CITY OF SUGAR HILL, GEORGIA

FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2020

WALKER, PIERCE & TUCK, CPA'S, PC

CITY OF SUGAR HILL, GEORGIA
FISCAL YEAR ENDED DECEMBER 31, 2020
TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report 1-2

Basic Financial Statements
- Government-Wide Financial Statements
  - Statement of Net Position 3
  - Statement of Activities 4
- Fund Financial Statements
  - Governmental Fund Financial Statements
    - Balance Sheet 5
    - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net position 6
    - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 7
    - Reconciliation of the Statement of Revenues, Expenses, and Changes in Net Position 8
  - Proprietary Fund Financial Statements
    - Statement of Net Position 9
    - Statement of Revenues, Expenses, and Changes in Net Position 10
    - Statement of Cash Flows 11
- Notes to Financial Statements 12-33

Required Supplementary Information (other than MD&A)
- Budgetary Comparison Schedules
  - General Fund 34
  - Notes to Required Supplementary Information on Budgetary Accounting and Control 35
- Defined Benefit Retirement Plan
  - Schedule of Net Pension Liability and Related Ratios 36
  - Schedule of Contributions 37

COMPLIANCE SECTION
- 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 38-39
- Schedule of Findings and Questioned Costs 40-41
- Independent Auditor's Report on Compliance for each Major Program and Internal Comtrol over Compliance Required by Uniform Guidance 42-43
- Schedule of Expenditures of Federal Awards 44
- Notes to Schedule of Expenditures of Federal Awards 45
- Schedule of Special Purpose Local Option Sales Tax Estimated Cost and Expenditure Summary 46

Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT AUDITOR'S REPORT

To the City Council
Sugar Hill, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units and each major fund of the City of Sugar Hill, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Sugar Hill, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our 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 discretely presented component units and each major fund of the City of Sugar Hill, Georgia, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. However, the budgetary comparison information, schedules of changes in net pension liability and contributions are presented, as required by generally accepted accounting standards in the United States of America on pages 34-37 to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our 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 Schedule of Expenditures of Special Purpose Local Option Sales Tax, as required by O.C.G.A. 48-8-121 as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Special Purpose Local Option Sales Tax and the Schedule of Expenditures of Federal Awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Special Purpose Local Option Sales Tax and he Schedule of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2021, on our consideration of the City of Sugar Hill, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sugar Hill, Georgia's internal control over financial reporting and compliance.

Walker, Pierce & Tuck, CPA's, P.C.
Walker, Pierce and Tuck, CPA's, P.C.
Gainesville, Georgia
June 14, 2021

CITY OF SUGAR HILL, GEORGIA

Statement of Net Position

December 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Dev. Authority	Housing Authority
Assets					
Current Assets					
Cash and cash equivalents	$ 18,140,377	$ 2,300	$ 18,142,677	$ 174,173	$ 29,802
Restricted cash	50,847	736,750	787,597	133,571	-
Investments	-	-	-	-	179,872
Accounts receivables (net)	1,055,471	929,763	1,985,234	-	-
Intergovernmental receivable	412,723	-	412,723	-	-
Prepaid expenditures	82,713	29,817	112,530	12,061	-
Interfund balances	(1,173,165)	1,173,165	-	-	-
Due from component unit	3,183,942	-	3,183,942	-	-
Supplies / inventory	-	366,387	366,387	-	-
Total Current Assets	21,752,908	3,238,182	24,991,090	319,805	209,674
Noncurrent Assets					
Capital assets					
Nondepreciable	26,274,340	4,258,848	30,533,188	2,978,638	-
Depreciable, net	52,233,811	4,383,061	56,616,872	44,977,889	-
Total Noncurrent Assets	78,508,151	8,641,909	87,150,060	47,956,527	-
Total Assets	100,261,059	11,880,091	112,141,150	48,276,332	209,674
Deferred Outflows of Resources	578,758	200,007	778,765	(749,801)	-
Total Assets and Deferred Outflows of Resources	100,839,817	12,080,098	112,919,915	47,526,531	209,674
Liabilities					
Current Liabilities					
Accounts payable	442,460	738,809	1,181,269	5,650	-
Accrued expenses	111,911	36,827	148,738	100,497	-
Retainage Payable	207,814	-	207,814	-	-
Revenue bond payable	-	-	-	2,267,417	-
Unearned revenue	-	12,829	12,829	-	-
Due to primary government	-	-	-	3,183,942	-
Landfill closure/postclosure cost	144,986	-	144,986	-	-
Total Current Liabilities	907,171	788,465	1,695,636	5,557,506	-
Long-term Liabilities					
Net pension liability	775,653	507,529	1,283,182	-	-
Revenue bonds payable	-	-	-	35,503,512	-
Amounts held in trust	51,597	736,750	788,347	72,487	-
Compensated absences	207,254	48,358	255,612	-	-
Landfill closure/postclosure cost	724,935	-	724,935	-	-
Total Long-term Liabilities	1,759,439	1,292,637	3,052,076	35,575,999	-
Total Liabilities	2,666,610	2,081,102	4,747,712	41,133,505	-
Deferred Inflows of Resources	2,954	982	3,936	-	-
Total Liabilities and Deferred Inflows of Resources	2,669,564	2,082,084	4,751,648	41,133,505	-
Net Position					
Net Investment in Capital Assets	78,300,337	8,641,909	86,942,246	10,185,598	-
Restricted for:					
Capital projects	8,145,471	-	8,145,471	-	-
Debt service	-	-	-	46,319	-
Unrestricted	11,724,445	1,356,105	13,080,550	(3,838,891)	209,674
Total Net Position	$ 98,170,253	$ 9,998,014	$ 108,168,267	$ 6,393,026	$ 209,674

The accompanying notes are an integral part of these financial statements.

CITY OF SUGAR HILL, GEORGIA

Statement of Activities

For the Year Ended December 31, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Downtown Dev. Authority	Component Units: Housing Authority
Primary Government:									
Governmental Activities:									
General government	$ 3,305,321	$ 732,881	$ -	$ 3,918,670	$ 1,346,230	$ -	$ 1,346,230	$ -	$ -
Judicial	15,396	5,652	-	-	(9,744)	-	(9,744)	-	-
Public safety	228,011	-	-	-	(228,011)	-	(228,011)	-	-
Public works	2,792,209	13,253	85,100	3,217,092	523,236	-	523,236	-	-
Health and welfare	2,134	-	-	-	(2,134)	-	(2,134)	-	-
Recreation and culture	2,007,935	243,890	-	5,000	(1,759,045)	-	(1,759,045)	-	-
Housing and development	4,489,256	43,750	-	-	(4,445,506)	-	(4,445,506)	-	-
Total Governmental Activities	12,840,262	1,039,426	85,100	7,140,762	(4,574,974)	-	(4,574,974)	-	-
Business-type Activities:									
Gas	5,046,473	6,802,312	24,860	-	-	1,780,699	1,780,699		
Golf	1,067,926	1,142,203	-	-	-	74,277	74,277		
Stormwater	457,773	695,629	-	-	-	237,856	237,856		
Total Business-type Activities	6,572,172	8,640,144	24,860	-	-	2,092,832	2,092,832		
Total Primary Government	$ 19,412,434	$ 9,679,570	$ 109,960	$ 7,140,762	(4,574,974)	2,092,832	(2,482,142)		
Component Units:									
Downtown Dev. Authority	3,760,886	3,930,664	-	442,976				612,754	
Housing Authority	-	-	-	-					-
Total Component Units	$ 3,760,886	$ 3,930,664	$ -	$ 442,976				$ 612,754	$ -
General Revenues:									
Taxes:									
Property taxes, levied for general purposes					4,790,332	-	4,790,332	-	-
Franchise fees					1,006,080	-	1,006,080	-	-
Excise taxes					9,928	-	9,928	-	-
Business tax					1,978,738	-	1,978,738	-	-
Alcoholic beverage tax					306,327	-	306,327	-	-
Interest and investment earnings					80,807	-	80,807	1,724	848
Miscellaneous					227,723	-	227,723	50,000	-
Gain (Loss) on disposition of assets					434,226	9,434	443,660	-	-
Transfers					1,835,268	(1,835,268)	-	-	-
Total General Revenues and Transfers					10,669,429	(1,825,834)	8,843,595	51,724	848
Change in Net Position					6,094,455	266,998	6,361,453	664,478	848
Net Position Beginning of Year					92,075,798	9,731,016	101,806,814	5,728,548	208,826
Ending Net Position					$ 98,170,253	$ 9,998,014	$ 108,168,267	$ 6,393,026	$ 209,674

The accompanying notes are an integral part of these financial statements.

CITY OF SUGAR HILL, GEORGIA

Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Capital Improvements Fund	SPLOST 2017 Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 10,394,950	$ -	$ 7,745,427	$ 18,140,377
Restricted cash	50,847	-	-	50,847
Intergovernmental receivable	5,000	7,679	400,044	412,723
Receivables (net)	1,055,471	-	-	1,055,471
Prepaid expenditures	82,713	-	-	82,713
Due from other funds	-	477,019	-	477,019
Due from component unit	3,179,838	4,104	-	3,183,942
Total Assets	14,768,819	488,802	8,145,471	23,403,092
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 14,768,819	$ 488,802	$ 8,145,471	$ 23,403,092
Liabilities				
Accounts payable	$ 161,472	$ 280,988	$ -	442,460
Retainage payable	-	207,814	-	207,814
Accrued expenses	111,911	-	-	111,911
Due to other funds	1,650,184	-	-	1,650,184
Amounts held in trust	51,597	-	-	51,597
Total Liabilities	1,975,164	488,802	-	2,463,966
Deferred Inflows of Resources	149,669	-	-	149,669
Total Liabilities and Deferred Inflows of Resources	2,124,833	488,802	-	2,613,635
Fund Balances				
Nonspendable:				
Prepaid expenditures	82,713	-	-	82,713
Restricted for:				
Capital projects	-	-	8,145,471	8,145,471
Unassigned	12,561,273	-	-	12,561,273
Total Fund Balances	12,643,986	-	8,145,471	20,789,457
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 14,768,819	$ 488,802	$ 8,145,471	$ 23,403,092

The accompanying notes are an integral part of these financial statements.

CITY OF SUGAR HILL, GEORGIA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2020

Total Governmental Fund Balances		$ 20,789,457
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 112,522,717	
Less: Accumulated depreciation	(34,014,566)	
Total capital assets		78,508,151
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued compensated absences not reported in governmental funds		(207,254)
Landfill Closure/Postclosure costs		(869,921)
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.		146,715
Pension items not included in fund financial statements.		
Deferred outflows of resources		578,758
Net pension liability		(775,653)
Net Position of Governmental Activities		$ 98,170,253

The accompanying notes are an integral part of these financial statements.

CITY OF SUGAR HILL, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2020

	General Fund	Capital Improvements Fund	SPLOST 2017 Fund	Total Governmental Funds
Revenues				
Property tax	$ 4,717,225	$ -	$ -	$ 4,717,225
Business tax	1,978,738	-	-	1,978,738
Franchise tax	1,006,080	-	-	1,006,080
Alcohol tax	249,252	-	-	249,252
Excise tax	9,928	-	-	9,928
Intergovernmental	1,917,214	1,613,348	3,855,754	7,386,316
Licenses and permits	430,646	-	-	430,646
Fines and forfeitures	5,652	-	-	5,652
Charges for services	659,512	-	-	659,512
Interest	80,807	-	40,237	121,044
Miscellaneous	27,723	-	-	27,723
Total Revenue	11,082,777	1,613,348	3,895,991	16,592,116
Expenditures				
Current:				
General government	3,013,905	-	-	3,013,905
Judicial	15,396	-	-	15,396
Public safety	404,194	-	-	404,194
Public works	1,650,744	-	503	1,651,247
Recreation and culture	1,858,351	19,250	-	1,877,601
Housing and development	4,528,462	-	-	4,528,462
Capital Outlay	-	2,501,223	2,047,658	4,548,881
Total Expenditures	11,471,052	2,520,473	2,048,161	16,039,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	(388,275)	(907,125)	1,847,830	552,430
Other Financing Sources (Uses)				
Transfers in	1,935,078	1,006,935	-	2,942,013
Transfers out	(1,006,935)	(99,810)	-	(1,106,745)
Proceeds from sale of assets	1,701,580	-	-	1,701,580
Total Other Financing Sources (Uses)	2,629,723	907,125	-	3,536,848
Net Change in Fund Balances	2,241,448	-	1,847,830	4,089,278
Fund Balances Beginning of Year	10,402,538	-	6,297,641	16,700,179
Fund Balances End of Year	$12,643,986	$ -	$ 8,145,471	$ 20,789,457

The accompanying notes are an integral part of these financial statements.

CITY OF SUGAR HILL, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net Changes in Fund Balances-Total Governmental Funds		$ 4,089,278
Amounts reported as governmental activities in the Statement of Activities are different from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because:		
Capital outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation.		
Capital outlay	5,905,379	
Less: Current year depreciation	(2,753,904)	
		3,151,475
In the statement of activities, only the gain/loss on the sale of various fixed assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the equipment sold.		
Net book value of fixed assets sold		(1,267,354)
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 Costs		144,986
Net pension liability is not available during the current period and therefore is not reported in the funds		
End of Year	(775,653)	
Beginning of Year	481,507	
		(294,146)
Contributions made after pension measurement date, changes in assumptions, and differences in expected and actual results of the defined benefit pension plan are reported as deferred outflows and not reported in the funds.		
End of Year	578,758	
Beginning of Year	(354,029)	
		224,729
Differences in expected and actual results of the defined benefit pension plan are reported as deferred inflows and not reported in the funds.		
End of Year	(2,954)	
Beginning of Year	-	
		(2,954)
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.		
Compensated absence liability at December 31, 2019	182,588	
Compensated absence liability at December 31, 2020	(207,254)	
		(24,666)
Because some revenues will not be collected for several months after the City's fiscal year end, they are considered "available" revenues and are deferred in the governmental funds.		
Deferred revenue at December 31, 2019	(76,562)	
Deferred revenue at December 31, 2020	149,669	
		73,107
Change in Net Position of Governmental Activities		$ 6,094,455

The accompanying notes are an integral part of these financial statements.

CITY OF SUGAR HILL, GEORGIA

Statement of Net Position
Proprietary Funds
December 31, 2020

	Gas Fund	Golf Fund	Stormwater Fund	Total
Current Assets				
Cash and cash equivalents	$ 1,000	$ 1,300	$ -	$ 2,300
Restricted cash and cash equivalents	736,750	-	-	736,750
Accounts receivable (net)	884,876	-	44,887	929,763
Prepaid expenses	22,054	7,564	199	29,817
Supplies / inventory	348,381	18,006	-	366,387
Due from other funds	-	-	1,173,165	1,173,165
Total Current Assets	1,993,061	26,870	1,218,251	3,238,182
Noncurrent Assets				
Capital assets				
Non-depreciable	10,900	4,247,948	-	4,258,848
Depreciable, net	2,734,838	1,083,334	564,889	4,383,061
Total Noncurrent Assets	2,745,738	5,331,282	564,889	8,641,909
Total Assets	4,738,799	5,358,152	1,783,140	11,880,091
Deferred Outflows of Resources	107,531	59,543	32,933	200,007
Total Assets and Deferred Outflows of Resources	4,846,330	5,417,695	1,816,073	12,080,098
Liabilities				
Current Liabilities				
Accounts payable	727,419	11,123	267	738,809
Accrued expenses	19,616	11,287	5,924	36,827
Unearned revenue	6,073	6,756	-	12,829
Total Current Liabilities	753,108	29,166	6,191	788,465
Long-term Liabilities				
Net pension liability	353,407	100,127	53,995	507,529
Customer deposits	736,750	-	-	736,750
Compensated absences	27,399	16,040	4,919	48,358
Total Long-term Liabilities	1,117,556	116,167	58,914	1,292,637
Total Liabilities	1,870,664	145,333	65,105	2,081,102
Deferred Inflows of Resources	534	292	156	982
Total Liabilities and Deferred Inflows of Resources	1,871,198	145,625	65,261	2,082,084
Net Position				
Net investment in capital assets	2,745,738	5,331,282	564,889	8,641,909
Unrestricted	229,394	(59,212)	1,185,923	1,356,105
Total Net Position	$ 2,975,132	$ 5,272,070	$ 1,750,812	$ 9,998,014

The accompanying notes are an integral part of these financial statements.

CITY OF SUGAR HILL, GEORGIA

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended December 31, 2020

	Gas Fund	Golf Fund	Stormwater Fund	Total
Operating Revenue				
Charges for services	$ 6,237,030	$ -	$ -	$ 6,237,030
Tap fees	90,380	-	-	90,380
Green and cart fees	-	921,202	-	921,202
Rentals	-	42,167	-	42,167
Concessions and merchandise	-	176,852	-	176,852
User fees and charges	-	-	693,338	693,338
Penalties and interest	61,715	-	2,291	64,006
Miscellaneous income	413,187	1,982	-	415,169
Total Operating Revenue	6,802,312	1,142,203	695,629	8,640,144
Operating Expenses				
Personnel services:				
Salaries and wages	558,238	355,475	250,375	1,164,088
Employment Taxes	42,162	28,348	12,737	83,247
Benefits	293,904	106,085	102,920	502,909
Total Personnel Services	894,304	489,908	366,032	1,750,244
Purchased / contracted services:				
Professional and technical	229,448	461	16,383	246,292
Purchased property services	6,656	41,025	6,849	54,530
Rentals	106	1,091	240	1,437
Other purchased services	88,820	138,147	20,247	247,214
Total Purchased / contracted services	325,030	180,724	43,719	549,473
Other operating expenses:				
Supplies	508,488	122,604	30,652	661,744
Purchases for resale	3,137,671	103,084	-	3,240,755
Depreciation	180,980	171,606	17,370	369,956
Total other operating expenses	3,827,139	397,294	48,022	4,272,455
Total Operating Expenses	5,046,473	1,067,926	457,773	6,572,172
Operating Income (Loss)	1,755,839	74,277	237,856	2,067,972
Nonoperating Revenues (Expenses)				
Gain (Loss) on sale of fixed assets	-	9,434	-	9,434
Total Nonoperating Revenues and (Expenses)	-	9,434	-	9,434
Income (Loss) Before Contributions and Transfers	1,755,839	83,711	237,856	2,077,406
Intergovernmental grant	24,860	-	-	24,860
Transfer in	-	-	99,810	99,810
Transfer (out)	(1,848,216)	(86,862)	-	(1,935,078)
Change in Net Position	(67,517)	(3,151)	337,666	266,998
Net Position Beginning of Year	3,042,649	5,275,221	1,413,146	9,731,016
Net Position End of Year	$ 2,975,132	$ 5,272,070	$ 1,750,812	$ 9,998,014

The accompanying notes are an integral part of these financial statements.

CITY OF SUGAR HILL, GEORGIA

Statement of Cash Flows

Proprietary Funds

For The Year Ended December 31, 2020

	Gas Fund	Golf Fund	Stormwater Fund	Total
Cash flows from operating activities:				
Receipts from customers	$ 6,751,587	$ 1,142,025	$ 438,466	$ 8,332,078
Payments to suppliers	(3,926,485)	(408,119)	(84,276)	(4,418,880)
Payments to employees	(861,479)	(476,196)	(354,190)	(1,691,865)
Net cash provided (used) by operating activities	1,963,623	257,710	-	2,221,333
Cash flows from noncapital financing activities:				
Transfer to other funds	(1,848,216)	(86,862)	-	(1,935,078)
Intergovernmental grants	24,860	-	-	24,860
Net cash provided (used) by noncapital financing activities	(1,823,356)	(86,862)	-	(1,910,218)
Cash flows from capital and related financing activities:				
Transfer from other funds	-		99,810	99,810
Proceeds from sales of capital assets		9,434		9,434
Acquisition and construction of capital assets	(139,594)	(180,403)	(99,810)	(419,807)
Net cash provided (used) by capital and related financing activities	(139,594)	(170,969)	-	(310,563)
Net increase (decrease) in cash and cash equivalents	673	(121)	-	552
Cash and cash equivalents, December 31, 2019	737,077	1,421	-	738,498
Cash and cash equivalents, December 31, 2020	$ 737,750	$ 1,300	$ -	$ 739,050
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 1,755,839	$ 74,277	$ 237,856	$ 2,067,972
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	180,980	171,606	17,370	369,956
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(57,471)	0	(19,339)	(76,810)
(Increase) decrease in prepaid expenses	(10,414)	(1,453)	388	(11,479)
(Increase) decrease in supplies/inventory	(48,161)	(3,776)	-	(51,937)
(Increase) decrease in deferred outflows of resources	(31,674)	(15,465)	(4,870)	(52,009)
Increase (decrease) in due from other funds	-	0	(237,824)	(237,824)
Increase (decrease) in accounts payable	103,279	3,522	(10,293)	96,508
Increase (decrease) in accrued expenses	4,897	1,537	458	6,892
Increase (decrease) in compensated absences	5,915	(1,776)	537	4,676
Increase (decrease) in unearned revenue	1,496	(178)	-	1,318
Increase (decrease) in customer deposits	5,250	0	-	5,250
Increase (decrease) in deferred inflows of resources	534	292	156	982
Increase (decrease) in net pension liability	53,153	29,124	15,561	97,838
Net cash provided (used) by operating activities	$ 1,963,623	$ 257,710	$ -	$ 2,221,333

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Sugar Hill, Georgia, have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the government's accounting policies are described below.

1-A The Reporting Entity

The City of Sugar Hill, Georgia is a municipal corporation governed by a five member City Council, a Mayor and a full time City Manager. As required by generally accepted accounting principles, the accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The blended component unit, although a legally separate entity is, in substance, part of the City's operations and so data from this unit is combined with data of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. Each blended and discretely presented component unit has a December 31st year-end.

The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Discretely presented component units

The Sugar Hill Housing Authority (Housing Authority) is governed by a separate board appointed by the Mayor and Council and is a separate legal, public body created and existing under instrumentality of the City of Sugar Hill, Georgia for the purpose of providing safe and sanitary dwelling accommodations to persons of low income. The Housing Authority's financial statements are reflected on the City's financial statements under the Discretely Presented Component Unit caption. The Housing Authority does not issue separate financial statements.

The Downtown Development Authority (Development Authority) was created for the purpose of revitalization and redevelopment of the central business district of the City of Sugar Hill and to develop and promote for the public good and general welfare trade, commerce, industry, and employment opportunities. The Development Authority is governed by a separate board appointed by the Mayor and Council and is a separate legal, public body created and existing under instrumentality of the City of Sugar Hill, Georgia. The Development Authority utilizes City employees to conduct daily operations including finance activities. During 2020, the City received $43,750 in admin fees from the Development Authority. The City leases property, commonly known as the E Center, during the current year from the Development Authority for rental payments equal to the revenue bonds monthly interest expense payments, in excess of rent revenue collected by the Authority from other sources. During 2020, this City paid the Development Authority $3,297,343. The Development Authority does not issue separate financial statements.

Payments between the city and component units

Resource flows (except those that affect the statement of net position/balance sheet only) between a primary government and its discretely presented component units are reported as external transactions—that is, as revenues and expenses. Resource flows between the primary government and blended component units are classified as interfund transactions in the financial statements. During 2020, there were no blended component units.

All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of a primary government.

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 governmental funds.

1-B Basis of Presentation and Basis of Accounting

Basis of Presentation - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

1-C Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance - Generally fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Non-spendable - Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

Committed
Assigned
Unassigned

Net position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating find. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

SPLOST 2017. These funds account for Special Purpose Local Option Sales Tax financial resources expended for capital purposes approved by referendum.

Capital Improvements Fund. This fund is used for capital purchase purposes, as approved by the City Council.

The City reports the following major proprietary funds:

Gas Fund. This fund 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. This fund accounts for the operations of the City's Golf Course. The Golf Course is a public course open to all residents and nonresidents.

Stormwater Utility Fund. This 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.

Enterprise fund operating revenues and expenses result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues and expenses, such as subsidies, investment earnings or interest expense, result from non-exchange transactions or ancillary activities.

Receivables from and payables to external parties are reported separately and not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Basis of Accounting – Measurement Focus

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the flow of economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year end except for property taxes for which sixty days after year end applies. Property taxes, sales taxes, franchise fees, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and adjustments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgets. Formal budgetary accounting is employed as a management control device for the General Fund, SPLOST, Stormwater Utility, Gas, and Golf Funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds. In October, the City Manager 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 City Manager meets with the City Council for final adjustments. In November or December, hearings are conducted to obtain public comment. At the council meeting in December, the budget is formally approved. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principle basis. Budgets for the Capital Project Funds are adopted on a project basis, spanning more than one fiscal year. The City Council must approve any amendments to the budget.

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

All annual appropriations lapse at the end of each fiscal year.

1-D Assets, Liabilities, and Equity

Cash and Cash Equivalents

The City considers short-term liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates to be cash equivalents. Only investments with original maturities of three months or less meet this definition. Time deposits are classified as cash and cash equivalents without regard to maturity date.

Investments

The City does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2020, the City had investments in the amount of $2,091,937 and consisted of only certificates of deposit.

Restricted Assets

These assets are held in the capital projects and special revenue funds for specific purposes defined by statute, referendum, or grant contract and are not generally available for general government operations.

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 either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables, including those for the City of Sugar Hill, are shown net of an allowance for uncollectibles. Trade accounts receivable for the City are the balances in the proprietary fund resulting from the sale of gas utility services. Balances due for utility services in excess of 90 days plus a conservative estimate for balances due in excess of 30-60 days comprise the trade accounts receivable allowance for uncollectibles, which was $60,000 at December 31, 2020. The collection rate for property taxes in the General Fund and stormwater fees in the Stormwater Fund is in excess of 99%, consequently the City has chosen to make a conservative judgmental estimate for uncollectible property tax accounts in the amount of $26,334 in the General Fund and $4,538 in the Stormwater Fund as of December 31, 2020.

Property Tax Calendar

The City set its millage rate for the 2020 fiscal year on August 10, 2020 at 3.800 mills. Property tax bills were mailed on or about October 15, 2020 by the Gwinnett County Tax Commissioner and were due December 1, 2020. Penalties and interest are due on all accounts not paid by the due date.

Inventories and Prepaid Items

Inventories are valued at the lower of cost or market. In the governmental funds, the cost of inventory items are recorded as expenditures at the time of purchase. The City maintains no significant inventories in governmental funds. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in governmental funds.

Inventories in the proprietary funds consist of expendable supplies, parts, pipes, meters, golf paraphernalia, etc. Inventories are valued at the lower of cost or market. Inventory is reflected in the proprietary funds on a first-in first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the proprietary funds.

Capital Assets

Capital assets, which include property, building, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported at cost in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, building and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

	Governmental Funds	Gas Fund	Golf Fund	Stormwater Fund
Assets	Years	Years	Years	Years
Buildings and improvements	5-50	20-40	10-40	-
Site Improvements	15	-	-	-
Machinery and equipment	5-30	7-20	5-10	5-10
Furniture and fixtures	5-15	7-10	7-20	-
Vehicles	5-15	5-10	5-6	5
Infrastructure	15-40	20-50	-	20-50
Recreational upgrades	10-30	-	-	-
Sprayfield	15-40	-	30	-
Gas distribution system	-	40-50	-	-
Golf renovations	-	-	5-20	-
Stormwater improvements	-	-	-	20-50

Bond Premium and Discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds based on the effective interest method. Bonds are reported net of the applicable premium or discount. Amortization costs for the Development Authority's bond premium and discount was $918,827 and $958, respectively, during 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Compensated Absences

Personal leave for the City includes both vacation and sick pay. Personal leave is based on an employee's length of employment and is earned ratably during the span of employment. Personal leave can be carried over a maximum of 240 hours to the following year. Any amounts of personal leave over the maximum of 240 hours are either paid to the employee or contributed to the employee's 401k policy, at the employees' discretion at the end of the year. Upon termination, employees are paid full value for any accrued leave earned. Employees may not elect to apply accumulated personal leave to their time of service at their retirement.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated general leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The balance of compensated absences is recorded as a noncurrent liability and disclosed as a long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category. This item only arises under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source in 2020: property taxes.

NOTE 2. DEPOSITS AND INVESTMENTS

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.

The City's custodial credit risk policy is to require all banks to collateralize the City's deposits at 110% of account balances and to have a perfected security agreement supporting the collateral agreement with the bank. The City does not have a foreign credit risk. At December 31, 2020, bank deposits were fully insured at the required 110% under the pooling method with the Georgia Banking Association. All other bank deposits were also fully collateralized.

NOTE 3. LITIGATION

The Attorneys for the City have advised that there are no known legal matters which will have a material effect on the City's financial condition. No provision has been made to provide reserves for litigation settlements.

NOTE 4. RECEIVABLES

PRIMARY GOVERNMENT

Receivables as of December 31, 2020 for the City's major governmental and proprietary funds are as follows:

Governmental Funds:		
Property taxes receivable - net	$	263,283
Due from other governments - SPLOST		400,044
Due from other governments - Gwinnett County		7,679
Due fromother governments -other operating state grants		5,000
Due from other governments - DDA (component unit)		3,183,942
Interest receivable		619
Other charges for services reeivable - net		5,072
Franchise taxes receivable		786,497
Total Governmental Receivables:	$	4,652,136
Business-type Funds:		
Stormwater utility fees receivable - net	$	44,887
Accounts receivable, net - Gas customers		884,876
Total Business-type Receivables:	$	929,763

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.

DISCRETELY PRESENTED COMPONENT UNIT

There were no receivables as of December 31, 2020 for the City's discretely presented component unit, the DDA.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance 1/1/2020	Additions	Retirements	Reclassifications	Ending Balance 12/31/2020
Primary Government:					
Governmental Activities:					
Non-Depreciable Assets:					
Land	$ 21,769,747	$ 502,871	$ 824,378	$ -	$ 21,448,240
Construction in Progress	6,032,193	4,292,485	-	(5,498,578)	4,826,100
Total non-depreciable capital assets	27,801,940	4,795,356	824,378	(5,498,578)	26,274,340
Depreciable Assets:					
Buildings & Improvements	19,245,146	430,165	680,767	277,143	19,271,687
Site Improvements	-	-	-	1,580,384	1,580,384
Machinery & Equipment	1,676,500	199,447	769	-	1,875,178
Furniture & Fixtures	82,900	83,280	-	-	166,180
Vehicles	1,206,157	397,131	-	-	1,603,288
Infrastructure	47,176,145	-	-	3,641,051	50,817,196
Sprayfield	226,914	-	-	-	226,914
Recreational Upgrades	10,707,550	-	-	-	10,707,550
Total depreciable capital assets	80,321,312	1,110,023	681,536	5,498,578	86,248,377
Accumulated Depreciation:					
Buildings & Improvements	3,927,898	611,339	237,791	-	4,301,446
Site Improvements	-	87,464	-	-	87,464
Machinery & Equipment	1,241,670	102,189	769	-	1,343,090
Furniture & Fixtures	15,941	12,007	-	-	27,948
Vehicles	891,269	74,106	-	-	965,375
Infrastructure	21,986,749	1,495,553	-	-	23,482,302
Sprayfield	96,247	5,251	-	-	101,498
Recreational Upgrades	3,339,448	365,995	-	-	3,705,443
Total accumulated depreciation	31,499,222	2,753,904	238,560	-	34,014,566
Total depreciable capital assets, net	48,822,090	(1,643,881)	442,976	5,498,578	52,233,811
Governmental activities capital assets, net	$ 76,624,030	$ 3,151,475	$ 1,267,354	$ -	$ 78,508,151
Business-type Activities:					
Non-Depreciable Assets:					
Land	$ 4,258,848	$ -	$ -	$ -	$ 4,258,848
Total non-depreciable capital assets	4,258,848	-	-	-	4,258,848
Depreciable Assets:					
Buildings & Improvements	2,288,052	49,870	-	-	2,337,922
Machinery & Equipment	1,920,722	169,742	248,987	-	1,841,477
Furniture & Fixtures	80,932	-	-	-	80,932
Vehicles	639,621	58,020	-	-	697,641
Sprayfield	583,676	-	-	-	583,676
Stormwater Improvements	489,901	99,810	-	-	589,711
Gas Distribution System	4,485,320	42,365	-	-	4,527,685
Golf Renovations	868,040		-	-	868,040
Total depreciable capital assets	11,356,264	419,807	248,987	-	11,527,084
Accumulated Depreciation:					
Buildings & Improvements	1,838,667	79,702	-	-	1,918,369
Machinery & Equipment	1,489,980	81,860	248,987	-	1,322,853
Furniture & Fixtures	80,932	-	-	-	80,932
Vehicles	471,069	34,130	-	-	505,199
Sprayfield	403,710	19,456	-	-	423,166
Stormwater Improvements	11,265	16,330	-	-	27,595
Gas Distribution System	2,116,243	109,949	-	-	2,226,192
Golf Renovations	611,188	28,529	-	-	639,717
Total accumulated depreciation	7,023,054	369,956	248,987	-	7,144,023
Total depreciable capital assets, net	4,333,210	49,851	-	-	4,383,061
Business-type activities capital assets, net	$ 8,592,058	$ 49,851	$ -	$ -	$ 8,641,909

During 2020, land in the amount of $824,378 was transferred to the DDA from the City.

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	$ 565,753
Public Safety	18,624
Public Works	1,580,724
Health & Welfare	14,624
Culture & Recreation	578,166
Housing & Development	8,501
Total depreciation expense - governmental activities	$ 2,766,392
Business-type Activities:	
Gas	$ 180,980
Golf	171,606
Stormwater	17,370
Total depreciation expense - business-type activities	$ 369,956

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the Development Authority for the year ended December 31, 2020, was as follows:

	Beginning Balance 1/1/2020	Additions	Retirements	Reclassifications	Ending Balance 12/31/2020
Discretely Presented Component Units					
Governmental Activities:					
Non-Depreciable Assets:					
Land	$ 2,535,662	$ 824,378	$ 381,402	$ -	$ 2,978,638
Construction in Progress	-	-	-	-	-
Total non-depreciable capital assets	2,535,662	824,378	381,402	-	2,978,638
Depreciable Assets:					
Buildings & Improvements	47,862,903	325,176	-	-	48,188,079
Machinery & Equipment	51,222	-	-	-	51,222
Furniture & Fixtures	292,182	19,481	-	-	311,663
Total depreciable capital assets	48,206,307	344,657	-	-	48,550,964
Accumulated Depreciation:					
Buildings & Improvements	1,693,055	1,810,488	-	-	3,503,543
Machinery & Equipment	4,985	4,915	-	-	9,900
Furniture & Fixtures	39,524	20,108	-	-	59,632
Total accumulated depreciation	1,737,564	1,835,511	-	-	3,573,075
Total depreciable capital assets, net	46,468,743	(1,490,854)	-	-	44,977,889
Governmental activities capital assets, net	$ 49,004,405	$ (666,476)	$ 381,402	$ -	$ 47,956,527

During 2020, land in the amount of $381,402 was sold to the DDA from the City for $1,677,500 and resold to another party on the same day for the same amount.
During 2020, land in the amount of $442,976 was transferred to the DDA from the City.

NOTE 6. RISK MANAGEMENT

The City purchased general liability insurance from Georgia Interlocal Risk Management Agency in 2020. The City's policy starts May 1st and ends April 30th of each year. The premium for the City's fiscal year of 2020 was $129,028. The City purchased Workers Compensation Insurance through Georgia Municipal Association Workers' Compensation Self-Insurance Fund in 2020. The City's policy period for Georgia Municipal Association carry a one-year term which started on Jan 1st and ended December 31st. The premium for the City's fiscal year of 2020 was $75,829.

Under the Georgia Municipal Association Workers' Compensation fund, as part of the risk pool, the City of obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund. The fund it to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal negotiation or defense. With respect to other types of risk including torts, theft or destruction of assets, errors of omissions, and acts of God, the City has purchased sufficient insurance and, therefore, transferred risk of loss.

NOTE 7. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City's governmental funds report unavailable revenues as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The amounts are reported as follows:

Governmental Fund Financial Statements:		
Deferred inflows of resources		
Property Taxes	$	149,669
Total deferred inflows of resources	$	149,669
Government-Wide Fund Financial Statements		
Deferred inflows of resources		
Defined benefit retirement plan - See note 15	$	2,954
Total deferred inflows of resources	$	2,954
Business-type Activities:		
Deferred inflows of resources		
Defined benefit retirement plan - See note 15	$	982
Total deferred inflows of resources - business-type activities	$	982
Total Deferred Inflows of Resources - Government-Wide	$	3,936

NOTE 8. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

As of December 31, 2020, deferred outflows of resources consisted of the following:

Governmental Activities:		
Defined benefit retirement plan - See note 15	$	578,758
Total deferred outflows of resources - governmental activities	$	578,758
Business-type Activities:		
Defined benefit retirement plan - See note 15	$	200,007
Total deferred outflows of resources - business-type activities	$	200,007
Total Deferred Outflows of Resources - Government-Wide	$	778,765

NOTE 9. LANDFILL CLOSURE/POSTCLOSURE

State and federal laws and regulations require the City to place a final cover on a landfill site when it stops accepting water 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 costs 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.

As of December 31, 2020, the City has recorded a liability for the landfill of $869,921 which represents the estimated postclosure costs based on 100% of landfill capacity used to date. All estimated liability costs have been recognized since the landfill is no longer used. The City received its closure certificate on February 14, 2000.

These costs are based on what it would cost to perform all postclosure care in 2020. 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.

NOTE 10. LONG-TERM DEBT

PRIMARY GOVERNMENT

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:

	Balance as of December 31, 2019	Additions	Reductions	Balance as of December 31, 2020	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 182,588	$ 210,940	$ (186,274)	$ 207,254	$ -
Landfill closure/postclosure	1,014,907	-	(144,986)	869,921	144,986
Net Pension Liability	481,507	294,146	-	775,653	-
Total governmental activities	$ 1,679,002	$ 505,086	$ (331,260)	$ 1,852,828	$ 144,986
Business-Type Activities:					
Compensated Absences	$ 43,682	$ 73,907	$ (69,231)	$ 48,358	$ -
Net Pension Liability	409,691	97,838	-	507,529	-
Total business-type activities	$ 453,373	$ 171,745	$ (69,231)	$ 555,887	$ -
Total Primary Government Long-Term Liabilities	$ 2,132,375	$ 676,831	$ (400,491)	$ 2,408,715	$ 144,986

The governmental activities compensated absences liability will be paid from the fund from which the salaries are paid, the General Fund. The business-type activities compensated absences liability will be paid from the fund which the salaries are paid, the Stormwater Fund, the Gas Fund, and the Golf Fund.

DISCRETLY PRESENTED COMPONENT UNITS

Activity for the Development Authority for the year ended December 31, 2020, was as follows:

	Balance as of December 31, 2019	Additions	Reductions	Balance as of December 31, 2020	Due Within One Year
Development Authority Activities:					
Revenue Bonds	$ 38,900,000	$ 21,560,000	$ (26,265,000)	$ 34,195,000	$ 1,745,000
Less: original issue discount	(1,305)	-	958	(347)	(347)
Plus: original issue premium	876,801	3,618,302	(918,827)	3,576,276	522,764
Total Revenue Bonds	39,775,496	25,178,302	(27,182,869)	37,770,929	2,267,417
Total Development Authority activities	$ 39,775,496	$ 25,178,302	$ (27,182,869)	$ 37,770,929	$ 2,267,417
Total Long-Term Liabilities	$ 39,775,496	$ 25,178,302	$ (27,182,869)	$ 37,770,929	$ 2,267,417

On February 19, 2016, the City entered into a contract, as lessee, with the Development Authority to issue $24,375,000 in revenue bonds, Series 2016A, and $3,855,000 in taxable revenue bonds, Series 2016B. The Series 2016A bonds carry a rate of ranging from 2.5% to 4.0% per annum and mature on December 1, 2035. The Series 2016B bonds carry a rate ranging from 1.25% to 2.0% per annum and mature on December 31, 2021. The bonds were issued to construct the E Center. Under the contract, the City will fund the bond payments as rent for the portion of the facilities rented by the City along with commercial lease tenants until the bond principal, premium, and interest have been fully paid. The E Center building will be owned and managed by the Development Authority. On December 1, 2020 Series 2016A was refunded with the new Series 2020 revenue bonds.

The annual requirements to amortize the Series 2016 B revenue bonds outstanding as of December 31, 2020, are as follows:

Dec 31	Principal	Interest	Total
2021	735,000	14,700	749,700

On May 29, 2018, the City entered into a contract, as lessee, with the Development Authority to issue $9,875,000 in revenue bonds, Series 2018A, and $4,050,000 in taxable revenue bonds, Series 2018B. The Series 2018A bonds carry a rate of ranging from 3% to 3.375% per annum and mature on December 1, 2035. The Series 2018B bonds carry a rate ranging from 2.45% to 3.21% per annum and mature on December 1, 2024. The bonds were issued to construct the E Center. Under the contract, the City will fund the bond payments as rent for the portion of the facilities rented by the City along with commercial lease tenants until the bond principal, premium, and interest have been fully paid. The E Center building will be owned and managed by the Development Authority.

The annual requirements to amortize the Series 2018 A&B revenue bonds outstanding as of December 31, 2020, are as follows:

Dec 31	Principal	Interest	Total
2021	640,000	924,225	1,564,225
2022	660,000	905,475	1,565,475
2023	680,000	883,250	1,563,250
2024	700,000	851,750	1,551,750
2025	720,000	812,000	1,532,000
2026-2030	3,935,000	3,195,400	7,130,400
2031-2035	4,565,000	1,637,400	6,202,400
	$ 11,900,000	$ 9,209,500	$ 21,109,500

On December 1, 2020, the City entered into a contract, as lessee, with the Development Authority to issue $21,560,000 in revenue bonds, Series 2020, as an advanced refunding of the non-taxable revenue bonds, Series 2016A. The Series 2020 bonds carry a rate of ranging from 2% to 5% per annum and mature on December 1, 2035. The bonds were issued to refund the Series 2016A bonds which were issued to construct the E Center. Under the contract, the City will fund the bond payments as rent for the portion of the facilities rented by the City along with commercial lease tenants until the bond principal, premium, and interest have been fully paid. The E Center building will be owned and managed by the Development Authority.

The annual requirements to amortize the Series 2020 revenue bonds outstanding as of December 31, 2020, are as follows:

Dec 31	Principal	Interest	Total
2021	370,000	826,750	1,196,750
2022	1,135,000	811,950	1,946,950
2023	1,180,000	766,550	1,946,550
2024	1,230,000	719,350	1,949,350
2025	1,280,000	670,150	1,950,150
2026-2030	7,355,000	2,394,750	9,749,750
2031-2035	9,010,000	731,300	9,741,300
	$ 21,560,000	$ 6,920,800	$ 28,480,800

The annual requirements to amortize all revenue bonds outstanding as of December 31, 2020, are as follows:

Dec 31	Principal	Interest	Total
2021	1,745,000	1,765,675	3,510,675
2022	1,795,000	1,717,425	3,512,425
2023	1,860,000	1,649,800	3,509,800
2024	1,930,000	1,571,100	3,501,100
2025	2,000,000	1,482,150	3,482,150
2026-2030	11,290,000	5,590,150	16,880,150
2031-2035	13,575,000	2,368,700	15,943,700
	$ 34,195,000	$ 16,145,000	$ 50,340,000

NOTE 11. BONDS HELD

As of December 31, 2020, 3 performance bonds were posted by multiple companies with the City against damages that might occur during construction. Once these construction projects are successfully completed, the monies posted will be returned to the appropriate company. During 2020, no performance bonds were called due to noncompliance. The outstanding balance of the erosion bonds as of December 31, 2020 is $50,847.

NOTE 12. 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 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.

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. As of December 31, 2020, the interfund receivables and payables were as follows:

	Due From:	
Due To:	General Fund	Total
Capital Improvements Fund	477,019	477,019
Stormwater Fund	1,173,165	1,173,165
	$ 1,650,184	$ 1,650,184

This government reports interfund transfers between several of its funds. Some of the transfers are considered immaterial and are aggregated into a single column or row titled *All Others*. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. These transfers have been eliminated from the government-wide financial statements.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) provide unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During 2020, the transfers were as follows:

	Transfer From:				
Transfer To:	General Fund	Capital Improvements	Gas Fund	Golf Fund	Total
General Fund	$ -	$ -	$ 1,848,216	$ 86,862	$ 1,935,078
Capital Improvements Fund	1,006,935	-	-	-	1,006,935
Stormwater Fund	-	99,810	-	-	99,810
	$ 1,006,935	$ 99,810	$ 1,848,216	$ 86,862	$ 3,041,823

NOTE 14. BUDGETS

The following are Governmental Funds for which budgets were legally adopted:

Department	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Variance with Final Budget Over (Under)
General Fund			
General Government	$ 4,165,681	$ 3,013,905	$ (1,151,776)
Judicial	16,200	15,396	(804)
Public Safety	538,165	404,194	(133,971)
Public Works	1,801,195	1,650,744	(150,451)
Recreation & Culture	3,139,110	1,858,351	(1,280,759)
Housing & development	4,538,645	4,528,462	(10,183)
Transfers Out	1,016,517	1,006,935	(9,582)
	$ 15,215,513	$ 12,477,987	$ (2,737,526)

The legal level of control for this government is at the department level, which is the basis for the Budgetary Comparison Schedule.

NOTE 15: RETIREMENT PLANS

Defined Benefit Retirement Plan

Plan Description

The Georgia Municipal Employees Benefit System (GMEBS) administers an agent multiple-employer defined benefit pension plan, the City of Sugar Hill Retirement Plan as defined in the Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. Under the GMEBS Retirement Fund, the contributions made by the City of Cleveland, Georgia are commingled with contributions made by other participants of the GMEBS Retirement Fund for investment purposes. The plan was effective on April 1, 2018.

The Board of Trustees of the Georgia Municipal Employees Benefit System (GMEBS) is authorized to amend the "Plan" documents pursuant to a formally adopted resolution. The adoption agreements, executed by the City Council, establish the specific benefit provisions of the Defined Benefit Plan and may be amended by a formally adopted resolution by the City Council and approved by the Plan Board of Trustees. The Plan provides for benefits upon retirement, death, disablement, and termination of employment. The pension plan's financial report is included in the report of the Georgia Municipal Employees Benefit System.
A copy of the Pension Plan financial reports can be obtained from:

Georgia Municipal Association
201 Pryor Street, NW
Atlanta, GA. 30303-3606

Employee membership data related to the Plan, as of December 31, 2020 was as follows:

Active employees	75
Active elected officials	6
Vested former participants	4
Retired participants and beneficiaries	4

Funding Policy

The City is required to contribute an actuarially determined amount annually to the Plan's trust. The Contribution amount is determined using actuarial methods and assumptions provided for by the adoption agreement and intended to satisfy the minimum contribution requirements set forth in controlling State of Georgia statutes. The City's retirement plan is subject to minimum funding standards of the Public Retirement Systems Standard Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $312,951. The minimum contribution amount is determined as the sum of (1) the normal cost (including administrative expenses), (2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization surplus, and (3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contributions to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan.

Recommended Contribution

	Year Beginning July 1, 2020
Total Benefit Normal Cost	$ 285,165
Administrative Expenses	$ 16,793
Expected Employee Contributions	$ -
Employer Normal Cost	$ 301,958
Actuarial Accrued Liability at Valuation Date	$ 3,603,784
Actuarial Value of Assets at Valuation Date	$ 3,602,941
Underfunded/(Surplus) Actuarial Accrued Liability	$ 843
Payment on Unfunded/(Surplus) Actuarial Accrued Liability	$ 68
Full Funding Credit	$ -
Recommended Mid-Year Contribution at Valuation Date	$ 302,026
Adjustment to Fiscal Year (Begins July 1, 2019)	$ 10,939
Total Recommended Mid-Year Contribution, For Fiscal Year	$ 312,965
Recommended Contribution As A Percentage Of Expected Payroll	8.75%

Note: The scheduled is intended to show information for two years. Additional information will be displayed in subsequent years.

Summary of Plan Provisions

Employer	City of Sugar Hill
Social Security	No
Participant Contribution	--
Original Effective Date	4/1/2018
Master Plan/Adoption Agreement	4/1/2018
Eligibility Requirements	Employees: No waiting period Officials: No waiting period City manager's participation optional in such position on 4/1/18
Normal Retirement Age	Employees: 65+5 or 62+10 (participant is not required to be in service of the Employer at the time of satisfying the Alternative Normal) Officials: 65 or 62+10 (participant is not required to be in service of the Employer at the time of satisfying the Alternative Normal)
Early Retirement	55+10
Benefit Formula	2.00%
Official's Benefits	$35
Vesting	5 years Officals: Immediate vesting
Death Benefits	Automatic Option A – Vested Participation Term vest Auto A death benefit
Disability Minimum	20%
Cost-of-Living	Variable not to exceed 2%
Other	A maximum of five (5) years of service with the City prior to the date the eligible employee becomes a participant shall be credited as credited past service, and shall be counted for all purposes. For purposes of this provision, only service with the City during the period of 4/1/13 - 3/31/18 may be counted as credited past service. No changes in plan features since last valuation.

The following chart shows the historical funding information. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Funding History

Actuarial Valuation Date		July 1, 2020
Actuarial Value of Assets (a)	$	3,602,941
Actuarial Accrued Liability (b)	$	3,603,784
Underfunded/(Surplus) (b) - (a)	$	843
Funded Ratio (a) / (b)		99.98%
Covered Payroll	$	3,538,686
Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll		0.02%

Actuarial Cost Method. *Projected Unit Credit.*

Amortization Method. Closed level dollar for remaining underfunded liability.

Asset Valuation Method. Sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial assumptions. The total pension liability in the January 1, 2020 actuarial valuation date was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Net Investment Rate of Return	7.375% (on-going basis)
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	1.70%

The mortality and assumptions used in the July 1, 2020 valuation were approved by the Board in December 2019 based on the results of an actuarial study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December 2019.

Mortality Rates

Healthy:	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled:	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.41%
International Equity	20%	6.96%
Domestic Fixed Income	20%	1.96%
Real Estate	10%	4.76%
Global Fixed Income	5%	3.06%
Cash	0%	
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that City contributions will be made at equal rates to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability. The City's net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. At December 31, 2020, the City reported a net pension liability. The amount recognized by the City were as follows:

City's Net Pension Liability:	
Governmental activities	$ 775,653
Business-type activities	507,529
Total Net Pension Liability	$ 1,283,182

Changes in the City's net pension liability for the year ended March 31, 2020 were as follows:

Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Plan Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at March 31, 2019	$ 4,046,304	$ 3,155,107	$ 891,197
Changes for the Year:			
Service Cost	$ 242,645	$ -	$ 242,645
Interest Expense	312,413	-	312,413
Benefit Changes (Changes of benefit terms)	-	-	-
Experience Losses (gains)	51,162	-	51,162
(Amortized over avg remain svc period of actives & inactives)			
Changes of Assumptions	-	-	-
Contributions - Employer/Nonemployer	-	385,478	(385,478)
Contributions - Employee	-	68,205	(68,205)
Contributions - State	-	-	-
Other Changes - Contribution timing differences	-	-	-
Net Investment Income	-	(227,551)	227,551
Expected Return on Plan Investments	-	-	-
Amortized Portion of Current-period	-	-	-
Differences between Actual			-
and Expected Returns on Plan Investments	-	-	-
Refunds of Contributions	-	-	-
Benefits Paid	(246,874)	(246,874)	-
Plan Administrative Expenses	-	(16,322)	16,322
Contributions for Specific Liabilities	-	-	-
Other	(4,425)		(4,425)
Amortization of or Change in Beginning Balances of Deferred Outflow	-	-	-
NET CHANGES:	**$ 4,401,225**	**$ 3,118,043**	**$ 1,283,182**
Balances at March 31, 2020	**$ 4,401,225**	**$ 3,118,043**	**$ 1,283,182**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's net pension liability calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate: ***Pension Plan Fiduciary Net Position.*** Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

	Discount Rate	Net Pension Liability
1% Decrease	6.375%	$2,101,624
Current Discount Rate	7.375%	$1,283,182
1% Increase	8.375%	$624,482

Pension Expense for the Year Ended December 31, 2020:

Service Cost	$ 242,645
Interest on TPL	312,413
Employee Contributions	(68,205)
Administrative Expenses	16,322
Expected Return on Assets	(243,776)
Expensed Portion of Current Year Period Differences Between Expected And Actual Experience in TPL	5,682
Expensed Portion of Current Year Period Assumption Changes	-
Current Year Plan Changes	(489)
Expensed Portion of Current Year Period Differences Between Projected and Actual Investment Earnings	94,267
Current Year Recognition of Deferred Inflows and Outflows Established in Prior Years	22,140
Total Pension Expense	$ 380,999

For the year ended December 31, 2020, the City of Sugar Hill recognized pension expense of $380,999.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected And Actual Experience	$ 135,335	$ -
Changes of Assumptions	-	(3,936)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	389,567	-
City Contributions Subsequent to the Measurement Date	253,863	-
Total	$ 778,765	$ (3,936)

The deferred outflows of resources are reported on the Statement of Net Position as follows:

	Governmental Activities	Business-Type Activities	Total
Differences Between Expected And Actual Experience	$ 93,553	$ 41,782	$135,335
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	294,706	94,861	$389,567
Changes in Assumptions	(2,954)	(982)	$ (3,936)
City Contributions Subsequent to the Measurement Date	190,499	63,364	$253,863
	$ 575,804	$ 199,025	$ 774,829

Projected Recognition of Deferred Outflows/ (Inflows)

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the pension expense as follows:

	Year Established	Outstanding Balance at January 1, 2020	Amount recognized During FYE December 31, 2020	Outstanding Balance at December 31, 2020	2021	2022	2023	2024	2025	2026 and thereafter
Fiscal Year Outflows										
		$ 646,991	$ 122,089	$ 524,902	$122,090	$ 122,090	$ 122,090	$117,921	$23,656	$ 17,055
Total Outflows		$ 646,991	$ 122,089	$ 524,902	$122,090	$ 122,090	$ 122,090	$117,921	$23,656	$ 17,055
Fiscal Year Inflows										
		(4,425)	(489)	(3,936)	(492)	(492)	(492)	(492)	(492)	$ (1,476)
Total Inflows		$ (4,425)	$ (489)	$ (3,936)	$ (492)	$ (492)	$ (492)	$ (492)	$ (492)	$ (1,476)
Total		$ 642,566	$ 121,600	$ 520,966	$121,598	$ 121,598	$ 121,598	$117,429	$23,164	$ 15,579

Defined Contribution Plan

The City had adopted a defined contribution money purchase plan until April 2018 at which time the City changed to the Defined Benefit Plan. The Defined Contribution Plan operated in conjunction with a Deferred Compensation Plan as discussed below with Nationwide Retirement Solutions. The plan was established by the City Council. The plan was established by a majority vote of the Sugar Hill City Council. Employees must complete one month of service to be eligible for participation in the plan. The City's contribution requirements can be amended by majority vote of the City Council. As of April 1, 2018 the plan was discontinued and the City's contributions ceased. Employees were fully vested after 4 years of continuous service.

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 the employees 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 $18,000 per year. Until April 2018, the City matched 50% of the employee contribution up to 7.5% of the employees' gross pay. In April 2018, when the City changed to the Defined Benefit Plan, it eliminated the match. However, employees are still allowed to contribute to the plan as of December 31, 2020. For employees over 50 years of age, the ceiling is $24,000 per year with a catch-up provision. For the year ending December 31, 2020, the employees contributed $121,235 to the plan.

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.

NOTE 16. SPECIAL PURPOSE LOCAL OPTION SALES TAX

Gwinnett County administers the SPLOST funds for the City. In connection therewith, the County collects revenues on behalf of the City and remits the taxes collected to the City each month. The City expends these funds according to SPLOST resolution.

NOTE 17. COMMITMENTS AND CONTINGENT LIABILITIES

The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with the Municipal Gas Authority of Georgia ("MGAG") under which the City buys natural gas for resale to its customers. Under such contracts with MGAG, the City is obligated to purchase from MGAG, and MGAG is obligated to provide, all of the City's natural gas requirements. The price paid by the City to MGAG under its contracts is intended to cover the City's share of all the costs of MGAG including scheduled debt service. Such payments are required to be made by the City whether or not MGAG's facilities or natural gas properties or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed or terminated in whole or in part, or whether or not any of its natural gas suppliers or transporters defaults in its obligations under the gas supply or transportation contracts with MGAG. To the extent the required payments are not made from revenues of the System of other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. The City is contingently liable for its pro-rata share of MGAG's obligations in the amount of $187,500,000 as of December 31, 2020, with the City's pro-rata share being $3,415,100.

During 2020, the Development Authority entered into an agreement with Solomon-Sugar Hill, LLC to issue bonds in the amount of $60,000,000 to be used for the cost of constructing a 130 unit senior assisted living and memory care facility. The building and land are pledged as collateral for the bonds. Solomon-Sugar Hill, LLC is the obligors of the underlying debt. The bonds are payable solely by Solomon-Sugar Hill, LLC. In addition, no commitment beyond the collateral was extended by the Development Authority or City.

NOTE 18. JOINT VENTURES

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 thereto. During its year ended December 31, 2020, 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 determined if each municipality within the County should be billed for their pro-rata share of the dues. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission in Georgia. The ARC's Board membership includes the chief elected official of each city and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from:

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

NOTE 20. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 14, 2021.

CITY OF SUGAR HILL, GEORGIA

Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Over / (Under)	GAAP Basis	Final Budget
Revenues						
Property tax	$ 4,058,113	$ 4,058,113	$ 4,717,225	$ -	$ 4,717,225	$ 659,112
Business tax	1,750,000	1,750,000	1,978,738	-	1,978,738	228,738
Franchise tax	952,000	952,000	1,006,080	-	1,006,080	54,080
Alcohol tax	215,000	215,000	249,252	-	249,252	34,252
Excise tax	10,000	10,000	9,928	-	9,928	(72)
Intergovernmental	100,690	100,690	1,917,214	-	1,917,214	1,816,524
Licenses and permits	321,000	321,000	430,646	-	430,646	109,646
Fines and forfeitures	8,200	16,200	5,652	-	5,652	(10,548)
Charges for services	1,221,400	1,221,400	659,512	-	659,512	(561,888)
Investment earnings	25,000	25,000	80,807	-	80,807	55,807
Miscellaneous	1,600	1,600	27,723	-	27,723	26,123
Total Revenues	8,663,003	8,671,003	11,082,777	-	11,082,777	2,411,774
Expenditures						
Current Operating:						
General government	6,940,281	4,165,681	3,013,905	-	3,013,905	(1,151,776)
Judicial	8,200	16,200	15,396	-	15,396	(804)
Public safety	538,165	538,165	404,194	-	404,194	(133,971)
Public works	1,801,195	1,801,195	1,650,744	-	1,650,744	(150,451)
Recreation and culture	3,139,110	3,139,110	1,858,351	-	1,858,351	(1,280,759)
Housing and development	1,718,645	4,538,645	4,528,462	-	4,528,462	(10,183)
Total Expenditures	14,145,596	14,198,996	11,471,052	-	11,471,052	(2,727,944)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,482,593)	(5,527,993)	(388,275)	-	(388,275)	5,139,718
Other Financing Sources (Uses)						
Transfers in	2,225,600	2,225,600	1,935,078	-	1,935,078	290,522
Transfers out	(706,517)	(1,016,517)	(1,006,935)	-	(1,006,935)	(9,582)
Proceeds from sale of assets	3,963,510	3,963,510	1,701,580	-	1,701,580	2,261,930
Budgeted Fund Balance	-	355,400	-	-	-	(355,400)
Total Other Financing Sources (Uses)	5,482,593	5,527,993	2,629,723	-	2,629,723	2,187,470
Net Change in Fund Balances	$ -	$ -	2,241,448	$ -	2,241,448	$ 7,327,188
Fund Balance Beginning of Year			10,402,538		10,402,538	
Fund Balance End of Year			$ 12,643,986		$ 12,643,986	

CITY OF SUGAR HILL, GEORGIA
Notes to Required Supplementary Information
on Budgetary Accounting and Control
Year Ended December 31, 2020

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City prepares its annual operating budget under the provisions of the official Code of Georgia. In accordance with those provisions, the following process is used to adopt the annual budget:

(a). Prior to December 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

(b). Public hearings are conducted in November or December to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.

(c). Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the City Council at the normal council meeting in December.

All governmental funds with revenues and/or expenditures as defined by State law are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is at the department level within a fund.

Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. The City Council has delegated the authority to transfer appropriations between departments to the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Budget Requirements

An amendment to the original budget appropriations was properly approved by the City Manager as authorized by the City Council.

Department	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
General Fund				
General Government	$ 6,940,281	$ -	$ 2,774,600	$ 4,165,681
Judicial	8,200	8,000	-	16,200
Public Safety	538,165	-	-	538,165
Public Works	1,801,195	-	-	1,801,195
Recreation & Culture	3,139,110	-	-	3,139,110
Housing & development	1,718,645	2,820,000	-	4,538,645
Transfers Out	706,517	310,000	-	1,016,517
	$ 14,852,113	$ 3,138,000	$ 2,774,600	$ 15,215,513

CITY OF SUGAR HILL, GEORGIA
Required Supplementary Information
Schedule of Contributions
Year Ended December 31, 2020

City of Sugar Hill Retirement Plan

	2020	2019	2018
Total Pension Liability			
Service Cost	$ 242,645	$ 219,509	$ -
Interest	312,413	274,334	-
Differences Between Expected and Actual Experience	51,162	125,795	-
Changes of Assumptions	(4,425)	-	-
Changes of Benefit Terms	-		3,449,881
Benefit Payments, Including Refunds of	(246,874)	(23,215)	
Employee Contributions	-	-	-
Net Change in Total Pension Liability	354,921	596,423	3,449,881
Total Pension Liability - Beginning	4,046,304	3,449,881	-
Total Pension Liability - Ending (a)	$ 4,401,225	$ 4,046,304	$ 3,449,881
Plan Fiduciary Net Position			
Contributions - Employer	$ 385,478	$ 1,714,447	$ -
Contributions - Employee	68,205	1,384,392	-
Net Investment Income	(227,551)	93,948	-
Benefit Payments, Including Refunds of	(246,874)	(23,215)	
Employee Contributions	-	-	-
Administrative Expense	(16,322)	(14,465)	-
Other	-	-	-
Net Change in Fiduciary Net Position	(37,064)	3,155,107	-
Plan Fiduciary Net Position - Beginning	3,155,107	-	-
Plan Fiduciary Net Position - Ending (b)	$ 3,118,043	$ 3,155,107	$ -
Net Pension Liability - Ending: (a)-(b)	$ 1,283,182	$ 891,197	$ 3,449,881
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	70.84%	77.98%	0.00%
Covered-Employee Payroll	$ 3,538,686	$ 3,210,755	$ 3,164,411
Net Pension Liability as a Percentage of Covered-Employee Payroll	36.26%	27.76%	109.02%

Note: No information is available prior to 2018, the initial year of the plan. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF SUGAR HILL, GEORGIA
Required Supplementary Information
Schedule of Contributions
Year Ended December 31, 2020

City of Sugar Hill Retirement Plan

	2020	2019	2018
Actuarially Determined Contribution	$ -	$ 479,130	NA
Contributions in Relation to the Actuarially	-	-	
Determined Contribution	-	479,130	NA
Contribution Deficiency (Excess)	-	-	NA
Covered-Employee Payroll	-	3,210,755	NA
Contributions as a Percentage of			
Covered-Employee Payroll	-	12.84%	NA

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The 2020 information will be determined after fiscal year end and will be in the 2021 valuation report. The investment return and inflation assumptions used to value the Plan is based on an experience study conducted in November and December 2019. The remaining assumptions and methods used to value the plan were based on an experience study for the period of January 1, 2015 through June 30, 2019. Contributions in relation to the actuarially determined contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

Changes of Assumptions

There have been no changes in assumptions during 2020

Benefit Changes

There have been no changes in benefit provisions during 2020.

Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

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*

To the City Council
Sugar Hill, Georgia

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, and each major fund of the City of Sugar Hill, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Sugar Hill, Georgia's basic financial statements and have issued our report thereon dated June 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sugar Hill, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sugar Hill, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sugar Hill, Georgia's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identified any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies described in the accompanying Schedule of Findings and Responses as item 2020-1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sugar Hill, Georgia's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclose no instants of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

770.534.8597 TEL | 770.534.9069 FAX | P.O. Box 385 Gainesville, Georgia 30503 www.wptcpa.com

The City of Sugar Hill, Georgia's Response to Findings

The City of Sugar Hill, Georgia's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Sugar Hill, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walker, Pierce & Tuck, CPA's, P.C.

Walker, Pierce & Tuck, CPA's, P.C.
Gainesville, Georgia
June 14, 2021

CITY OF SUGAR HILL, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ending December, 31, 2020

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	__X__ Yes ____ None Reported
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

Internal Control over major programs: Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes X None Reported
Type of auditor's report issued on compliance for major programs Coronavirus Relief Fund	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes __X__ No
Identification of major programs: CFDA Number 20.019	Name of Program or Cluster Coronavirus Relief Fund
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ Yes __X__ No

Section II Financial Statement Findings and Responses

Significant Deficiency:

2020 -1 (Previous year finding)

Criteria: Effective internal control requires that the City accept responsibility and understanding of the audited financial report.

Condition: Currently, the City relies on the external audit for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City. Under current auditing standards, providing technical assistance does not impair independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the auditor. This does not indicate that the Finance Manager is not trained to perform the daily accounting functions, but the City has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on internal control and compliance.

Effect: The lack of proper technical training and knowledge by City staff could result in the failure to understand and detect material misstatements in the financial statements.

Recommendation: The City should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.

Response: The City agrees with this finding and with the intent of GASB. The City has chosen to outsource the creation of the Annual Financial Statements to our auditors, experts in this area.

Section III Federal Awards Findings and Questioned Costs

None

Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
Sugar Hill, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Sugar Hill, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Sugar Hill, Georgia's major federal programs for the year ended December 31, 2020. The City of Sugar Hill, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Sugar Hill, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sugar Hill, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Sugar Hill, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Sugar Hill, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City of Sugar Hill, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing

our audit of compliance, we considered the City of Sugar Hill, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the

purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Sugar Hill, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Walker, Pierce & Tuck, CPA's P.C.

Gainesville, Georgia
June 14, 2021

CITY OF SUGAR HILL, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of the Treasury			
Pass-through programs			
Gwinnett County Board of Commissioners			
Coronavirus Relief Funds for States, Tribal Gov't, & Certain Eligible Local Gov	21.019	G-0389-000001-0015	1,626,423
Total Pass-through programs			1,626,423
Total Department of Treasury			1,626,423
U.S. Department of Transportation			
Pass-through programs			
Atlanta Regional Commission (ARC)			
Highway Planning and Construction	20.205	unavailable	70,000
Total Pass-through programs			70,000
Total U.S. Department of Transportation			70,000
Total Expenditures of Federal Awards			$ 1,696,423

The City received no donated personal protection equipment

CITY OF SUGAR HILL GEORGIA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Note I. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Sugar Hill, Georgia (the "City"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The City reporting entity is defined in Note 1 to the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note II. Cluster Programs

There are no cluster programs for purposes of performing internal control and compliance testing.

Note III. NonCash Assistance and Loans

There were no federal awards expended in the form of noncash assistance during year. There were also no loans or loan guarantees outstanding at year end.

Note IV. De Minimus Indirect Cost Rate

The City did not use the 10% de minimis indirect cost rate.

CITY OF SUGAR HILL, GEORGIA

Schedule of Special Purpose Local Option Sales Tax

Estimated Cost and Expenditure Summary

For the Year Ended December 31, 2020

Project Description	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST 2017					
Cultural facilities	$ 1,836,249	$ 1,836,249	$ -	$ -	$ -
Recreation facilities & equipment	8,236,540	8,236,540	1,313,184	1,916,513	3,229,697
Roads, streets, bridges and related facilities and equipment	9,859,121	9,859,121	1,940,675	131,648	2,072,323
Total:	$19,931,910	$19,931,910	$ 3,253,859	$ 2,048,161	$ 5,302,020