CITY OF SUGAR HILL, GEORGIA

FINANCIAL STATEMENTS

For The fiscal year ended December 31, 2022

WALKER, PIERCE & TUCK, CPA'S, PC

CITY OF SUGAR HILL, GEORGIA
FISCAL YEAR ENDED
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, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 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 12-35

Required Supplementary Information (other than MD&A)
- Budgetary Comparison Schedules
  - General Fund 36
  - ARPA Fund 37
  - Notes to Required Supplementary Information on Budgetary Accounting and Control 38
- Defined Benefit Retirement Plan
  - Schedule of Net Position Liability and Related Ratios 39
  - Schedule of Contributions 40

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Mattters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards 41-42

Schedule of Findings and Questioned Costs 43-44

Independent Auditor's Report on Compliance for each Major Program and Internal Control over Compliance Required by Uniform Guidance 45-46

Schedule of Expenditures of Federal Awards 47

Notes to Schedule of Expenditures of Federal Awards 48

Schedule of Special Purpose Local Option Sales Tax Estimated Cost and Expenditure Summary 49

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

INDEPENDENT AUDITOR'S REPORT

City of Sugar Hill Council
Sugar Hill, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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, 2022, 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.

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 aggregate discretely presented component units, and each major fund of the City of Sugar Hill, Georgia, as of December 31, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sugar Hill, Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sugar Hill, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sugar Hill, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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 statement 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. 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 on pages 36-40 are presented to supplement the basic financials statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, 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 part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounts and other records used to prepare the basic financial statements. The 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 Sales Tax and the Schedule of Expenditures of Federal Awards is 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 December 28, 2023, 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 solely 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 the effectiveness of the City of Sugar Hill, Georgia's 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 City of Sugar Hill, Georgia's internal control over financial reporting and compliance.

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

Gainesville, Georgia
December 28, 2023

CITY OF SUGAR HILL, GEORGIA
Statement of Net Position
December 31, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority	Housing Authority
Assets					
Current Assets					
Cash and cash equivalents	$ 34,777,764	$ 744,044	$ 35,521,808	$ 440,109	$ 29,879
Restricted assets	335,684	-	335,684	2,534,670	-
Investments	-	-	-	-	180,462
Accounts receivable (net)	1,374,061	1,117,280	2,491,341	-	-
Intergovernmental receivable	559,053	-	559,053	-	-
Leases receivable	-	398,393	398,393	3,139,267	-
Prepaid expenditures	54,852	21,795	76,647	11,087	-
Interfund balances	(856,713)	856,713	-	-	-
Due from component unit	3,205,623	-	3,205,623		
Supplies / Inventory	-	429,705	429,705	-	-
Total Current Assets	39,450,324	3,567,930	43,018,254	6,125,133	210,341
Noncurrent Assets					
Capital assets					
Nondepreciable	35,371,290	4,887,392	40,258,682	7,535,663	-
Depreciable, net	48,358,804	3,895,183	52,253,987	41,814,528	-
Total Noncurrent Assets	83,730,094	8,782,575	92,512,669	49,350,191	-
Total Assets	123,180,418	12,350,505	135,530,923	55,475,324	210,341
Deferred Outflows of Resources	663,938	240,147	904,085	(648,705)	-
Total Assets and Deferred Outflows of Resources	123,844,356	12,590,652	136,435,008	54,826,619	210,341
Liabilities					
Current Liabilities					
Accounts payable	1,238,952	1,900,143	3,139,095	19,646	-
Accrued expenses	172,043	59,622	231,665	103,995	-
Retainage payable	346,007	-	346,007	-	-
Revenue bond payable	-	-	-	2,903,472	-
Unearned revenue	-	14,743	14,743	-	-
Due to primary government	-	-	-	3,205,623	-
Landfill closure/postclosure cost	144,986	-	144,986	-	-
Total Current Liabilties	1,901,988	1,974,508	3,876,496	6,232,736	-
Long-term Liabilities					
Net pension liability	409,894	372,198	782,092	-	-
Revenue bonds payable	-	-	-	37,350,836	-
Amounts held in trust	337,104	741,744	1,078,848	103,425	-
Compensated absences	244,880	62,970	307,850	-	-
Landfill closure/postclosure	434,961	-	434,961	-	-
Total Long-term Liabilities	1,426,839	1,176,912	2,603,751	37,454,261	-
Total Liabilities	3,328,827	3,151,420	6,480,247	43,686,997	-
Deferred Inflows of Resources	351,647	525,142	876,789	3,129,550	-
Total Liabilities and Deferred Inflows of Resources	3,680,474	3,676,562	7,357,036	46,816,547	-
Net Position					
Net Investment in Capital Assets	83,730,094	8,782,575	92,512,669	9,095,883	-
Restricted for:					
Capital projects	9,218,242	-	9,218,242	-	-
Debt service	-	-	-	46,319	-
Unrestricted	27,215,546	131,515	27,347,061	(1,132,130)	210,341
Total Net Position	$ 120,163,882	$ 8,914,090	$ 129,077,972	$ 8,010,072	$ 210,341

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, 2022

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position - Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority	Housing Authority
Primary Government:									
Governmental Activities:									
General government	$ 3,672,046	$ 1,150,082	$ 8,886,765	$ 5,021,492	$ 11,386,293		$ 11,386,293		
Judicial	14,393	7,261	-	-	(7,132)		(7,132)		
Public safety	777,091	-	-	-	(777,091)		(777,091)		
Public works	3,519,622	42,500	39,940	263,759	(3,173,423)		(3,173,423)		
Health and welfare	998	-	-	-	(998)		(998)		
Recreation and culture	3,243,030	1,015,621	-	-	(2,227,409)		(2,227,409)		
Housing and development	4,303,458	92,104	-	-	(4,211,354)		(4,211,354)		
Total Governmental Activities	15,530,638	2,307,568	8,926,705	5,285,251	988,886	-	988,886	-	-
Business-type Activities:									
Gas	8,096,533	9,042,961	-	-		946,428	946,428		
Golf	1,393,186	1,501,436	-	-		108,250	108,250		
Stormwater	587,707	703,485	-	-		115,778	115,778		
Total Business-type activities	10,077,426	11,247,882	-	-	-	1,170,456	1,170,456		
Total Primary Government	$ 25,608,064	$ 13,555,450	$ 8,926,705	$ 5,285,251	$ 988,886	$ 1,170,456	$ 2,159,342		
Component Units:									
Downtown Dev. Authority	$ 3,546,968	$ 3,326,518	$ -	$ -				$ (220,450)	
Housing Authority	-	-	-	-				-	
Total Component Units	$ 3,546,968	$ 3,326,518	$ -	$ -				$ (220,450)	$ -
General Revenues:									
Taxes:									
Property taxes, levied for general purposes					6,776,935		6,776,935	-	-
Franchise fees					1,122,498		1,122,498	-	-
Excise taxes					14,250		14,250	-	-
Business tax					2,645,399		2,645,399	-	-
Alcoholic beverage tax					274,787		274,787	-	-
Interest and investment earnings					88,624	1,134	89,758	569,274	434
Miscellaneous					2,624	42,966	45,590	712,747	-
Gain (loss) on disposition of assets					247,710	-	247,710	-	-
Insurance refunds and recoveries					22,696	-	22,696	-	-
Transfers					2,401,438	(2,401,438)	-	-	-
Total General Revenues and Transfers					13,596,961	(2,357,338)	11,239,623	1,061,571	434
Change in Net Position					14,585,847	(1,186,882)	13,398,965	1,061,571	434
Net Position Beginning of Year					105,578,035	10,100,972	115,679,007	6,948,501	209,907
Ending Net Position					$ 120,163,882	$ 8,914,090	$ 129,077,972	$ 8,010,072	$ 210,341

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

CITY OF SUGAR HILL, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Capital Improvements Fund	ARPA Fund	SPLOST 2017 Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 26,032,346	$ -	$ -	$ 8,745,418	$ 34,777,764
Restricted cash	335,684	-	-	-	335,684
Intergovernmental receivable	21,158	36,188	-	501,707	559,053
Receivables (net)	1,374,061	-	-	-	1,374,061
Prepaid expenditures	54,852	-	-	-	54,852
Due from other funds	-	1,208,790	-	-	1,208,790
Due from component unit	3,201,519	4,104	-	-	3,205,623
Total Assets	31,019,620	1,249,082	-	9,247,125	41,515,827
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 31,019,620	$ 1,249,082	$ -	$ 9,247,125	$ 41,515,827
Liabilities					
Accounts payable	$ 306,994	$ 862,783	$ -	$ 69,175	$ 1,238,952
Retainage payable	-	346,007	-	-	346,007
Accrued expenses	172,043	-	-	-	172,043
Due to other funds	2,065,503	-	-	-	2,065,503
Amounts held in trust	337,104	-	-	-	337,104
Total Liabilities	2,881,644	1,208,790	-	69,175	4,159,609
Deferred Inflows of Resources	486,909	-	-	-	486,909
Total Liabilities and Deferred Inflows of Resources	3,368,553	1,208,790	-	69,175	4,646,518
Fund Balances					
Nonspendable					
Prepaid expenditures	54,852	-	-	-	54,852
Restricted for					
Capital projects	-	40,292	-	9,177,950	9,218,242
Assigned for					
Capital outlay	541,537	-	-	-	541,537
Unassigned	27,054,678	-	-	-	27,054,678
Total Fund Balances	27,651,067	40,292	-	9,177,950	36,869,309
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 31,019,620	$ 1,249,082	$ -	$ 9,247,125	$ 41,515,827

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, 2022

Total Governmental Fund Balances		$ 36,869,309
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	$ 123,635,319	
Less: Accumulated depreciation	(39,905,225)	
Total capital assets		83,730,094
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		(244,880)
Landfill Closure / Postclosure costs		(579,947)
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.		486,909
Pension items not included in fund financial statements.		
Deferred outflows of resources		663,938
Deferred inflows of resources		(351,647)
Net pension liability		(409,894)
Net Position of Governmental Activities		$ 120,163,882

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, 2022

	General Fund	Capital Projects Fund	ARPA Fund	SPLOST 2017 Fund	Total Governmental Funds
Revenues					
Property tax	$ 6,549,309	$ -	$ -	$ -	$ 6,549,309
Business tax	2,645,399	-	-	-	2,645,399
Franchise tax	1,122,498	-	-	-	1,122,498
Excise tax	14,250	-	-	-	14,250
Alcohol tax	274,787	-	-	-	274,787
Intergovernmental	39,940	263,759	8,886,265	5,021,492	14,211,456
Licenses and permits	713,721	-	-	-	713,721
Fines and forfeitures	7,261	-	-	-	7,261
Charges for services	1,586,586	-	-	-	1,586,586
Contributions	500	-	-	-	500
Interest	69,631	-	18,993	-	88,624
Miscellaneous	2,624	-	-	-	2,624
Total Revenue	13,026,506	263,759	8,905,258	5,021,492	27,217,015
Expenditures					
Current:					
General Government	5,045,676	-	-	-	5,045,676
Judicial	14,393	-	-	-	14,393
Public safety	1,042,923	-	-	-	1,042,923
Public works	1,638,183	463,803	-	-	2,101,986
Recreation and culture	2,736,294	-	-	-	2,736,294
Housing and development	4,389,152	-	-	-	4,389,152
Capital outlay		1,863,742	43,295	4,639,235	6,546,272
Total Expenditures	14,866,621	2,327,545	43,295	4,639,235	21,876,696
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,840,115)	(2,063,786)	8,861,963	382,257	5,340,319
Other Financing Sources (Uses)					
Transfers in	11,263,401	1,718,680	-	-	12,982,081
Transfers out	(1,718,680)	-	(8,861,963)	-	(10,580,643)
Insurance refunds and recoveries	22,696	-	-	-	22,696
Proceeds from sale of assets	247,710	-	-	-	247,710
Total Other Financing Sources (Uses)	9,815,127	1,718,680	(8,861,963)	-	2,671,844
Net Change in Fund Balances	7,975,012	(345,106)	-	382,257	8,012,163
Fund Balances Beginning of Year	19,676,055	385,398	-	8,795,693	28,857,146
Fund Balances End of Year	$ 27,651,067	$ 40,292	$ -	$ 9,177,950	36,869,309

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, 2022

Net Changes in Fund Balances - Total Governmental Funds		$ 8,012,163
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 outlay	$ 9,113,655	
Less: Current year depreciation	(3,016,919)	
		6,096,736
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		144,987
Net pension liability is not available during the current period and therefore is not reported in the funds.		
End of Year	(409,894)	
Beginning of Year	235,974	
		(173,920)
Contibutions 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	663,938	
Beginning of Year	(521,132)	
		142,806
Deferred inflows of resources related to pensions are applicable to future periods and therefore are not reported in the funds.		
End of Year	(351,647)	
Beginning of Year	496,396	
		144,749
Compensated absences are reported in the Statement of Activities, but do not require the use of current financial resources and thereforeare not reported as expenditures in the governmental funds.		
End of Year	(244,880)	
Beginning of Year	235,580	
		(9,300)
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.		
End of Year	486,909	
Beginning of Year	(259,283)	
		227,626
Change in Net Position of Governmental Activities		$ 14,585,847

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

CITY OF SUGAR HILL, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2022

	Gas Fund	Golf Fund	Stormwater Fund	Total
Current Assets				
Cash and cash equivalents	$ 742,744	$ 1,300	$ -	$ 744,044
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable (net)	1,017,931	-	99,349	1,117,280
Lease receivable	-	398,393	-	398,393
Prepaid expenses	14,188	7,425	182	21,795
Due from other funds	-	-	856,713	856,713
Inventory	386,497	43,208	-	429,705
Total Current Assets	2,161,360	450,326	956,244	3,567,930
Noncurrent Assets				
Capital assets				
Non-depreciable	10,900	4,295,312	581,180	4,887,392
Depreciable, net	2,481,288	834,423	579,472	3,895,183
Total Noncurrent Assets	2,492,188	5,129,735	1,160,652	8,782,575
Total Assets	4,653,548	5,580,061	2,116,896	12,350,505
Deferred Outflows of Resources	121,741	76,595	41,811	240,147
Total Assets and Deferred Outflows of Resources	4,775,289	5,656,656	2,158,707	12,590,652
Liabilities				
Current Liabilities				
Accounts payable	1,797,844	100,423	1,876	1,900,143
Accrued expenses	29,740	19,119	10,763	59,622
Unearned revenue	9,321	5,422	-	14,743
Total Current Liabilities	1,836,905	124,964	12,639	1,974,508
Long-term Liabilities				
Net pension liability	287,480	55,900	28,818	372,198
Compensated absences	32,754	23,892	6,324	62,970
Customer deposits	741,744	-	-	741,744
Total Long-term Liabilities	1,061,978	79,792	35,142	1,176,912
Total Liabilities	2,898,883	204,756	47,781	3,151,420
Deferred Inflows of Resources	64,254	436,712	24,176	525,142
Total Liabilities and Deferred Inflows of Resources	2,963,137	641,468	71,957	3,676,562
Net Position				
Net investment in capital assets	2,492,188	5,129,735	1,160,652	8,782,575
Unrestricted	(680,036)	(114,547)	926,098	131,515
Total Net Position	$ 1,812,152	$ 5,015,188	$ 2,086,750	$ 8,914,090

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 Fund
For the Year Ended December 31, 2022

	Gas Fund	Golf Fund	Stormwater Fund	Total
Operating Revenue				
Charges for services	$ 8,649,264	$ -	$ -	$ 8,649,264
Tap fees	104,785	-	-	104,785
Green and cart fees	-	1,236,210	-	1,236,210
Rentals	-	-	-	-
Concessions and merchandise	-	266,726	-	266,726
User fees and charges	-	-	702,729	702,729
Penalties and interest	-	-	756	756
Miscellaneous income	288,912	45,435	-	334,347
Total Operating Revenue	9,042,961	1,548,371	703,485	11,294,817
Operating Expenses				
Personnel services:				
Salaries and wages	646,691	519,396	250,585	1,416,672
Employment Taxes	49,280	40,013	19,212	108,505
Benefits	247,121	107,068	120,197	474,386
Total Personnel Services	943,092	666,477	389,994	1,999,563
Purchased / contracted services:				
Professional and technical	150,936	-	6,883	157,819
Other purchased services	102,520	157,068	12,057	271,645
Total Purchased / contracted services	253,456	157,068	18,940	429,464
Other operating expenses:				
Purchases for resale	5,887,060	155,111	-	6,042,171
Supplies	801,297	203,145	141,290	1,145,732
Repairs and maintenance	18,363	38,347	13,840	70,550
Depreciation	193,265	175,873	23,643	392,781
Total Other Operating Expenses	6,899,985	572,476	178,773	7,651,234
Total Operating Expenses	8,096,533	1,396,021	587,707	10,080,261
Operating Income (Loss)	946,428	152,350	115,778	1,214,556
Nonoperating Revenues (Expenses)				
Total Nonoperating Revenues and (Expenses)	-	-	-	-
Income (Loss) Before Contributions and Transfers	946,428	152,350	115,778	1,214,556
Transfer in	-	-	-	-
Transfer (out)	(2,112,364)	(289,074)	-	(2,401,438)
Change in Net Position	(1,165,936)	(136,724)	115,778	(1,186,882)
Net Position Beginning of Year	2,978,088	5,151,912	1,970,972	10,100,972
Net Position End of Year	$ 1,812,152	$ 5,015,188	$ 2,086,750	$ 8,914,090

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

CITY OF SUGAR HILL, GEORGIA
Statement of Cash Flows
Proprietary Fund
For The Year Ended December 31, 2022

	Gas fund	Golf Fund	Stormwater Fund	Total
Cash flows from operating activities:				
Receipts from customers	$ 8,920,509	$ 1,148,669	$ 1,025,063	$ 11,094,241
Payments to suppliers	(5,782,388)	(496,340)	(178,074)	(6,456,802)
Payments to employees	(949,895)	(281,755)	(396,750)	(1,628,400)
Net cash provided (used) by operating activities	2,188,226	370,574	450,239	3,009,039
Cash flows from noncapital financing activities:				
Transfer to other funds	(2,112,364)	(289,074)	-	(2,401,438)
Net cash provided (used) by noncapital financing activities	(2,112,364)	(289,074)	-	(2,401,438)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(68,562)	(81,500)	(450,239)	(600,301)
Net cash provided (used) by capital and related financing activities	(68,562)	(81,500)	(450,239)	(600,301)
Cash flows from investing activities:				
Net cash provided (used) by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	7,300	-	-	7,300
Cash and cash equivalents, December 31, 2021	735,444	1,300	-	736,744
Cash and cash equivalents, December 31, 2022	$ 742,744	$ 1,300	$ -	$ 744,044
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 946,428	$ 152,350	$ 115,778	$ 1,214,556
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	193,265	175,873	23,643	392,781
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(133,000)	(398,393)	(26,302)	(557,695)
(Increase) decrease in prepaid expenses	(1,116)	139	17	(960)
(Increase) decrease in supplies/inventory	(78,682)	(24,744)	-	(103,426)
(Increase) decrease in due from other funds	-	-	347,880	347,880
(Increase) decrease in deferred outflows of resources	(24,915)	(19,141)	(9,812)	(53,868)
Increase (decrease) in accounts payable	1,257,586	81,936	(4,021)	1,335,501
Increase (decrease) in accrued expenses	5,284	2,238	1,477	8,999
Increase (decrease) in compensated absences	6,857	3,604	(442)	10,019
Increase (decrease) in unearned revenue	3,248	(1,309)	-	1,939
Increase (decrease) in deferred inflows of resources	(24,211)	374,149	(9,927)	340,011
Increase (decrease) in customer deposits	7,300	-	-	7,300
Increase (decrease) in net pension liability	30,182	23,872	11,948	66,002
Net cash provided (used) by operating activities	$ 2,188,226	$ 370,574	$ 450,239	$ 3,009,039

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 (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 Downtown 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 Downtown Development Authority utilizes City employees to conduct daily operations including finance activities. During 2022, the City received $92,167 in admin fees from the Downtown Development Authority. The City leases property, commonly known as the E Center and parking deck, during the current year from the Downtown 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 2022, this City paid the Downtown Development Authority $3,159,788. The Downtown 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 2022, 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.

ARPA Fund. This fund accounts for *American Rescue Plan Act* grant financial resources expended for purposes approved by grant agreement.

SPLOST Fund. 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, ARPA, 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.

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 approximately 30-60 days comprise the trade accounts receivable allowance for uncollectibles, which was $60,000 at December 31, 2022.

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 $61,558 in the General Fund and $12,804 in the Stormwater Fund as of December 31, 2022.

Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessees' revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease at an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized over the lease term of the respective lease by adjusting the deferred inflow balance to the balance derived from the related lease receivable.

Property Tax Calendar

The City set its millage rate for the 2022 fiscal year on July 18, 2022 at 3.800 mills. Property tax bills were mailed on or about October 7, 2022 by the Gwinnett County Tax Commissioner and were due December 6, 2022. 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:

Assets	Governmental Funds Years	Gas Fund Years	Golf Fund Years	Stormwater Fund 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	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 Downtown Development Authority's bond premium and discount was $559,752 and $0, respectively, during 2022.

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 has one item that qualifies for reporting in this category: deferred charges related to the City's defined benefit pension plan.

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 two types of items that qualify for reporting in this category: *property taxes* and *defined benefit plan.* These items only arise under the modified accrual basis of accounting. Accordingly, the first item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source in 2022: property

taxes, which will be recognized as an inflow of resources in the period in which the amounts become available. The City also reports deferred inflows of resources related to their leases.

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, 2022, 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, 2022 for the City's major governmental and proprietary funds are as follows:

Governmental Funds:		
Due from other governments - SPLOST	$	501,707
Due from other governments - Gwinnett County		36,188
Due from other governments - GA DNR		21,158
Due from other governments - DDA (component unit)		3,205,623
Property taxes receivable - net		465,973
Interest receivable		5,200
Franchise taxes receivable		902,888
Total Governmental Receivables:	$	5,138,737
Business-type Funds:		
Stormwater utility fees receivable - net	$	99,349
Accounts receivable, net - Gas customers		1,017,931
Leases		398,393
Total Business-type Receivables:	$	1,515,673

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.

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the ARPA fund reported all grant drawdowns as having met all eligibility requirements.

DISCRETELY PRESENTED COMPONENT UNIT

The only receivables as of December 31, 2022 for the discretely presented component unit the Downtown Development Authority was Leases receivable (See Note 5).

NOTE 5. LEASES RECEIVABLE

Business-Type Activities – Golf Fund

During the fiscal year ending December 31, 2022, the City entered into 2 leases with cell phone providers to provide the tenants the right to a portion of real property. One of the leases expires on December 31, 2023 with annual payment of $20,762. The other expires on January 29, 2040, which allows for extensions and annual payment escalations. The annual payments range from $20,305 to $31,670. Lease receivables are measured as the present value of the future minimum rent payments expected to be received during the lease terms at imputed discount rates ranging between 1.768% and 2%. During the current fiscal year, the city recognized $42,688 of lease revenue (reported as other revenue on the statement of revenues, expenditures, and changes in fund balance) and $1,135 of interest revenue under the leases.

DISCRETELY PRESENTED COMPONENT UNITS

During the fiscal year ending December 31, 2022, the Downtown Development Authority entered into 13 leases with restaurant, retail, and professional services companies for the right to use buildings in the downtown area. The lease terms vary between 36 and 125 months and provide options for extensions. Monthly payments on the leases vary between $1,511 and $6,323 and provide for annual escalations. Lease receivables are measured as the present value of the future minimum rent payments expected to be received during the lease terms at imputed discount rates ranging between 0.43% and 3.06%. During the current fiscal year, the DDA recognized $727,528 of lease revenue (reported as other revenue on the statement of revenues, expenditures, and changes in fund balances) and $61,290 of interest revenue under the leases.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance 1/1/2022	Additions	Retirements	Reclassifications	Ending Balance 12/31/2022
Primary Government:					
Governmental Activities:					
Non-Depreciable Assets:					
Land	$ 17,628,389	$ 1,857,555	$ -	$ -	$ 19,485,944
Construction in Progress	9,536,146	6,349,200	-	-	15,885,346
Total non-depreciable capital assets	27,164,535	8,206,755	-	-	35,371,290
Depreciable Assets:					
Buildings and Improvements	19,271,687	230,447	-	-	19,502,134
Site Improvements	1,580,384	-	-	-	1,580,384
Machinery and Equipment	1,933,934	142,538	-	-	2,076,472
Furniture and Fixtures	283,520	89,446	-	-	372,966
Vehicles	1,631,314	379,452	-	-	2,010,766
Infrastructure	51,721,826	65,017	-	-	51,786,843
Sprayfield	226,914	-	-	-	226,914
Recreational Upgrades	10,707,550	-	-	-	10,707,550
Total depreciable capital assets	87,357,129	906,900	-	-	88,264,029
Accumulated Depreciation:					
Buildings and Improvements	4,939,497	640,976	-	-	5,580,473
Site Improvements	192,823	105,360	-	-	298,183
Machinery and Equipment	1,456,028	118,362	-	-	1,574,390
Furniture and Fixtures	54,347	38,325	-	-	92,672
Vehicles	1,076,218	143,284	-	-	1,219,502
Infrastructure	24,991,206	1,599,366	-	-	26,590,572
Sprayfield	106,749	5,251	-	-	112,000
Recreational Upgrades	4,071,438	365,995	-	-	4,437,433
Total accumulated depreciation	36,888,306	3,016,919	-	-	39,905,225
Total depreciable capital assets, net	50,468,823	(2,110,019)	-	-	48,358,804
Governmental activities capital assets, net	$ 77,633,358	$ 6,096,736	$ -	$ -	$ 83,730,094
Business-type Activities:					
Non-Depreciable Assets:					
Land	$ 4,448,712	$ -	$ -	$ -	$ 4,448,712
Construction in Progress	-	438,680	-	-	438,680
Total non-depreciable capital assets	4,448,712	438,680	-	-	4,887,392
Depreciable Assets:					
Building and Improvements	2,412,310	-	-	-	2,412,310
Machinery and Equipment	1,804,823	70,618	-	-	1,875,441
Furniture and Fixtures	80,932	-	-	-	80,932
Vehicles	697,641	58,923	-	-	756,564
Sprayfield	583,676	-	-	-	583,676
Stormwater Imorivements	589,711	-	-	-	589,711
Gas Distribution System	4,590,585	32,080	-	-	4,622,665
Golf Renovations	868,040	-	-	-	868,040
Total depreciable capital assets	11,627,718	161,621	-	-	11,789,339
Accumulated Depreciation:					
Buildings and Improvements	1,999,733	74,512	-	-	2,074,245
Machinery and Equipment	1,383,518	97,881	-	-	1,481,399
Furniture and Fixtures	80,932	-	-	-	80,932
Vehicles	546,929	44,675	-	-	591,604
Sprayfield	442,622	19,455	-	-	462,077
Stormwater Improvements	47,253	19,657	-	-	66,910
Gas Distribution System	2,336,902	112,831	-	-	2,449,733
Golf Renovations	663,486	23,770	-	-	687,256
Total accumulated depreciation	7,501,375	392,781	-	-	7,894,156
Total depreciable capital assets, net	4,126,343	(231,160)	-	-	3,895,183
Business-type activities capital assets, net	$ 8,575,055	$ 207,520	$ -	$ -	$ 8,782,575

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

Governmental Activities:	
General Government	$ 580,392
Public Safety	67,704
Public Works	1,707,908
Health and Welfare	998
Culture and Recreation	651,415
Housing and Development	8,502
Total depreciation expense - governmental activities	$ 3,016,919
Business-type Activities:	
Gas	$ 193,265
Golf	175,873
Stormwater	23,643
Total depreciation expense - business-type activities	$ 392,781

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the Downtown Development Authority for the year ended December 31, 2022 was as follows:

	Beginning Balance 1/1/2022	Additions	Retirements	Reclassifications	Ending Balance 12/31/2022
Discretely Presented Component Units					
Governmental Activities:					
Non-Depreciable Assets:					
Land	$ 2,535,663	$ -	$ -	$ -	$ 2,535,663
Construction in Progress	5,000,000	-	-	-	5,000,000
Total non-depreciable capital assets	7,535,663	-	-	-	7,535,663
Depreciable Assets:					
Buildings and Improvements	48,780,536	-	-	-	48,780,536
Machinery and Equipment	51,222	-	-	-	51,222
Furniture and Fixtures	311,663	-	-	-	311,663
Total depreciable capital assets	49,143,421	-	-	-	49,143,421
Accumulated Depreciation:					
Buildings and Improvements	5,346,584	1,857,989	-	-	7,204,573
Machinery and Equipment	14,816	4,916	-	-	19,732
Furniture and Fixtures	82,110	22,478	-	-	104,588
Total accumulated depreciation	5,443,510	1,885,383	-	-	7,328,893
Total depreciable capital assets, net	43,699,911	(1,885,383)	-	-	41,814,528
Governmental activities capital assets, net	$ 51,235,574	$ (1,885,383)	$ -	$ -	$ 49,350,191

NOTE 7. RISK MANAGEMENT

The City purchased general liability insurance from Georgia Interlocal Risk Management Agency in December 31, 2022. The City's policy starts May 1st and ends April 30th of each year. The premium for the City's fiscal year of December 31, 2022 was $178,114. The City purchased Workers Compensation Insurance through Georgia Municipal Association Workers' Compensation Self-Insurance Fund in 2022. 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 2022 was $70,975.

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 8. 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.

As of December 31, 2022, deferred inflows of resources consisted of the following:

Governmental Fund Financial Statements:		
Deferred inflows of resources		
Property Taxes	$	486,909
Total deferred inflows of resources	$	486,909
Government-Wide Governmental Activities:		
Deferred inflows of resources		
Defined benefit retirement plan - See note 15	$	351,647
Total deferred inflows of resources	$	351,647
Business-type Activities:		
Deferred inflows of resources		
Defined benefit retirement plan - See note 15	$	128,770
Leases		396,372
Total deferred inflows of resources - business-type activities	$	525,142
Total Deferred Inflows of Resources - Government-Wide	$	876,789

DOWNTOWN DEVELOPMENT AUTHORITY

As of December 31, 2022, deferred inflows of resources consisted of the following:

Governmental Fund Financial Statements:		
Deferred inflows of resources		
Leases	$	3,129,550
Total deferred inflows of resources	$	3,129,550

NOTE 9. 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, 2022, deferred outflows of resources consisted of the following:

Governmental Activities:	
Defined benefit retirement plan - See note 15	$ 663,938
Total deferred outflows of resources - governmental activities	$ 663,938
Business-type Activities:	
Defined benefit retirement plan - See note 15	$ 240,147
Total deferred outflows of resources - business-type activities	$ 240,147
Total Deferred Outflows of Resources - Government-Wide	$ 904,085

NOTE 10. 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, 2022, the City has recorded a liability for the landfill of $579,947 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 2022. 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 11. 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, 2021	Additions	Reductions	Balance as of December 31, 2022	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 235,580	$ 9,300	$ -	$ 244,880	$ -
Landfill closure/postclosure	724,934	-	(144,987)	579,947	144,986
Net Pension Liability	235,974	173,920	-	409,894	-
Total governmental activities	$ 1,196,488	$ 183,220	$ (144,987)	$ 1,234,721	$ 144,986
Business-Type Activities:					
Compensated Absences	$ 52,951	$ 71,482	$ (61,463)	$ 62,970	$ -
Net Pension Liability	306,196	-	66,002	372,198	-
Total business-type activities	$ 359,147	$ 71,482	$ 4,539	$ 435,168	$ -
Total Primary Government Long-Term Liabilities	$ 1,555,635	$ 254,702	$ (140,448)	$ 1,669,889	$ 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 Downtown Development Authority for the year ended December 31, 2022, was as follows:

	Balance as of December 31, 2021	Additions	Reductions	Balance as of December 31, 2022	Due Within One Year
Downtown Development Authority Activities:					
Revenue Bonds	$ 40,065,000	$ -	$ (2,355,000)	$ 37,710,000	$ 2,435,000
Plus: original issue premium	3,053,512	-	(509,204)	2,544,308	468,472
Total Revenue Bonds	43,118,512	-	(2,864,204)	40,254,308	2,903,472
Total Downton Development Authority Activities	$ 43,118,512	$ -	$ (2,864,204)	$ 40,254,308	$ 2,903,472
Total Long-Term Liabilities	$ 43,118,512	$ -	$ (2,864,204)	$ 40,254,308	$ 2,903,472

On February 19, 2016, the City entered into a contract, as lessee, with the Downtown 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, 2022. 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 Downtown Development Authority. On December 1, 2021 Series 2016A was refunded with the new Series 2021 revenue bonds.

On May 29, 2018, the City entered into a contract, as lessee, with the Downtown 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 Downtown Development Authority.

The annual requirements to amortize the Series 2018 A&B revenue bonds outstanding as of December 31, 2022, are as follows:

Dec 31	Principal	Interest	Total
2023	680,000	326,172	1,006,172
2024	700,000	304,820	1,004,820
2025	720,000	283,725	1,003,725
2026	740,000	262,125	1,002,125
2027	765,000	239,925	1,004,925
2028-2032	4,175,000	841,875	5,016,875
2033-2035	2,820,000	187,750	3,007,750
	$ 10,600,000	$ 2,446,391	$ 13,046,391

On December 1, 2021, the City entered into a contract, as lessee, with the Downtown Development Authority to issue $21,560,000 in revenue bonds, Series 2021, as an advanced refunding of the non-taxable revenue bonds, Series 2016A. The Series 2021 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 Downtown Development Authority.

The annual requirements to amortize the Series 2021 revenue bonds outstanding as of December 31, 2022, are as follows:

Dec 31	Principal	Interest	Total
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	1,330,000	618,950	1,948,950
2027	1,400,000	552,450	1,952,450
2028-2032	8,070,000	1,674,750	9,744,750
2033-2035	5,565,000	279,900	5,844,900
	$ 20,055,000	$ 5,282,100	$ 25,337,100

On December 17, 2022, the Downtown Development Authority issued $7,615,000 in revenue bonds, Series 2022C. The Series 2022 bonds carry a rate of 2.01% per annum and mature on December 1, 2033. The bonds were issued to construct the

Revenue Bonds

Downtown Development Authority's portion of the Solis Project. This includes building a portion of the parking deck and commercial space.

The annual requirements to amortize the Series 2022 revenue bonds outstanding as of December 31, 2022, are as follows:

Dec 31	Principal	Interest	Total
2023	575,000	141,806	716,806
2024	585,000	130,248	715,248
2025	600,000	118,490	718,490
2026	610,000	106,430	716,430
2027	625,000	94,169	719,169
2028-2032	3,345,000	276,477	3,621,477
2033-2035	715,000	14,368	729,368
	$ 7,055,000	$ 881,988	$ 7,936,988

The annual requirements to amortize all revenue bonds outstanding as of December 31, 2022, are as follows:

Dec 31	Principal	Interest	Total
2023	2,435,000	1,234,528	3,669,528
2024	2,515,000	1,154,418	3,669,418
2025	2,600,000	1,072,365	3,672,365
2026	2,680,000	987,505	3,667,505
2027	2,790,000	886,544	3,676,544
2028-2032	15,590,000	2,793,102	18,383,102
2033-2035	9,100,000	482,018	9,582,018
	$ 37,710,000	$ 8,610,479	$ 46,320,479

NOTE 12. BONDS HELD

As of December 31, 2022, 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 December 31, 2022, no performance bonds were called due to noncompliance. The outstanding balance of the erosion bonds as of December 31, 2022 is $335,684.

NOTE 13. 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 14. 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, 2022, the interfund receivables and payables were as follows:

Interfund Balances:

	Due From:	
Due To:	General Fund	Total
Capital Improvements Fund	1,208,790	1,208,790
Stormwater Fund	856,713	856,713
	$ 2,065,503	$ 2,065,503

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 2022, the transfers were as follows:

Transfers:

	Transfer To:		
Transfer From:	General Fund	Capital Improvements Fund	Total
General Fund	$ -	$ 1,718,680	$ 1,718,680
ARPA Fund	8,861,963	-	8,861,963
Gas Fund	2,112,364	-	2,112,364
Golf Fund	289,074	-	289,074
	$ 11,263,401	$ 1,718,680	$ 12,982,081

NOTE 15. 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	$ 5,429,565	$ 5,045,676	$ (383,889)
Judicial	18,900	14,393	(4,507)
Public Safety	1,043,530	1,042,923	(607)
Public Works	1,883,675	1,638,183	(245,492)
Recreation and Culture	2,976,105	2,736,294	(239,811)
Housing and Development	4,869,808	4,389,152	(480,656)
Transfers Out	1,732,915	1,718,680	(14,235)
ARPA Fund			
Capital Outlay	43,300	43,295	(5)
Transfers Out	8,861,965	8,861,963	(2)
	$ 26,859,763	$ 25,490,559	$ (1,369,204)

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

NOTE 16: 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 Sugar Hill, 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, 2022 was as follows:

Active employees	81
Active elected officials	6
Vested former participants	10
Retired participants and beneficiaries	5

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 $438,418. 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, 2022	July 1, 2021
Total Benefit Normal Cost	$ 365,605	$ 312,241
Administrative Expenses	$ 19,022	$ 18,108
Expected Employee Contributions	$ -	$ -
Employer Normal Cost	$ 384,627	$ 330,349
Actuarial Accrued Liability at Valuation Date	$ 5,193,294	$ 4,424,676
Actuarial Value of Assets at Valuation Date	$ 4,846,095	$ 4,227,476
Underfunded/(Surplus) Actuarial Accrued Liability	$ 347,199	$ 197,200
Payment on Unfunded/(Surplus) Actuarial Accrued Liability	$ 38,467	$ 21,370
Full Funding Credit	$ -	$ -
Recommended Mid-Year Contribution at Valuation Date	$ 423,094	$ 351,719
Adjustment to Fiscal Year (Begins July 1, 2019)	$ 15,324	$ 12,739
Total Recommended Mid-Year Contribution, For Fiscal Year	$ 438,418	$ 364,458
Recommended Contribution As A Percentage Of Expected Payroll	9.98%	9.41%

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, 2022
Actuarial Value of Assets (a)	$	4,846,095
Actuarial Accrued Liability (b)	$	5,193,294
Underfunded/(Surplus) (b) - (a)	$	347,199
Funded Ratio (a) / (b)		93.31%
Covered Payroll	$	4,346,456
Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll		7.99%

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 July 1, 2022 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, 2022 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.55%
International Equity	20%	7.30%
Domestic Fixed Income	20%	0.40%
Real Estate	10%	3.65%
Global Fixed Income	5%	0.50%
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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. At December 31, 2022, the City reported a net pension liability. The amount recognized by the City were as follows:

City's Net Pension Liability:	
Governmental activities	$ 409,894
Business-type activities	372,198
Total Net Pension Liability	$ 782,092

Changes in the City's net pension liability for the year ended March 31, 2022 measurement date were as follows:

Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at March 31, 2021	$ 5,391,419	$ 4,849,249	$ 542,170
Changes for the Year:			
Service Cost	$ 277,331	$ -	$ 277,331
Interest Expense	416,576	-	416,576
Benefit Changes (Changes of benefit terms)	-	-	-
Experience Losses (gains)	120,397	-	120,397
(Amortized over avg remain svc period of actives & inactives)			
Changes of Assumptions	-	-	-
Contributions - Employer/Nonemployer	-	295,467	(295,467)
Contributions - Employee	-	-	-
Contributions - State	-	-	-
Other Changes - Contribution timing differences	-	-	-
Net Investment Income	-	295,486	(295,486)
Expected Return on Plan Investments	-	-	-
Amortized Portion of Current-period	-	-	-
Differences between Actual			-
and Expected Returns on Plan Investments	-	-	-
Refunds of Contributions	-	-	-
Benefits Paid	(40,513)	(40,513)	-
Plan Administrative Expenses	-	(16,571)	16,571
Contributions for Specific Liabilities	-	-	-
Other	-		-
Amortization of or Change in Beginning Balances of Deferred Outflow	-	-	-
NET CHANGES:	**$ 6,165,210**	**$ 5,383,118**	**$ 782,092**
Balances at March 31, 2022	**$ 6,165,210**	**$ 5,383,118**	**$ 782,092**

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:

	Discount Rate	Net Pension Liability
1% Decrease	6.375%	$1,845,158
Current Discount Rate	7.375%	$782,092
1% Increase	8.375%	($83,776)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

Pension Expense for the Year Ended December 31, 2022:

Service Cost	$ 277,331
Interest on TPL	416,576
Employee Contributions	-
Administrative Expenses	16,571
Expected Return on Assets	(366,423)
Expensed Portion of Current Year Period Differences Between Expected And Actual Experience in TPL	15,047
Expensed Portion of Current Year Period Assumption Changes	-
Current Year Plan Changes	-
Expensed Portion of Current Year Period Differences Between Projected and Actual Investment Earnings	14,189
Current Year Recognition of Deferred Inflows and Outflows Established in Prior Years	(75,580)
Total Pension Expense	$ 297,711

For the year ended December 31, 2022, the City of Sugar Hill recognized pension expense of $297,711.

At December 31, 2022, 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	$ 509,255	$ -
Changes of Assumptions	-	(2,952)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(477,465)
City Contributions Subsequent to the Measurement Date	394,830	-
Total	$ 904,085	$ (480,417)

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	$ 294,041	$ 215,214	$ 509,255
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	(265,365)	(212,100)	(477,465)
Changes in Assumptions	(2,597)	(355)	(2,952)
City Contributions Subsequent to the Measurement Date	286,212	108,618	394,830
	$ 312,291	$ 111,377	$ 423,668

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:

	Outstanding Balance at January 1, 2022	Amount recognized During FYE December 31, 2022	Outstanding Balance at December 31, 2022	2023	2024	2025	2026	2027	2028 and thereafter
Fiscal Year Outflows									
	$ 955,154	$ 196,452	$ 758,702	$ 196,453	$ 192,284	$ 98,019	$ 80,048	$ 65,861	$ 126,037
Total Outflows	$ 955,154	$ 196,452	$ 758,702	$ 196,453	$ 192,284	$ 98,019	$ 80,048	$ 65,861	$ 126,037
Fiscal Year Inflows									
	(972,660)	(242,796)	(729,864)	(242,796)	(242,796)	(242,796)	(492)	(492)	$ (492)
Total Inflows	$ (972,660)	$ (242,796)	$ (729,864)	$ (242,796)	$ (242,796)	$ (242,796)	$ (492)	$ (492)	$ (492)
Total	$ (17,506)	$ (46,344)	$ 28,838	$ (46,343)	$ (50,512)	$ (144,777)	$ 79,556	$ 65,369	$ 125,545

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, 2022. 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, 2022, the employees contributed $167,015 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 17. 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 18. 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 $127,000,000 as of December 31, 2022 with the City's pro-rata share being $2,399,041.

During 2021, the Downtown Development Authority entered into an agreement with Solomon-Sugar Hill, LLC to issue non-recourse 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. In 2022, the bonds were issued and construction commenced. 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 Downtown Development Authority or City.

In March 2022, the Downtown Development Authority entered into an agreement with Terwilliger Pappas Multi-Family Partners, LLC to issue non-recourse bonds in the amount not to exceed $74,000,000 to be used for the costs of the acquisition, construction, installation and operation of a mixed-use development with multifamily residential, structured public and private parking and street level retail components. The building and land are pledged as collateral for the bonds. Terwilliger Pappas Multi-Family Partners, LLC is the obligors of the underlying debt. The bonds are payable solely by Terwilliger Pappas Multi-Family Partners, LLC. In addition, no commitment beyond the collateral was extended by the Downtown Development Authority or City.

NOTE 19. NEW ACCOUNTING STANDARDS

The City and its discretely presented component units implemented GASB Statement No. 87, Leases, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2021. This statement has no effect on the net position of the City.

NOTE 20. CHANGE IN BEGINNING BALANCES

CITY - GOLF FUND

To implement GASB Statement No. 87, Leases, the City recorded an initial lease receivable and related deferred inflow of resources in the Golf Fund in the amount of $439,060 at January 1, 2022. This adjustment had no effect on beginning fund balance.

DISCRETELY PRESENTED COMPONENT UNITS

To implement GASB Statement No. 87, Leases, the Downtown Development Authority recorded an initial lease receivable and related deferred inflow of resources in the amount of $3,790,000 at January 1, 2022. This adjustment had no effect on beginning net position.

NOTE 21. 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, 2022, 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 22. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 28, 2022.

CITY OF SUGAR HILL, GEORGIA
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2022

	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	$ 5,067,900	$ 5,067,900	$ 6,549,309	$ -	$ 6,549,309	$ 1,481,409
Business tax	1,885,000	1,885,000	2,645,399	-	2,645,399	760,399
Franchise tax	930,000	930,000	1,122,498	-	1,122,498	192,498
Excise tax	8,000	8,000	14,250	-	14,250	6,250
Alcohol tax	240,000	240,000	274,787	-	274,787	34,787
Intergovernmental	10,690	10,690	39,940	-	39,940	29,250
Licenses and permits	210,225	210,225	713,721	-	713,721	503,496
Fines and forfeitures	18,900	18,900	7,261	-	7,261	(11,639)
Charges for services	1,401,745	1,401,745	1,586,586	-	1,586,586	184,841
Grants and contributions	9,500	9,500	500	-	500	(9,000)
Interest	15,000	15,000	69,631	-	69,631	54,631
Miscellaneous	2,700	2,700	2,624	-	2,624	(76)
Total Revenue	**9,799,660**	**9,799,660**	**13,026,506**	**-**	**13,026,506**	**3,226,846**
Expenditures						
Current:						
General Government	3,827,565	5,429,565	5,045,676	-	5,045,676	(383,889)
Judicial	18,900	18,900	14,393	-	14,393	(4,507)
Public safety	808,530	1,043,530	1,042,923	-	1,042,923	(607)
Public works	1,883,675	1,883,675	1,638,183	-	1,638,183	(245,492)
Recreation and culture	2,966,105	2,976,105	2,736,294	-	2,736,294	(239,811)
Housing and development	4,869,808	4,869,808	4,389,152	-	4,389,152	(480,656)
Total Expenditures	**14,374,583**	**16,221,583**	**14,866,621**	**-**	**14,866,621**	**(1,354,962)**
Excess (Deficiency) of Revenues Over (Under)	$ (4,574,923)	$ (6,421,923)	$ (1,840,115)	$ -	$ (1,840,115)	$ 4,581,808
Other Financing Sources (Uses)						
Transfers in	3,397,000	4,147,000	11,263,401	-	11,263,401	7,116,401
Transfers out	(982,915)	(1,732,915)	(1,718,680)	-	(1,718,680)	(14,235)
Proceeds from sale of assets	-	-	247,710	-	247,710	247,710
Insurance Refunds and recoveries	-	-	22,696	-	22,696	22,696
Total Other Financing Sources (Uses)	4,574,923	6,421,923	9,815,127	-	9,815,127	3,364,734
Net Change in Fund Balances	-	-	7,975,012	-	7,975,012	7,946,542
Fund Balances Beginning of Year			19,676,055		19,676,055	
Fund Balances End of Year			$ 27,651,067		$ 27,651,067	

CITY OF SUGAR HILL, GEORGIA
Budgetary Comparison Schedule - ARPA Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Over/(Under)	GAAP Basis	Final Budget
Revenues						
Intergovernmental	$ 4,596,441	$ 8,886,265	$ 8,886,265	-	$ 8,886,265	$ -
Interest	-	19,000	18,993	-	18,993	(7)
Total Revenue	4,596,441	8,905,265	8,905,258	-	8,905,258	(7)
Expenditures						
Capital Outlay	-	43,300	43,295	-	43,295	(5)
Total Expenditures	-	43,300	43,295	-	43,295	(5)
Excess (Deficiency) of Revenues Over (Under)	$ 4,596,441	$ 8,861,965	$ 8,861,963	$ -	$ 8,861,963	$ (2)
Other Financing Sources (Uses)						
Transfers out	(4,596,441)	(8,861,965)	(8,861,963)	-	(8,861,963)	(2)
Total Other Financing Sources (Uses)	(4,596,441)	(8,861,965)	(8,861,963)	-	(8,861,963)	(2)
Net Change in Fund Balances	$ -	$ -	-	$ -	-	$ (4)
Fund Balances Beginning of Year			-		-	
Fund Balances End of Year			$ -		$ -	

CITY OF SUGAR HILL, GEORGIA
Notes to Required Supplementary Information
on Budgetary Accounting and Control
Year Ended December 31, 2022

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	$ 3,827,565	$ 1,837,000	$ 235,000	$ 5,429,565
Judicial	18,900	-	-	18,900
Public Safety	808,530	235,000	-	1,043,530
Public Works	1,883,675	-	-	1,883,675
Recreation & Culture	2,966,105	10,000	-	2,976,105
Housing & Development	4,869,808	-	-	4,869,808
Transfers Out	982,915	750,000	-	1,732,915
ARPA Fund				
General Govrnment	-	-	-	-
Capital Outlay	-	43,300	-	43,300
Transfers Out	4,596,441	4,265,524	-	8,861,965
	$ 19,953,939	$ 7,140,824	$ 235,000	$ 26,859,763

CITY OF SUGAR HILL, GEORGIA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended December 31, 2022

	2022	2021	2020	2019	2018
Total Pension Liability					
Service Cost	$ 277,331	$ 277,374	$ 242,645	$ 219,509	$ -
Interest	416,576	343,682	312,413	274,334	-
Differences Between Expected and Actual Experience	120,397	406,133	51,162	125,795	-
Changes of Assumptions	-	-	(4,425)	-	-
Changes of Benefit Terms	-	-	-		3,449,881
Benefit Payments, Including Refunds of	(40,513)	(36,995)	(246,874)	(23,215)	
Employee Contributions	-	-	-	-	-
Net Change in Total Pension Liability	773,791	990,194	354,921	596,423	3,449,881
Total Pension Liability - Beginning	5,391,419	4,401,225	4,046,304	3,449,881	-
Total Pension Liability - Ending (a)	$ 6,165,210	$ 5,391,419	$ 4,401,225	$ 4,046,304	$ 3,449,881
Plan Fiduciary Net Position					
Contributions - Employer	$ 295,467	$ 332,105	$ 385,478	$ 1,714,447	$ -
Contributions - Employee	-	-	68,205	1,384,392	-
Net Investment Income	295,486	1,451,778	(227,551)	93,948	-
Benefit Payments, Including Refunds of	(40,513)	(36,995)	(246,874)	(23,215)	
Employee Contributions	-	-	-	-	-
Administrative Expense	(16,571)	(15,682)	(16,322)	(14,465)	-
Other	-	-	-	-	-
Net Change in Fiduciary Net Position	533,869	1,731,206	(37,064)	3,155,107	-
Plan Fiduciary Net Position - Beginning	4,849,249	3,118,043	3,155,107	-	-
Plan Fiduciary Net Position - Ending (b)	$ 5,383,118	$ 4,849,249	$ 3,118,043	$ 3,155,107	$ -
Net Pension Liability - Ending: (a)-(b)	$ 782,092	$ 542,170	$ 1,283,182	$ 891,197	$ 3,449,881
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	87.31%	89.94%	70.84%	77.98%	0.00%
Covered-Employee Payroll	$ 4,346,456	$ 3,832,149	$ 3,538,686	$ 3,210,755	$ 3,164,411
Net Pension Liability as a Percentage of Covered-Employee Payroll	17.99%	14.15%	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, 2022

	2022	2021	2020	2019	2018
Actuarially Determined Contribution	$ -	$ 312,965	$ 304,636	$ 479,130	NA
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	-	
	-	312,965	330,022	479,130	NA
Contribution Deficiency (Excess)	-	-	(25,386)	-	NA
Covered-Employee Payroll	-	3,832,149	3,538,686	3,210,755	NA
Contributions as a Percentage of Covered-Employee Payroll	-	8.17%	9.33%	12.84%	NA

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The 2022 information will be determined after fiscal year end and will be in the 2023 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 2022.

Benefit Changes

There have been no changes in benefit provisions during 2022.

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 Sugar Hill 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 information of the City of Sugar Hill, Georgia, as of and for the year ended December 31, 2022, 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 December 28, 2023.

Report on 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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-2 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2022-1 to be a significant deficiency.

Report on 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 financial statements. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental 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

Government Auditing Standards requires the auditor to perform limited procedures on the City of Sugar Hill, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Sugar Hill, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Gainesville, Georgia
December 28, 2023

CITY OF SUGAR HILL, GEORGIA

Schedule of Findings and Questioned Costs

For the Year Ending December 31, 2022

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	__X__ Yes ____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 program Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Program	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	Name of Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Program

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:

2022-1 (Previous year finding)

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

Condition: The City accounting staff requires additional training in the application of generally accepted accounting principles and the preparation of financial statements. 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.

Material Weakness:

2022-2

Criteria: A written policy and procedures document for the management, tracking and accounting of all lease contracts is a basic requirement for effective internal controls.

Condition: The City does not maintain written policy and procedures for the management, tracking and accounting of all lease contracts.

Effect: The lack of written policy and procedures may result in the failure to timely manage and account for lease transactions appropriately as required by general accepted accounting principles.

Recommendation: The City should implement written policies and procedures that provide clearly outline responsibility for each City employee involved in the lease contract life cycle, including the (1) negotiation/execution, (2) monthly accounting and (3) termination/renewal processes. This will help ensure all lease contracts are managed and accounted for timely and appropriately.

Response: The City agrees with this finding and intends to create a written policy and procedure document for the management of all lease contracts.

Section III - Federal Award 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 Sugar Hill City Council
Sugar Hill, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Sugar Hill, Georgia's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Sugar Hill, Georgia's major federal programs for the year ended December 31, 2022. 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.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Sugar Hill, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Sugar Hill, Georgia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Sugar Hill, Georgia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Sugar Hill, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Sugar Hill, Georgia's compliance with the requirements of each major federal program as a whole.

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In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Sugar Hill, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Sugar Hill, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Sugar Hill, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
December 28, 2023

CITY OF SUGAR HILL, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Pass-through programs			
Governor's Office of Planning and Budget			
Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Program	21.027	GA-0005037	8,905,258
Total Pass-through programs			8,905,258
Total U.S. Department of Treasury			8,905,258
Total Expenditures of Federal Awards			$ 8,905,258

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, 2022

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. Non Cash 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, 2022

Project Description	Estimated Cost		Expenditures		
SPLOST 2017	Original	Current	Prior Years	Current Year	Total
Cultural Facilities	$ 1,836,249	$ 1,836,249	$ -	$ -	$ -
Recreation facilities & equipment	8,236,540	8,236,540	6,752,859	4,639,235	11,392,094
Roads, streets, bridges and related facilities and equipment	9,859,121	9,859,121	2,344,751	-	2,344,751
Total:	$ 19,931,910	$ 19,931,910	$ 9,097,610	$ 4,639,235	$ 13,736,845