALANCE</b>				
Unreserved, Undesignated, Reported in General Fund	13,977,940	-	-	13,977,940
Capital Projects Funds	-	972,919	3,012,186	3,985,105
<b>TOTAL FUND BALANCE</b>	<u>13,977,940</u>	<u>972,919</u>	<u>3,012,186</u>	<u>17,963,045</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$14,563,059</u>	<u>\$ 972,919</u>	<u>\$ 3,012,186</u>	<u>\$18,548,164</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, 2010**

**Total Fund Balance for the Governmental Funds** **\$17,963,045**

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	1,978,799	
Sprayfield	226,915	
Machinery and Equipment	1,205,135	
Vehicles	833,537	
Recreational Upgrades	13,774,227	
Infrastructure	32,829,358	
Construction in Progress	2,213,846	
Accumulated Depreciation	<u>(13,791,084)</u>	
Total capital assets		44,031,569

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.

248,842

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	(2,294,795)	
Compensated Absences	<u>(98,558)</u>	
Total Long Term Liabilities		<u>(2,393,353)</u>

**Net Assets of Governmental Activities** **\$59,850,103**

**CITY OF SUGAR HILL, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2010**

	GENERAL FUND	2005 SPLOST	2009 SPLOST	TOTAL
<b>REVENUES</b>				
Taxes	\$ 4,002,604	\$ -	\$ -	\$ 4,002,604
Licenses and Permits	184,212	-	-	184,212
Intergovernmental	691	5,112	2,241,342	2,247,145
Charges for Services	559,711	-	-	559,711
Fines and Forfeitures	10,298	-	-	10,298
Investment Earnings	106,096	2,756	5,088	113,940
Miscellaneous	27,037	-	-	27,037
<b>TOTAL REVENUES</b>	<u>4,890,649</u>	<u>7,868</u>	<u>2,246,430</u>	<u>7,144,947</u>
<b>EXPENDITURES</b>				
Current Expenditures				
General Government	1,994,126	-	-	1,994,126
Public Safety	122,272	-	-	122,272
Public Works	1,347,584	-	-	1,347,584
Health and Welfare	9,048	-	-	9,048
Recreation and Culture	3,473,330	-	-	3,473,330
Housing and Development	522,891	-	-	522,891
Capital Outlay	-	582,375	493,784	1,076,159
Debt Service				
Landfill Closure/Postclosure Costs	120,000	-	-	120,000
<b>TOTAL EXPENDITURES</b>	<u>7,589,251</u>	<u>582,375</u>	<u>493,784</u>	<u>8,665,410</u>
<b>REVENUES IN EXCESS OF (LESS THAN) EXPENDITURES</b>	<u>(2,698,602)</u>	<u>(574,507)</u>	<u>1,752,646</u>	<u>(1,520,463)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,152,243	-	-	2,152,243
Transfers Out	(362,069)	-	-	(362,069)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>1,790,174</u>	<u>-</u>	<u>-</u>	<u>1,790,174</u>
<b>NET CHANGE IN FUND BALANCE</b>	(908,428)	(574,507)	1,752,646	269,711
<b>FUND BALANCE, Beginning of year</b>	<u>14,886,368</u>	<u>1,547,426</u>	<u>1,259,540</u>	<u>17,693,334</u>
<b>FUND BALANCE, End of year</b>	<u>\$13,977,940</u>	<u>\$ 972,919</u>	<u>\$ 3,012,186</u>	<u>\$17,963,045</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, 2010**

**Net Change in Fund Balance - Total Governmental Funds** \$ 269,711

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	\$ 5,093,125	
Less Current Year Depreciation	<u>(1,272,585)</u>	
Excess of capital outlay over depreciation expense		3,820,540

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. (12,458)

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, 2010	(98,558)	
Liability at December 31, 2009	<u>92,573</u>	(5,985)

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, 2010	248,842	
Liability at December 31, 2009	<u>(245,914)</u>	<u>2,928</u>

**Change in Net Assets of Governmental Activities** **\$ 4,194,736**

**CITY OF SUGAR HILL, GEORGIA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2010**

	GAS FUND	GOLF FUND	STORMWATER UTILITY FUND	TOTAL
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash	\$ 800	\$ 6,768	\$ -	\$ 7,568
Supplies / Inventory	67,238	18,336	-	85,574
Accounts Receivable (net of allowance for uncollectibles)	1,281,791	-	61,088	1,342,879
Prepaid Items and Other Receivables	25,296	5,397	5,397	36,090
<b>Total Current Assets</b>	<b>1,375,125</b>	<b>30,501</b>	<b>66,485</b>	<b>1,472,111</b>
<b>Capital Assets:</b>				
Land	10,900	4,256,404	-	4,267,304
Buildings and Improvements	196,240	2,203,030	-	2,399,270
Sprayfield	-	583,676	-	583,676
Machinery and Equipment	708,439	1,003,274	96,626	1,808,339
Vehicles	279,229	29,834	130,085	439,148
Golf Course Renovations	-	706,041	-	706,041
Gas Distribution System	4,306,768	-	-	4,306,768
Less: Accumulated Depreciation	(1,778,941)	(2,266,672)	(21,437)	(4,067,050)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>3,722,635</b>	<b>6,515,587</b>	<b>205,274</b>	<b>10,443,496</b>
<b>TOTAL ASSETS</b>	<b>5,097,760</b>	<b>6,546,088</b>	<b>271,759</b>	<b>11,915,607</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	1,237,111	8,235	245	1,245,591
Other Accrued Items	19,204	13,424	4,701	37,329
Customer Deposits	511,467	-	-	511,467
Current Portion of Long-term Debt	-	32,762	-	32,762
<b>Total Current Liabilities</b>	<b>1,767,782</b>	<b>54,421</b>	<b>4,946</b>	<b>1,827,149</b>
<b>Noncurrent Liabilities</b>				
Compensated Absences	18,638	18,367	5,205	42,210
Long-term Portion of Debt	-	40,393	-	40,393
<b>Total Noncurrent Liabilities</b>	<b>18,638</b>	<b>58,760</b>	<b>5,205</b>	<b>82,603</b>
<b>TOTAL LIABILITIES</b>	<b>1,786,420</b>	<b>113,181</b>	<b>10,151</b>	<b>1,909,752</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	3,722,635	6,442,432	205,274	10,370,341
Unrestricted	(411,295)	(9,525)	56,334	(364,486)
<b>TOTAL NET ASSETS</b>	<b>\$ 3,311,340</b>	<b>\$ 6,432,907</b>	<b>\$ 261,608</b>	<b>\$10,005,855</b>

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, 2010**

	GAS FUND	GOLF FUND	STORMWATER UTILITY FUND	TOTAL
<b>OPERATING REVENUES</b>				
Sales	\$ 8,376,541	\$ -	\$ -	\$ 8,376,541
Green and Cart Fees	-	733,262	-	733,262
Tap-On Fees	21,850	-	-	21,850
Rentals	-	15,972	-	15,972
Concession and Merchandise	-	168,525	-	168,525
User Fees and Charges	-	-	536,921	536,921
Penalties and Interest	147,637	-	6,545	154,182
Rebates and Other Revenue	282,993	5,368	-	288,361
<b>TOTAL OPERATING REVENUES</b>	<b>8,829,021</b>	<b>923,127</b>	<b>543,466</b>	<b>10,295,614</b>
<b>OPERATING EXPENSES</b>				
Personal Services and Employee Benefits	681,426	571,003	165,129	1,417,558
Purchased/Contracted Services				
Professional and Technical	24,951	41,305	-	66,256
Purchased Property Services	18,253	52,015	6,152	76,420
Rentals	-	1,026	-	1,026
Other Purchased Services	47,710	39,270	57,554	144,534
Supplies	6,077,955	264,180	26,171	6,368,306
Depreciation	179,891	250,245	15,719	445,855
<b>TOTAL OPERATING EXPENSES</b>	<b>7,030,186</b>	<b>1,219,044</b>	<b>270,725</b>	<b>8,519,955</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,798,835</b>	<b>(295,917)</b>	<b>272,741</b>	<b>1,775,659</b>
<b>NON-OPERATING EXPENSES</b>				
Interest Expense	(1,017)	(4,604)	-	(5,621)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>1,797,818</b>	<b>(300,521)</b>	<b>272,741</b>	<b>1,770,038</b>
<b>TRANSFERS</b>				
Transfer Out To General Fund	(1,952,345)	-	(199,898)	(2,152,243)
Transfers In From General Fund	-	362,069	-	362,069
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>(1,952,345)</b>	<b>362,069</b>	<b>(199,898)</b>	<b>(1,790,174)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(154,527)</b>	<b>61,548</b>	<b>72,843</b>	<b>(20,136)</b>
<b>TOTAL NET ASSETS, Beginning of Year</b>	<b>3,465,867</b>	<b>6,371,359</b>	<b>188,765</b>	<b>10,025,991</b>
<b>TOTAL NET ASSETS, End of Year</b>	<b>\$ 3,311,340</b>	<b>\$ 6,432,907</b>	<b>\$ 261,608</b>	<b>\$10,005,855</b>

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, 2010**

	GAS FUND	GOLF FUND	STORMWATER UTILITY FUND	TOTAL
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 8,794,753	\$ 923,127	\$ 542,233	\$10,260,113
Payments to Vendors and Other Suppliers	(6,027,448)	(411,242)	(91,173)	(6,529,863)
Payments to Employees	(679,326)	(570,865)	(165,463)	(1,415,654)
Net Cash Provided (Used) by Operating Activities	<u>2,087,979</u>	<u>(58,980)</u>	<u>285,597</u>	<u>2,314,596</u>
<b>CASH FLOWS FROM (TO) NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers From (To) Other Funds	<u>(1,952,345)</u>	<u>362,069</u>	<u>(199,898)</u>	<u>(1,790,174)</u>
<b>CASH FLOWS TO CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(134,617)	(266,355)	(85,699)	(486,671)
Principal Payments, Net of Borrowings	-	(31,134)	-	(31,134)
Interest Paid	(1,017)	(4,604)	-	(5,621)
Net cash Used by Financing Activities	<u>(135,634)</u>	<u>(302,093)</u>	<u>(85,699)</u>	<u>(523,426)</u>
Net Increase in Cash and Cash Equivalents	-	996	-	996
CASH, Beginning of Year	800	5,772	-	6,572
CASH, End of Year	<u>\$ 800</u>	<u>\$ 6,768</u>	<u>\$ -</u>	<u>\$ 7,568</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, 2010**

	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)	\$ 1,798,835	\$ (295,917)	\$ 272,741	\$ 1,775,659
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation	179,891	250,245	15,719	445,855
Change In Assets and Liabilities:				
Accounts Receivable	(37,093)	-	(1,233)	(38,326)
Supplies / Inventory	(6,176)	(1,951)	-	(8,127)
Prepaid Items and Other Receivables	(1,716)	(1,667)	(1,541)	(4,924)
Accounts Payable	149,313	(9,828)	245	139,730
Customer Deposits	2,825	-	-	2,825
Compensated Absences	1,496	2,078	(817)	2,757
Other Accrued Items	604	(1,940)	483	(853)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,087,979</b>	<b>\$ (58,980)</b>	<b>\$ 285,597</b>	<b>\$ 2,314,596</b>

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



**CITY OF SUGAR HILL, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

**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, 2010. 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, 2010, 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, 2010**

**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 \$196,688 at December 31, 2010 with reported revenues of \$15,201 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, 2010, 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, 2010**

**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, 2010**

**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, 2010**

**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, 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, 2010**

**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 proprietary 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, 2010**

**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>
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No departments overspent the final budget in Fiscal Year 2010:

**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, 2010**

**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, 2010, 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 reported on the government-wide statements

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, 2010**

**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.

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, 2010**

**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, 2010 there were no Interfund Balances (Due to/from).

**2- Deposits and Investments**

Deposits - as of December 31, 2010, the carrying amount for the City and the discretely presented component unit, was \$5,944,106 and \$27,116 respectively and the bank balance was \$6,497,455 and \$27,116 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>\$ 5,944,106</u>	<u>\$ 27,116</u>

The City's deposits are classified as follows at December 31, 2010:

	Category			Total
	1	2	3	
Primary Government	<u>\$ 772,255</u>	<u>\$ 5,725,200</u>	<u>\$ -</u>	<u>\$ 6,497,455</u>
Component Unit				
The Housing Authority of the City of Sugar Hill	<u>\$ 27,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,116</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, 2010**

**2- Deposits and Investments (Continued)**

Investments are displayed as follows:  
Statement of Net Assets  
Investments

Primary Government	Component Unit
\$ 11,906,995	\$ 169,572

The following investments were subject to categorization:

	Category			Total
	1	2	3	
Primary Government	\$ 500,000	\$ 11,406,995	\$ -	\$ 11,906,995
Component Unit The Housing Authority of the City of Sugar Hill	\$ 169,572	\$ -	\$ -	\$ 169,572

Investment	Maturities	Credit Rating	Fair Value
Primary Government:			
Wachovia Money Market Account	N/A	N/A	\$ 10,889,481
CD - Quantum Bank	October 22, 2011	N/A	1,017,514
			\$ 11,906,995
Component Unit:			
CD - Quantum Bank	August 7, 2011	N/A	\$ 42,804
CD - Quantum Bank	May 7, 2011	N/A	42,526
CD - Quantum Bank	February 5, 2011	N/A	41,969
CD - Quantum Bank	November 7, 2011	N/A	42,273
			\$ 169,572

**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, 2010, all deposits of the City were adequately insured or collateralized.

**CITY OF SUGAR HILL, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

**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	\$ 277,374	\$ -	\$ -	\$ 277,374
Sales Tax Receivable	-	406,383	-	406,383
Accounts Receivable	-	-	1,281,791	1,281,791
Total	<u>\$ 277,374</u>	<u>\$ 406,383</u>	<u>\$ 1,281,791</u>	<u>\$ 1,965,548</u>

Property taxes attach as an enforceable lien on property as of November 16. The taxes are levied in July and billed to the property holder on September 22 by the Gwinnett County Tax Office. Taxes are due 60 days after billing which is November 15. The taxes for the 2010 digest year were payable on November 15, 2010. 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, 2010**

**4 - Capital Assets**

Capital asset activity for the year ended December 31, 2010 was as follows:

Primary Government:	Beginning Balance	Reclass	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 4,760,836	\$ -	\$ -	\$ -	\$ 4,760,836
Construction in progress	10,320,436	(9,189,786)	1,083,196	-	2,213,846
Total non-depreciable capital assets	<u>15,081,272</u>	<u>(9,189,786)</u>	<u>1,083,196</u>	<u>-</u>	<u>6,974,682</u>
<b>Depreciable Assets:</b>					
Buildings and Improvements	1,970,352	-	8,447	-	1,978,799
Machinery and Equipment	1,167,756	-	50,603	(13,224)	1,205,135
Vehicles	788,500	-	45,037	-	833,537
Infrastructure	31,686,754	560,229	582,375	-	32,829,358
Sprayfield	226,915	-	-	-	226,915
Recreational Upgrades	1,821,203	8,629,557	3,323,467	-	13,774,227
Total depreciable capital assets	<u>37,661,480</u>	<u>9,189,786</u>	<u>4,009,929</u>	<u>(13,224)</u>	<u>50,847,971</u>
<b>Accumulated Depreciation:</b>					
Buildings and Improvements	(534,838)	-	(47,257)	-	(582,095)
Machinery and Equipment	(393,439)	-	(67,255)	766	(459,928)
Vehicles	(296,002)	-	(74,175)	-	(370,177)
Infrastructure	(11,123,650)	-	(817,476)	-	(11,941,126)
Sprayfield	(33,050)	-	(6,376)	-	(39,426)
Recreational Upgrades	(138,286)	-	(260,046)	-	(398,332)
Less Total Accumulated Depreciation	<u>(12,519,265)</u>	<u>-</u>	<u>(1,272,585)</u>	<u>766</u>	<u>(13,791,084)</u>
Total depreciable capital assets, net	<u>25,142,215</u>	<u>9,189,786</u>	<u>2,737,344</u>	<u>(12,458)</u>	<u>37,056,887</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 40,223,487</u>	<u>\$ -</u>	<u>\$ 3,820,540</u>	<u>\$ (12,458)</u>	<u>\$ 44,031,569</u>
<b>Business-type activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 4,267,304	\$ -	\$ -	\$ -	\$ 4,267,304
Construction in progress	186,215	(186,215)	-	-	-
Total non-depreciable capital assets	<u>4,453,519</u>	<u>(186,215)</u>	<u>-</u>	<u>-</u>	<u>4,267,304</u>
<b>Depreciable Assets:</b>					
Buildings and Improvements	1,950,700	186,215	262,355	-	2,399,270
Machinery and Equipment	1,773,238	-	65,181	(30,081)	1,808,338
Vehicles	353,448	-	85,700	-	439,148
Sprayfield	583,676	-	-	-	583,676
Gas Distribution System	4,233,333	-	73,435	-	4,306,768
Golf Course Renovations	706,041	-	-	-	706,041
Total depreciable capital assets	<u>9,600,436</u>	<u>186,215</u>	<u>486,671</u>	<u>(30,081)</u>	<u>10,243,241</u>
<b>Accumulated Depreciation:</b>					
Buildings and Improvements	(1,115,493)	-	(75,325)	-	(1,190,818)
Machinery and Equipment	(858,020)	-	(156,719)	30,081	(984,658)
Vehicles	(201,855)	-	(41,966)	-	(243,821)
Sprayfield	(209,151)	-	(19,456)	-	(228,607)
Gas Distribution System	(1,052,505)	-	(104,731)	-	(1,157,236)
Golf Course Renovations	(214,251)	-	(47,658)	-	(261,909)
Less Total Accumulated Depreciation	<u>(3,651,275)</u>	<u>-</u>	<u>(445,855)</u>	<u>30,081</u>	<u>(4,067,049)</u>
Total depreciable capital assets, net	<u>5,949,161</u>	<u>186,215</u>	<u>40,816</u>	<u>-</u>	<u>6,176,192</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 10,402,680</u>	<u>\$ -</u>	<u>\$ 40,816</u>	<u>\$ -</u>	<u>\$ 10,443,496</u>

**CITY OF SUGAR HILL, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

**4 - Capital Assets (Continued)**

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

**Governmental activities:**

General Government	\$ 31,878
Health and Welfare	18,442
Housing and Development	6,563
Public Works	918,394
Recreation and Culture	297,308
Total Depreciation Expense - Governmental Activities	<u>\$ 1,272,585</u>

**Business-type activities:**

Gas	\$ 179,891
Golf	250,245
Stormwater	15,719
Total Depreciation Expense - Business-Type Activities	<u>\$ 445,855</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, 2010. 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, 2010, the City has recorded a liability for the landfill of \$2,294,795 which represents the estimated postclosure costs based on 100% of landfill capacity used to date. All estimated liability for these costs have been recognized since the landfill is no longer used. These amounts are based on what it would cost to perform all postclosure care in 2010. 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 have been estimated by the City's Public Works Department.

**CITY OF SUGAR HILL, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

**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 2011</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 92,573	\$ 12,107	\$ (6,122)	\$ 98,558	\$ -
Landfill Closure/Postclosure	2,414,795	-	(120,000)	2,294,795	120,000
<b>Total Governmental Activities</b>	<u>\$ 2,507,368</u>	<u>\$ 12,107</u>	<u>\$ (126,122)</u>	<u>\$ 2,393,353</u>	<u>\$ 120,000</u>
<b>Business-Type Activities:</b>					
Leases Payable:					
National City Comm. Cap. Co.	\$ 104,289	\$ -	\$ (31,134)	\$ 73,155	\$ 32,762
Compensated Absences	39,453	3,574	(817)	42,210	-
<b>Total Business-Type</b>	<u>\$ 143,742</u>	<u>\$ 3,574</u>	<u>\$ (31,951)</u>	<u>\$ 115,365</u>	<u>\$ 32,762</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 \$18,638, \$18,367, and \$5,205 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 2010 amounted to \$31,134 leaving a year end remaining principal balance of \$73,155. Depreciation for Fiscal Year 2010 was \$22,585 leaving a book value of \$101,620 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, 2010**

**7-Long Term Debt (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010 were as follows:

Year Ended 31-Dec	National City Comm. Cap. Co.
2011	\$ 35,738
2012	35,738
2013	<u>5,956</u>
Minimum Lease Payments	77,432
Less: Amount representing interest at the City's Incremental borrowing rate of interest	<u>(4,277)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 73,155</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, 2010, was \$11,290,000.

**9-Erosion Bonds - Escrow Deposit**

As of December 31, 2010, 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, 2010 is \$36,420.

**10-Reservations of Fund Balance/Retained Earnings**

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



**CITY OF SUGAR HILL, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

**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, 2010, 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, 2010 are as follows:

	Transfer Amount
Transfers From Gas Fund to General Fund	\$(1,952,345)
Transfers From General Fund to Golf Fund	362,069
Transfers From StormWater Fund to General Fund	(199,898)
Total	<u>\$(1,790,174)</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, 2010**

**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 2010 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 \$63,281. Actual contributions made were \$74,797 by the City. Percentage of covered payroll contributed by the City was 3%. Total salaries paid for the current year was \$2,403,636, and total current year covered payroll was \$2,109,383. 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, 2010**

**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, 2010, 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 SPLOST funds for the City. In connection therewith, the County collects the revenues on behalf of the City of Sugar Hill and remits these taxes to the City each month. The City expends these funds according to SPLOST resolution.

**17-Subsequent Events**

As of July 15, 2011, 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, 2010

**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, 2010**  
**(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 2,041,000	\$ 2,041,000	\$ 2,169,331	\$ 128,331
Vehicle Taxes	140,000	140,000	140,066	66
Transfer Taxes	4,000	4,000	4,259	259
Intangible Taxes	21,000	21,000	13,672	(7,328)
Franchise Taxes	716,000	716,000	719,410	3,410
Alcohol Taxes	50,000	50,000	63,987	13,987
Business Taxes	275,000	275,000	255,645	(19,355)
Insurance Premium Tax	600,000	600,000	613,629	13,629
Other Taxes (Fuel)	2,000	2,000	1,492	(508)
Penalty & Interest on Delinquent Taxes	5,000	5,000	21,113	16,113
Total Taxes	<u>3,854,000</u>	<u>3,854,000</u>	<u>4,002,604</u>	<u>148,604</u>
Licenses and Permits	103,500	103,500	184,212	80,712
Intergovernmental				
Federal Government Grants	20,000	20,000	-	(20,000)
Homeowner Tax Relief Grant	10,000	10,000	-	(10,000)
Buford Housing Authority	690	690	691	1
Total Intergovernmental	<u>30,690</u>	<u>30,690</u>	<u>691</u>	<u>(29,999)</u>
Charges for Service				
General Government	231,500	231,500	385,336	153,836
Recreation and Culture	89,100	89,100	165,994	76,894
Public Works	5,000	5,000	4,496	(504)
Bad Check Fees	5,000	5,000	3,885	(1,115)
Total Charges for Service	<u>330,600</u>	<u>330,600</u>	<u>559,711</u>	<u>229,111</u>
Fines and Forfeitures				
Municipal Court Fines	-	-	10,298	10,298
Investment Revenues				
Interest Income	250,000	250,000	106,096	(143,904)
Miscellaneous	13,000	13,000	27,037	14,037
<b>TOTAL REVENUES</b>	<u>\$ 4,581,790</u>	<u>\$ 4,581,790</u>	<u>\$ 4,890,649</u>	<u>\$ 308,859</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, 2010**  
**(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>continued...</i>				
<b>EXPENDITURES</b>				
<b>General Government</b>				
Legislative				
Personal Services and Employee Benefits	\$ 25,355	\$ 25,650	\$ 25,341	\$ 309
Purchased/Contracted Services	18,000	18,000	8,078	9,922
Supplies	5,000	4,705	949	3,756
<b>Total</b>	<b>48,355</b>	<b>48,355</b>	<b>34,368</b>	<b>13,987</b>
Elections				
Personal Services and Employee Benefits	-	50	28	22
General Administration				
Personal Services and Employee Benefits	699,900	706,950	702,854	4,096
Purchased/Contracted Services	312,800	316,490	188,987	127,503
Supplies	234,350	259,125	260,420	(1,295)
Capital Outlays	2,732,200	2,696,635	807,469	1,889,166
<b>Total</b>	<b>3,979,250</b>	<b>3,979,200</b>	<b>1,959,730</b>	<b>2,019,470</b>
<b>Total General Government</b>	<b>4,027,605</b>	<b>4,027,605</b>	<b>1,994,126</b>	<b>2,033,479</b>
<b>Public Safety</b>				
Purchased/Contracted Services	150,000	150,000	122,272	27,728
Supplies	5,000	5,000	-	5,000
<b>Total Public Safety</b>	<b>155,000</b>	<b>155,000</b>	<b>122,272</b>	<b>32,728</b>
<b>Public Works</b>				
Highways and Streets				
Personal Services and Employee Benefits	585,000	601,450	585,954	15,496
Purchased/Contracted Services	278,000	249,615	143,682	105,933
Supplies	211,400	211,400	125,705	85,695
Capital Outlays	3,790,000	3,801,935	492,243	3,309,692
<b>Total Public Works</b>	<b>\$ 4,864,400</b>	<b>\$ 4,864,400</b>	<b>\$ 1,347,584</b>	<b>\$ 3,516,816</b>

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, 2010**  
**(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>continued...</i>				
<b>Health and Welfare</b>				
Purchased/Contracted Services	\$ 3,500	\$ 3,805	\$ 3,824	\$ (19)
Supplies	2,700	2,725	2,721	4
Capital Outlays	9,000	8,670	2,503	6,167
<b>Total Health and Welfare</b>	<u>15,200</u>	<u>15,200</u>	<u>9,048</u>	<u>6,152</u>
<b>Recreation and Culture</b>				
Personal Services and Employee Benefits	283,900	284,180	265,420	18,760
Purchased/Contracted Services	136,300	139,065	117,585	21,480
Supplies	211,500	243,270	226,565	16,705
Capital Outlays	5,133,000	5,098,185	2,863,760	2,234,425
<b>Total Recreation and Culture</b>	<u>5,764,700</u>	<u>5,764,700</u>	<u>3,473,330</u>	<u>2,291,370</u>
<b>Housing and Development</b>				
Personal Services and Employee Benefits	424,550	435,010	430,458	4,552
Purchased/Contracted Services	101,100	89,890	66,612	23,278
Supplies	22,500	23,250	21,230	2,020
Capital Outlays	12,500	12,500	4,591	7,909
<b>Total Housing and Development</b>	<u>560,650</u>	<u>560,650</u>	<u>522,891</u>	<u>37,759</u>
<b>Debt Service</b>				
Landfill Closure/Postclosure Costs	120,000	120,000	120,000	-
<b>TOTAL EXPENDITURES</b>	<u>15,507,555</u>	<u>15,507,555</u>	<u>7,589,251</u>	<u>7,918,304</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(10,925,765)</u>	<u>(10,925,765)</u>	<u>(2,698,602)</u>	<u>8,227,163</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in	1,200,000	1,200,000	2,152,243	952,243
Transfers out	-	-	(362,069)	(362,069)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,790,174</u>	<u>590,174</u>
<b>NET CHANGE FUND BALANCE</b>	<u>(9,725,765)</u>	<u>(9,725,765)</u>	<u>(908,428)</u>	<u>8,817,337</u>
<b>FUND BALANCE ALLOCATION</b>	<u>9,725,765</u>	<u>9,725,765</u>	<u>-</u>	<u>(9,725,765)</u>
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>14,886,368</u>	<u>14,886,368</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,977,940</u>	<u>\$ 13,977,940</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, 2010**

**Budgetary Information**

The City adopted annual budgets for the 2010 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/December, hearings are conducted to obtain public comments. 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 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 proprietary funds are adopted on the accrual basis, which is in accordance with GAAP.

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 2010.



CITY OF SUGAR HILL, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended December 31, 2010

**Supplementary Information**

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July 15, 2011

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

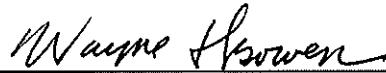
The Honorable Mayor Gary Pirkle and  
 Members of the City Council  
 City of Sugar Hill, Georgia 30518

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, 2010. 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, 2010, 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, 2010**

Project	Estimated Cost		Expenditures		Estimated Percentage of Completion
	Original	Current	Prior Years	Current Years	
Roads, Streets and Bridges	\$ 4,000,000	\$ 4,000,000	\$ 3,259,532	\$ 582,375	96.05%
Recreational Facilities	3,896,581	3,896,581	4,576,631	-	100.00%
Public Safety Facilities and Equipment	500,000	500,000	-	-	0.00%
<b>Total</b>	<b>\$ 8,396,581</b>	<b>\$ 8,396,581</b>	<b>\$ 7,836,163</b>	<b>\$ 582,375</b>	
				<b>\$ 3,841,907</b>	

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, 2010

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	493,784	678,706	22.62%
Administrative Facilities	8,458,245	8,458,245	-	-	-	0.00%
<b>Total</b>	<b>\$14,458,245</b>	<b>\$14,458,245</b>	<b>\$ 184,922</b>	<b>\$ 493,784</b>	<b>\$ 678,706</b>	

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, 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***

WAYNE IVEY BOWEN  
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GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

July 15, 2011

**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, 2010, which collectively comprise the City of Sugar Hill, Georgia's basic financial statements and have issued my report thereon dated July 15, 2011. 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.

  
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Certified Public Accountant

**CITY OF SUGAR HILL, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Year Ended December 31, 2010

**Statistical Section**



**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 EIGHT FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities:</b>								
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	\$ 43,978,816
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	15,871,287
<b>Total Governmental Activities net assets</b>	<b>7,684,729</b>	<b>10,962,145</b>	<b>15,537,506</b>	<b>21,385,184</b>	<b>47,092,911</b>	<b>51,872,792</b>	<b>55,655,367</b>	<b>59,850,103</b>
<b>Business-type Activities:</b>								
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	10,370,341
Unrestricted	(528,223)	(742,624)	(843,497)	(352,798)	(275,077)	(29,621)	(272,400)	(364,486)
<b>Total Business-type Activities net assets</b>	<b>8,636,043</b>	<b>8,798,996</b>	<b>8,956,462</b>	<b>9,841,185</b>	<b>9,791,396</b>	<b>10,006,764</b>	<b>10,025,991</b>	<b>10,005,855</b>
<b>Primary Government:</b>								
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	44,554,107	54,349,157
Restricted	64,470	65,404	-	-	-	-	-	-
Unrestricted	3,697,874	5,644,644	8,704,570	13,354,881	17,334,337	17,325,449	17,325,449	15,506,801
<b>Total Primary Government net assets</b>	<b>\$ 16,320,772</b>	<b>\$ 19,761,141</b>	<b>\$ 24,493,968</b>	<b>\$ 31,226,369</b>	<b>\$ 56,884,307</b>	<b>\$ 61,879,556</b>	<b>\$ 61,879,556</b>	<b>\$ 69,855,958</b>

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>EXPENSES</b>								
<b>Governmental Activities:</b>								
General Government	\$ 596,755	\$ 730,754	\$ 867,620	\$ 892,117	\$ 1,101,516	\$ 1,191,132	\$ 1,347,951	\$ 1,381,989
Public Safety	77,239	75,839	153,779	171,056	163,824	26,363	131,044	122,272
Public Works	793,534	766,840	916,666	833,672	1,865,566	2,052,278	2,461,051	1,773,769
Public Health and Welfare	6,592	20,795	20,910	31,218	31,083	25,531	31,872	27,490
Recreation and Culture	155,368	213,780	294,443	399,398	501,806	576,823	583,771	909,468
Housing and Development	306,536	407,929	441,919	466,739	517,400	531,660	534,022	528,326
<b>Total Governmental Activities</b>	<b>1,936,024</b>	<b>2,215,937</b>	<b>2,695,337</b>	<b>2,794,200</b>	<b>4,181,195</b>	<b>4,403,787</b>	<b>5,089,711</b>	<b>4,743,314</b>
<b>Business-type Activities:</b>								
Gas	4,640,811	5,908,359	7,575,926	7,188,279	6,843,931	7,658,050	6,544,761	7,031,203
Golf	906,691	914,464	989,529	1,086,507	1,282,808	1,241,822	1,166,312	1,223,648
Stormwater Utility	-	-	-	-	-	-	327,849	270,725
<b>Total Business-type Activities:</b>	<b>5,547,502</b>	<b>6,822,823</b>	<b>8,565,455</b>	<b>8,274,786</b>	<b>8,126,739</b>	<b>8,899,872</b>	<b>8,058,922</b>	<b>8,525,576</b>
<b>Total Primary Government</b>	<b>\$ 7,483,526</b>	<b>\$ 9,038,760</b>	<b>\$ 11,260,792</b>	<b>\$ 11,068,986</b>	<b>\$ 12,307,934</b>	<b>\$ 13,303,659</b>	<b>\$ 13,148,633</b>	<b>\$ 13,268,890</b>

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Program Revenues</b>								
<b>Governmental Activities:</b>								
Charges for Service								
General Government	\$ 795,001	\$ 480,301	\$ 567,929	\$ 657,503	\$ 626,222	\$ 510,752	\$ 510,338	\$ 573,433
Public Safety	8,255	4,441	15,520	40,895	13,940	22,449	12,106	10,298
Public Works	5,374	25,738	38,337	981	2,494	4,171	9,484	4,496
Public Health and Welfare	3,200	-	-	-	-	-	-	-
Recreation and Culture	25,981	44,264	62,413	75,635	87,037	112,380	114,699	165,994
Capital Grants and Contributions								
General Government	188,000	-	136,300	-	-	-	846,074	1,313,427
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	469,070
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	463,958
<b>Total Governmental Activities</b>	<b>1,281,323</b>	<b>1,546,163</b>	<b>2,466,374</b>	<b>3,240,669</b>	<b>3,204,581</b>	<b>2,840,399</b>	<b>2,692,214</b>	<b>3,000,676</b>
<b>Business-type Activities:</b>								
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	8,829,021
Golf	542,568	474,953	544,284	659,355	1,033,137	967,843	799,607	923,127
Stormwater Utility	-	-	-	-	-	-	535,232	543,466
Capital Grants and Contributions								
Gas	19,000	-	-	-	-	-	-	-
Golf	50,200	-	-	-	-	-	-	-
<b>Total Business-type Activities</b>	<b>6,928,090</b>	<b>7,643,924</b>	<b>9,429,403</b>	<b>10,214,191</b>	<b>9,652,872</b>	<b>10,617,581</b>	<b>9,640,163</b>	<b>10,295,614</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 8,209,413</b>	<b>\$ 9,190,087</b>	<b>\$ 11,895,777</b>	<b>\$ 13,454,860</b>	<b>\$ 12,857,453</b>	<b>\$ 13,457,980</b>	<b>\$ 12,332,377</b>	<b>\$ 13,296,290</b>
<b>Net Revenues (Expenses)</b>								
Government Activities	\$ (654,701)	\$ (669,774)	\$ (228,963)	\$ 446,469	\$ (976,614)	\$ (1,563,388)	\$ (2,397,497)	\$ (1,742,638)
Business-type Activities	1,380,588	821,101	863,948	1,939,405	1,526,133	1,717,709	1,581,241	1,770,038
<b>Total Primary Government Net Income</b>	<b>\$ 725,887</b>	<b>\$ 151,327</b>	<b>\$ 634,985</b>	<b>\$ 2,385,874</b>	<b>\$ 549,519</b>	<b>\$ 154,321</b>	<b>\$ (816,256)</b>	<b>\$ 27,400</b>

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>								
<b>Governmental Activities:</b>								
<b>Taxes</b>								
Property Taxes	\$ 1,603,800	\$ 1,779,577	\$ 1,863,263	\$ 2,093,298	\$ 2,408,195	\$ 2,455,702	\$ 2,626,952	\$ 2,352,060
Franchise Tax	455,714	477,161	505,853	567,726	622,882	741,131	747,261	719,410
Selective Sales tax	548,986	54,802	55,705	55,665	49,248	65,913	48,103	63,987
Business Taxes	-	764,974	831,404	894,440	987,347	999,765	911,588	870,766
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	113,940
Miscellaneous	3,107	26,732	40,275	37,625	34,088	33,795	28,678	27,037
Transfers	1,443,484	687,155	680,909	1,054,682	1,575,922	1,502,341	1,562,014	1,790,174
<b>Total Governmental Activities</b>	<u>4,144,118</u>	<u>3,947,190</u>	<u>4,326,473</u>	<u>5,401,209</u>	<u>6,644,417</u>	<u>6,343,269</u>	<u>6,180,072</u>	<u>5,937,374</u>
<b>Business-type Activities:</b>								
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)	(1,790,174)
<b>Total Business-type Activities</b>	<u>(1,443,484)</u>	<u>(686,890)</u>	<u>(677,740)</u>	<u>(1,054,682)</u>	<u>(1,575,922)</u>	<u>(1,502,341)</u>	<u>(1,562,014)</u>	<u>(1,790,174)</u>
<b>Total Primary Government</b>	<u>\$ 2,700,634</u>	<u>\$ 3,260,300</u>	<u>\$ 3,648,733</u>	<u>\$ 4,346,527</u>	<u>\$ 5,068,495</u>	<u>\$ 4,840,928</u>	<u>\$ 4,618,058</u>	<u>\$ 4,147,200</u>
<b>Change in Net Assets</b>								
Governmental Activities	\$ 3,489,417	\$ 3,277,416	\$ 4,097,510	\$ 5,847,678	\$ 5,667,803	\$ 4,779,881	\$ 3,782,575	\$ 4,194,736
Business-type Activities	(62,896)	134,211	186,208	884,723	(49,789)	215,368	19,227	(20,136)
<b>Total Primary Government</b>	<u>\$ 3,426,521</u>	<u>\$ 3,411,627</u>	<u>\$ 4,283,718</u>	<u>\$ 6,732,401</u>	<u>\$ 5,618,014</u>	<u>\$ 4,995,249</u>	<u>\$ 3,801,802</u>	<u>\$ 4,174,600</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>								
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	13,977,940
<b>Total General Fund</b>	<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>	<u>13,977,940</u>
<b>All Other Governmental Funds</b>								
Unreserved/Undesignated	-	-	1,653,180	3,712,452	3,855,925	2,106,486	2,806,966	3,985,105
<b>Total Governmental Funds</b>	<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>	<u>\$ 17,963,045</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>REVENUES</b>								
Taxes	\$ 2,649,312	\$ 2,970,938	\$ 4,729,945	\$ 5,886,474	\$ 6,246,841	\$ 6,317,324	\$ 4,110,772	\$ 4,002,604
Licenses and permits	546,821	417,790	419,309	458,254	352,430	222,944	163,381	184,212
Intergovernmental	556,381	1,110,104	123,429	214,079	278,143	73,021	2,177,210	2,247,145
Charges for Services	63,763	132,514	249,370	275,864	363,324	404,359	471,139	559,711
Fines and Forfeitures	8,255	4,442	15,520	40,895	13,940	22,449	12,106	10,298
Investment earnings	89,027	149,653	349,064	695,561	963,023	542,333	255,476	113,940
Miscellaneous	21,475	26,732	34,629	37,625	34,089	33,795	28,678	27,037
<b>Total Revenues</b>	<b>3,935,034</b>	<b>4,812,173</b>	<b>5,921,266</b>	<b>7,608,752</b>	<b>8,251,790</b>	<b>7,616,225</b>	<b>7,218,762</b>	<b>7,144,947</b>
<b>EXPENDITURES</b>								
General Government	576,546	694,574	1,398,801	891,633	1,099,348	1,173,303	1,305,769	1,994,126
Public Safety	77,239	75,839	153,779	171,056	163,824	26,363	131,044	122,272
Public Works	820,599	699,425	1,551,253	1,613,935	2,292,818	1,847,753	1,903,260	1,347,584
Health and Welfare	4,627	9,746	9,192	85,226	12,641	7,089	13,430	9,048
Recreation and Culture	135,377	185,022	414,468	1,309,352	575,257	2,042,931	5,547,237	3,473,330
Housing and Development	305,429	399,763	535,059	473,268	517,637	521,121	531,390	522,891
Capital Outlay	2,226,423	1,134,258	-	-	1,218,545	3,947,373	1,244,212	1,076,159
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	120,000
<b>Total Expenditures</b>	<b>4,201,467</b>	<b>3,327,808</b>	<b>4,182,552</b>	<b>4,664,470</b>	<b>6,000,070</b>	<b>9,685,933</b>	<b>10,796,342</b>	<b>8,665,410</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(266,433)</b>	<b>1,484,365</b>	<b>1,738,714</b>	<b>2,944,282</b>	<b>2,251,720</b>	<b>(2,069,708)</b>	<b>(3,577,580)</b>	<b>(1,520,463)</b>
<b>Other Financing Sources (Uses)</b>								
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	2,152,243
Transfers Out	(229,783)	(675,385)	(564,353)	(624,683)	(89,169)	(208,789)	(415,100)	(362,069)
<b>Total Other Financing Sources</b>	<b>1,443,584</b>	<b>687,155</b>	<b>719,497</b>	<b>1,054,682</b>	<b>1,584,922</b>	<b>1,502,341</b>	<b>1,599,330</b>	<b>1,790,174</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,177,151</b>	<b>\$ 2,171,520</b>	<b>\$ 2,458,211</b>	<b>\$ 3,998,964</b>	<b>\$ 3,836,642</b>	<b>\$ (567,367)</b>	<b>\$ (1,978,250)</b>	<b>\$ 269,711</b>

**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
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%
2010	11/15/2010	2,604,230	2,394,112	91.93%	210,118	8.07%

Source: City Finance Department



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

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Total Assessed Value</b>	<b>Total Estimated Actual Value</b>	<b>Assessment Value</b>	<b>Total Direct Rate</b>
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%
2010	480,403,930	127,971,942	21,009,660	629,385,532	1,573,463,830	40%	3.80%

Source: Georgia Department of Revenue 2010 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		State	Total
		Gwinnett County	Gwinnett County Schools		
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
2010	3.80	13.25	20.55	0.25	37.85

Source: Gwinnett County Tax Commissioners Office

**CITY OF SUGAR HILL, GEORGIA**  
**STATISTICAL SECTION**  
**PRINCIPAL TAXPAYERS**  
**December 31, 2010**

Taxpayer	Nature of Business	2010	
		Taxable Assessed Value	% of Total Assessed Value
Level Creek Partners	Real Estate - Rentals	\$ 9,900,000	1.57%
GA Hwy 20 Associates, LLC	Various Businesses	7,570,200	1.20%
Halpern Properties, LLC	Various Businesses	6,300,000	1.00%
Pinnacle-Peachtree Commons, LLC	Real Estate - Rentals	4,700,000	0.75%
Lote Tree, LLC	Various Businesses	4,700,000	0.75%
Brogdon Road Place II, LLC	Various Businesses	4,400,000	0.70%
MB Reo GA Retail, LLC	Various Businesses	3,725,500	0.59%
A&B Atlanta, LLC	Various Businesses	3,713,500	0.59%
Ray Big Sky Properties, LLC	Various Businesses	3,420,000	0.54%
Your Extra Attic Suwanee, LLC	Various Businesses	3,268,000	0.52%
<b>Total</b>		<b>\$ 51,697,200</b>	<b>8.21%</b>
<b>Total Assessed Value for all Taxpayers</b>		<b>\$629,385,532</b>	

Source: County Tax Digest for 2010

CITY OF SUGAR HILL, GEORGIA  
 STATISTICAL SECTION  
 STATEMENT OF LEGAL DEBT MARGIN  
 December 31, 2010

	2004	2005	2006	2007	2008	2009	2010
Assessed Value Tax Digest	\$465,090,465	\$494,277,160	\$548,751,022	\$636,929,584	\$687,315,268	\$675,579,982	\$629,385,532
Debt Limit 10% of Assessed Value	\$ 46,509,047	\$ 49,427,716	\$ 54,875,102	\$ 63,692,958	\$ 68,731,527	\$ 67,557,998	\$ 62,938,553
Total Debt Applicable to Debt Limit	32,500	86,591	59,068	32,472	138,666	104,289	73,155
Legal Unused Debt Margin	\$ 46,476,547	\$ 49,341,125	\$ 54,816,034	\$ 63,660,486	\$ 68,592,861	\$ 67,453,709	\$ 62,865,398
Percentage of Debt Limit Used	0.1%	0.2%	0.1%	0.1%	0.2%	0.2%	0.1%

Source: County Tax Digest for 2010  
 Information on debt for 2001 - 2003 is not available

**CITY OF SUGAR HILL, GEORGIA  
STATISTICAL SECTION  
GAS SYSTEM RATES, FEES AND CHARGES  
December 31, 2010**

**2010 Price Per Therm Per Month**

January	\$ 0.92	July	\$ 0.68
February	0.92	August	0.71
March	1.02	September	0.74
April	0.95	October	0.68
May	0.69	November	0.88
June	0.66	December	0.99

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
880 Sonix	1,043.60	1,000.00
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
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, 2010

Customer Name	Industry	Total Billings	Percent of System Revenues
Rossini North America, Inc.	Manufacturing	\$ 26,315	0.31%
The Diner at Sugar Hill	Restaurant	22,285	0.27%
Bears Best Atlanta	Golf Course/Restaurant	18,404	0.22%
The Derby	Restaurant	17,131	0.20%
Publix Super Market	Supermarket	16,585	0.20%
Apple Restaurants, Inc.	Restaurant	16,285	0.19%
Frontera Mex Mex Grill	Restaurant	13,570	0.16%
N. Gwinnett High School Cafeteria	School	12,329	0.15%
LVK, Inc		11,210	0.13%
20 Days	Printing	11,041	0.13%
Total		<u>165,155</u>	<u>1.96%</u>
Total Gas Revenue		<u>\$8,376,541</u>	

Source: City of Sugar Hill Gas Department

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

**GENERAL INFORMATION, 2009**

Total Population	16,607
Median Age	33.7 Years
Median Income	\$ 74,725
Per Capita Income	\$ 27,884
Personal Income	\$ 463,069,588

Source: U.S. Census Bureau, 2005-2009 American Community Survey

**EMPLOYMENT STATUS, 2009**

	<u>Number</u>	<u>Percentage</u>
<b>Population 16 Years and Over</b>	<b>11762</b>	<b>100.0%</b>
In Labor Force	8850	75.2%
Employed	8244	70.1%
Unemployed	600	5.1%
Armed Forces	6	0.1%

Source: U.S. Census Bureau, 2005-2009 American Community Survey

**EMPLOYMENT BY INDUSTRY, 2009**

	<u>Number</u>
Professional, Scientific, Management, Administrative, and Waste Management Services	1173
Manufacturing	1033
Educational, Health and Social Services	1018
Arts, Entertainment, Recreation, Accommodation, and Food Service	828
Finance, Insurance, Real Estate, and Rental Leasing	781
Construction	746
Wholesale Trade	672
Retail Trade	632
Transportation, Warehousing and Utilities	433
Other services (Except Public Administration)	418
Information	374
Public Administration	121
Agriculture, Forestry, Fishing, Hunting, and Mining	15

Source: U.S. Census Bureau, 2005-2009 American Community Survey

**EDUCATIONAL ATTAINMENT, 2009**

	<u>Number</u>	<u>Percentage</u>
<b>Population 25 Years and Over</b>	<b>10170</b>	<b>100.0%</b>
Less Than 9th grade	400	3.9%
9th to 12th grade, no diploma	842	8.3%
High School Graduate (Includes Equivalency)	2408	23.7%
Some College, No Degree	2371	23.3%
Associates Degree	926	9.1%
Bachelor's Degree	2461	24.2%
Graduate or Professional Degree	762	7.5%

*Percent High School Graduate or Higher* 87.8%

*Percent Bachelor's Degree or Higher* 31.7%

Source: U.S. Census Bureau, 2005-2009 American Community Survey

**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
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
2010	440,973,570	91	18.18%	8	-42.86%	26,187,606

(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  
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	2010			2001		
	<u>Employees</u>	<u>Rank</u>	<u>Total % of Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Total % of Employment</u>
Gwinnett County Public Schools	20,421	1	6.9%	13,395	1	4.6%
Gwinnett County Government	4,817	2	1.6%	3,859	2	1.3%
Gwinnett Health Systems Publix	4,120	3	1.4%	3,000	3	1.0%
Wal-Mart	2,908	4	1.0%			
State of Georgia	2,700	5	0.9%			
Kroger	2,215	6	0.7%			
United States Postal Service	2,084	7	0.7%			
Cisco, previously Scientific Atlanta	2,068	8	0.7%			
Fiserv, previously Check Free	1,917	9	0.6%	2,900	5	1.0%
OFS, previously Lucent Technology	1,582	10	0.5%			
CIBA - Vision Corporation				3,000	3	1.0%
Primerica Financial Services				1,800	6	0.6%
The Intercept Group				1,600	7	0.6%
NCR Corporation				1,200	8	0.4%
EMS Technologies				1,200	8	0.4%
				1,000	10	0.3%

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

Source: Gwinnett County Department of Financial Services (Comprehensive Annual Financial Report 2010);  
Total County Employment from the Georgia Department of Labor, 3rd Quarter 2010 and 2001 Annual

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

<b>Incorporated</b>	1939
<b>Form of Government</b>	Mayor-Council
Mayor Elected for a Four Year Term	
Council Members (5) Elected for a Four Year Term	
<b>Population Figures</b>	
Sugar Hill, 2000 Census	11,399
Sugar Hill, 2010 Census	18,522
Gwinnett County, 2000 Census	588,448
Gwinnett County, 2010 Census	808,167
<b>City of Sugar Hill Full Time-Equivalent Employees</b>	
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
<b>Total Full Time-Equivalent Employees</b>	<u><u>58</u></u>

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

<b>Function/Program</b>	
<b>Public Works</b>	
Loads of loose debris picked up	1,435
Number of street locations patched	10
<b>Special Facilities - Community Center</b>	
Number of events	11
<b>Utilities</b>	
Gas:	
New meters installed	93
leaks repaired	84
New gas line run (ft)	6,407
Locates	4,327
Total number of customers - Year End	9,633
<b>Recreation</b>	
Golf:	
Number of rounds played	19,000

Source: City Finance Department

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

<b>Public Works</b>	
Streets:	
Miles of streets	71
Miles of Sidewalks	27
<b>Special Facilities - Community Center</b>	
Rooms available for rental	2
<b>Utilities</b>	
Gas:	
Miles of gas line	
Coated	25
Plastic	143.6
Base supply contract (mcf per day)	
Number of connections - Year End	9,929
<b>Recreation</b>	
Park	2
Land Area (acres)	125
Baseball/Softball Fields	7
Tennis Courts	2
Soccer Field	4
Playgrounds	3
Volleyball Courts	2
Veteran's Memorial	1
Walking Trails (miles)	2
Golf - Public 18-Hole:	
Land Area (acres)	170
<b>Approximate City Land Area (sq miles)</b>	<b>14</b>

Source: City Finance Department