CITY OF CORNELIA

CORNELIA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2019

CITY OF CORNELIA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Joseph Duncan, CPA
Joe Kitchens, CPA



DUNCAN & KITCHENS, LLC
Certified Public Accountants

Members of
American Institute and
Georgia Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Commissioners
City of Cornelia, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of The City of Cornelia, Georgia, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the City of Cornelia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to fraud or error.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, each major fund and the aggregate remaining fund information of The City of Cornelia, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America also requires that the Budget Comparison Schedule and the Schedule of Funding Progress on pages 37-43 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City of Cornelia, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental budgetary comparison schedules, and state reporting section with the schedule of expenditures of special purpose local option sales proceeds as required by Official Code of Georgia 48-8-121, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the supplemental budgetary comparison schedules, and the state reporting section with the special purpose local option sales tax report (the supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other record used to prepare the basic financial statements. Such information have 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 combining and individual financial statements and schedules, and the state reporting section with special purpose local option sales tax report are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2020 on our consideration of the City of Cornelia, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cornelia, 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 The City of Cornelia's internal control over financial reporting.

Duncan & Kitchens, LLC

Duncan & Kitchens, LLC
Certified Public Accountants
Clarkesville, Georgia
June 18, 2020

BASIC FINANCIAL STATEMENTS

CITY OF CORNELIA, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash	$ 10,423,020	$ 9,093,692	$ 19,516,712	$ 14,598
Taxes Receivable	1,793,361	-	1,793,361	-
Accounts Receivable	43,498	880,511	924,009	-
Grants Receivable		160,531	160,531	
Due From Component Units		32,900	32,900	
Intergovernmental Receivable	-		-	-
Total Current Assets	12,259,879	10,167,634	22,427,513	14,598
Noncurrent Assets				
Non-Depreciable	4,972,161	779,593	5,751,754	-
Construction In Progress		20,319,940	20,319,940	
Depreciable Assets, Net	6,153,051	35,146,665	41,299,716	-
Total Noncurrent Assets	11,125,212	56,246,198	67,371,410	-
TOTAL ASSETS	23,385,091	66,413,832	89,798,923	14,598
Deferred Outflows of Resources	250,420	176,432	426,852	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 23,635,511	$ 66,590,264	$ 90,225,775	$ 14,598
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current Liabilities				
Accounts Payable	$ 146,227	$ 569,834	$ 716,061	$ -
Accrued Payroll	48,459	39,843	88,302	-
Payroll Taxes Withheld	19,621		19,621	
Lease Payable - Current Portion	150,350	-	150,350	
Due to Primary Government				32,900
Current Portion of Long-Term Debt	-	655,870	655,870	-
Total Current Liabilities	364,657	1,265,547	1,630,204	32,900
Noncurrent Liabilities				
Water Deposits		15,715	15,715	
Lease Payable	150,324	-	150,324	
Bonds Payable	11,525,430		11,525,430	
Long-Term Notes Payable	-	22,003,495	22,003,495	-
Net Pension Obligation	990,554	697,876	1,688,430	
Total Noncurrent Liabilities	12,666,308	22,717,086	35,383,394	-
TOTAL LIABILITIES	13,030,965	23,982,633	37,013,598	32,900
Deferred Inflows of Resources	54,359	38,299	92,658	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	13,085,324	24,020,932	37,106,256	32,900
NET POSITION				
Net Investment in Capital Assets	(700,892)	33,586,833	32,885,941	-
Restricted for:				
Capital Projects	7,887,496		7,887,496	
Tourism	46,913		46,913	
Unrestricted Assets	3,316,670	8,982,499	12,299,169	(18,302)
TOTAL NET POSITION	$ 10,550,187	$ 42,569,332	$ 53,119,519	$ (18,302)

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

EXHIBIT 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government					
Governmental Activities					
General Government	$ 488,776	$ 176,716	$ 23,349	$ 114,025	$ (174,686)
City Manager	299,743				(299,743)
Human Resources	123,507				(123,507)
Police	1,779,522	251,740		97,601	(1,430,181)
Fire	1,142,155	59,133		92,097	(990,925)
Streets & Sanitation	537,820	361,515		500,953	324,648
Public Buildings				156,249	156,249
Recreation Department	64,978	29,632			(35,346)
Planning Department	107,937	83,265			(24,672)
Interest on long-term debt	229,752				(229,752)
Total Governmental Activities	4,774,190	962,001	23,349	960,925	(2,827,915)
Business-type Activities					
Water and Sewer Fund	6,273,461	8,073,334		2,058,062	3,857,935
Stormwater Fund		272,904			272,904
Water and Sewer Authority	280,508	756,443			475,935
Total Business-type Activities	6,553,969	9,102,681		2,058,062	4,606,774
Total Primary Government	11,328,159	10,064,682		3,018,987	1,755,510
Component Unit					
Downtown Development Authority	5,372			188,691	183,319

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in Net Position				
Net (expense) revenue	$ (2,827,915)	$ 4,606,774	$ 1,778,859	$ 183,319
General Revenues:				
Taxes:				
Property	1,895,107		1,895,107	
Franchise	497,720		497,720	
Motel Tax	295,255		295,255	
Beer and Wine	191,596		191,596	
Insurance Premium	320,071		320,071	
Unrestricted Investment Earnings	145,832	117,917	263,749	
Gain (Loss) on Sale of Assets	4,310		4,310	
Miscellaneous	38,330		38,330	
Donations				14,621
Capital Grants to Component Unit		(188,691)	(188,691)	
Transfers	800,000	(800,000)		
Total General Revenues and Transfers	4,188,221	(870,774)	3,317,447	14,621
Change in net position	1,360,306	3,736,000	5,096,306	197,940
Net Position - Beginning of Year	9,189,881	38,833,332	48,023,213	(216,242)
Net Position - End of Year as	$ 10,550,187	$ 42,569,332	$ 53,119,519	$ (18,302)

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

EXHIBIT 3

	GENERAL FUND	MUNICIPAL COMPLEX CAPITAL PROJECTS	SPLOST VI CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	$ 2,644,956	$ 7,014,288	$ 711,439	$ 52,337	$ 10,423,020
Taxes Receivable	1,637,017		156,345		1,793,362
Accounts Receivable	43,498				43,498
TOTAL ASSETS	$ 4,325,471	$ 7,014,288	$ 867,784	$ 52,337	$ 12,259,880
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 146,227	$	$	$	$ 146,227
Accrued Payroll	48,459				48,459
Payroll Taxes Withheld and Accrued	19,621				19,621
TOTAL LIABILITIES	214,307				214,307
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue -property taxes	235,117				235,117
FUND BALANCE					
Restricted for:					
Capital Outlay Projects		7,014,288	867,784	5,424	7,887,496
Tourism and Promotion				46,913	46,913
Unassigned	3,876,047				3,876,047
TOTAL FUND BALANCE	3,876,047	7,014,288	867,784	52,337	11,810,456
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	$ 4,325,471	$ 7,014,288	$ 867,784	$ 52,337	$ 12,259,880

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

EXHIBIT 3A

Adjustments to the Statement of Net Position		
Fund Balance	$	11,810,456
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds		11,125,212
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds		
Property Taxes		235,116
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet but are reported in the government-wide Statement of Net Position		
Net Pension Liability		(990,554)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund financial statements, but are reported in the government-wide Statement of Net Position		
Deferred Outflows - Pensions		250,420
Deferred Inflows - Pensions		(54,359)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		(11,826,104)
Net Position of Governmental Activities (Exhibit "1")	$	10,550,187

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

EXHIBIT 4

	GENERAL FUND	MUNICIPAL COMPLEX CAPITAL PROJECTS	SPLOST VI CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes					
Property	$ 1,876,617	$	$	$	$ 1,876,617
Franchise	497,720				497,720
Motel				295,255	295,255
Beer and Wine	191,596				191,596
Insurance Premium	320,071				320,071
License and Permits	176,716				176,716
Charges for Services	598,588				598,588
Fines and Forfeitures	186,696				186,696
Interest Income	2,101	143,188	5,504	543	151,336
Intergovernmental			866,253		866,253
Grants	112,518				112,518
Miscellaneous	38,330				38,330
TOTAL REVENUE	4,000,953	143,188	871,757	295,798	5,311,696
EXPENDITURES					
Current:					
General Government	125,463			228,731	354,194
City Manager	296,880				296,880
Human Resources	122,077				122,077
Police Department	1,618,480		97,540		1,716,020
Fire Department	1,023,045	42,171	30,965		1,096,181
Streets and Sanitation	570,803		225,471		796,274
Public Buildings and Library		4,612,157			4,612,157
Recreation Department	62,117				62,117
Planning Department	95,065				95,065
Debt Service					
Principal Retirement	117,946		399,895		517,841
Interest and Fiscal Charges	229,752				229,752
TOTAL EXPENDITURES	4,261,628	4,654,328	753,871	228,731	9,898,558
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(260,675)	(4,511,140)	117,886	67,067	(4,586,862)
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	99,797	11,525,428			11,625,225
Sale of Assets	4,310				4,310
Interfund Transfers	896,791			(96,791)	800,000
TOTAL OTHER FINANCING SOURCES (USES)	1,000,898	11,525,428		(96,791)	12,429,535
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES	740,223	7,014,288	117,886	(29,724)	7,842,673
FUND BALANCE	3,135,824		749,898	82,061	3,967,783
FUND BALANCE - END OF YEAR	$ 3,876,047	$ 7,014,288	$ 867,784	$ 52,337	$ 11,810,456

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

EXHIBIT 4

Adjustments to the Statement of Activities	
Net Change in Fund Balance	$ 7,842,673
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (5,137,001) exceeded depreciation (467,540)	4,669,461
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	18,490
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt repayments ($378,773) exceed proceeds of ($151,950).	(11,107,384)
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Pension Expense	(62,934)
Change in net position of governmental activities (Exhibit 2)	$ 1,360,306

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

EXHIBIT 5

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	WATER AND SEWER FUND	STORMWATER FUND	CORNELIA WATER AND SEWER AUTHORITY	TOTAL
CURRENT ASSETS				
Cash	$ 8,530,598	$ 516,789	$ 46,305	$ 9,093,692
Accounts Receivable	867,902	12,609		880,511
Grants Receivable	160,531			160,531
Due from Component Unit	32,900			32,900
Total Current Assets	9,591,931	529,398	46,305	10,167,634
NON-CURRENT ASSETS				
Capital Assets				
Assets not being depreciated	779,593.00			779,593
Construction In Progress	20,319,940.00			20,319,940
Asset being depreciated	43,449,240		11,103,212	54,552,452
Accumulated Depreciation	(17,238,449)		(2,167,338)	(19,405,787)
Total Non-Current Assets	47,310,324		8,935,874	56,246,198
Total Assets	56,902,255	529,398	8,982,179	66,413,832
DEFERRED OUTFLOWS OF RESOURCES	176,432			176,432
Total Assets and Deferred Outflows of Resources	$ 57,078,687	$ 529,398	$ 8,982,179	$ 66,590,264
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES				
Accounts Payable	$ 569,834	$	$	$ 569,834
Accrued Payroll	39,843			39,843
Current Portion of Notes Payable			655,870	655,870
Total Current Liabilities	609,677		655,870	1,265,547
NON-CURRENT LIABILITIES				
Water Deposits	15,715			15,715
Long-term Notes Payable	20,593,405		1,410,090	22,003,495
Net Pension Liability	697,876			697,876
Total Non-current Liabilities	21,306,996		1,410,090	22,717,086
Total Liabilities	21,916,673		2,065,960	23,982,633
DEFERRED INFLOWS OF RESOURCES	38,299			38,299
Total Liabilities and Deferred Inflows of Resources	21,954,972		2,065,960	24,020,932
NET POSITION				
Net Investment in Capital Assets	26,716,919		6,869,914	33,586,833
Unrestricted	8,406,796	529,398	46,305	8,982,499
Net Position	$ 35,123,715	$ 529,398	$ 6,916,219	$ 42,569,332

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA EXHIBIT 6
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	WATER AND SEWER FUND	STORMWATER FUND	CORNELIA WATER AND SEWER AUTHORITY	TOTAL
OPERATING REVENUES				
Water Sales	$ 4,064,819	$	$	$ 4,064,819
Sewer Fees	3,883,831			3,883,831
Fines and Surcharges	43,276	272,904		316,180
Water and Sewer Taps	59,229			59,229
Rent			756,443	756,443
Miscellaneous Receipts	22,179			22,179
TOTAL OPERATING REVENUES	8,073,334	272,904	756,443	9,102,681
OPERATING EXPENSES - By Department				
Administration	375,125			375,125
Water Plant	1,027,514			1,027,514
Disposal Plant	1,961,026			1,961,026
Water & Sewer System - Crew	832,578			832,578
Maintenance and Mechanical	1,192,111			1,192,111
Depreciation	878,948		222,064	1,101,012
TOTAL OPERATING EXPENSES	6,267,302		222,064	6,489,366
OPERATING INCOME	1,806,032	272,904	534,379	2,613,315
NON-OPERATING REVENUES (EXPENSE)				
Interest Income	113,693	4,224		117,917
Interest Expense	(6,159)		(58,444)	(64,603)
TOTAL NON-OPERATING INCOME (EXPENSE)	107,534	4,224	(58,444)	53,314
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,913,566	277,128	475,935	2,666,629
Transfers In (Out)	(1,178,199)	(157,525)	535,724	(800,000)
Capital Grant to Component Unit	(188,691)			(188,691)
Capital Grants	1,656,062			1,656,062
Capital Contributions	402,000			402,000
CHANGE IN NET POSITION	2,604,738	119,603	1,011,659	3,736,000
NET POSITION - BEGINNING OF	32,518,977	409,795	5,904,560	38,833,332
NET POSITION - END OF YEAR	$ 35,123,715	$ 529,398	$ 6,916,219	$ 42,569,332

The accompanying notes are an integral part of this statement.

CITY OF CORNELIA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

EXHIBIT 7

	WATER AND SEWER FUND	STORMWATER FUND	CORNELIA WATER AND SEWER AUTHORITY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 8,073,334	$ 292,245	$ 756,443	$ 9,122,022
Payments to Suppliers	(3,796,280)			(3,796,280)
Payments to Employees	(1,364,829)			(1,364,829)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,912,225	292,245	756,443	3,960,913
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer(To) From other funds	(1,178,199)	(157,525)	535,724	(800,000)
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(1,178,199)	(157,525)	535,724	(800,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Grants	1,656,062			1,656,062
Capital Grant to Component Unit	(188,691)			(188,691)
Proceeds from Fieldale Farms, Inc.	402,000			402,000
Note Proceeds	7,988,458			7,988,458
Principal Paid on Notes	(58,655)		(1,233,722)	(1,292,377)
Interest Paid	(6,159)		(58,444)	(64,603)
Acquisition Of Capital Assets	(12,387,753)			(12,387,753)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(2,594,738)		(1,292,166)	(3,886,904)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Earned	113,693	4,224		117,917
NET CASH PROVIDED BY INVESTING ACTIVITIES	113,693	4,224		117,917
NET INCREASE IN CASH AND CASH EQUIVALENTS	(747,019)	138,944	1	(608,074)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,277,617	377,845	46,304	9,701,766
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,530,598	$ 516,789	$ 46,305	$ 9,093,692
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	$ 1,806,032	$ 272,904	$ 534,379	$ 2,613,315
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation	$ 878,948	$	$ 222,064	$ 1,101,012
(Increase) Decrease in Accounts Receivable	(108,043)	19,341		(88,702)
(Increase) Decrease in Grants Receivable	(160,531)			
(Increase) Decrease in Deferred Outflows	(14,569)			(14,569)
Increase (Decrease) in Customer Deposits	(33,296)			(33,296)
Increase (Decrease) in Due to General Fund	(49,864)			(49,864)
Increase (Decrease) in Accounts Payable	523,232			523,232
Increase (Decrease) in Accrued Payroll	11,407			11,407
Increase (Decrease) in Net Pension Liability	125,503			125,503
Increase (Decrease) in Deferred Inflows	(66,594)			(66,594)
TOTAL ADJUSTMENTS	1,106,193	19,341	222,064	1,347,598
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,912,225	$ 292,245	$ 756,443	$ 3,960,913

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government Unit

The City of Cornelia (the "City") was incorporated under the laws of the State of Georgia in 1887 and operates under an elected mayor-commission for of Government. The City's combined financial statements include the accounts of all the City's operations.

The financial statements of the City of Cornelia have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for the City's accounting and financial reporting policies. The more significant of the City's accounting policies are described below.

The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of organizations governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Blended Component Units: - Blended component units, although legally separate entities, are, in substance, part of the Government's operations.

City of Cornelia Water and Sewer Authority – On May 5, 2011, the City of Cornelia created the City of Cornelia Water and Sewer Authority, under the provisions of the Official Code of Georgia Annotated Section 12-8-50. The Authority consists of five directors who are appointed by the City of Cornelia Council. The authority is blended with the Water and Sewer Enterprise fund since all services benefit the City of Cornelia. Separate financial statements are not issued for the Authority.

The *Urban Redevelopment Agency of the City of Cornelia* (the "URA") is a blended presented component unit of the City. The three members of the Board of Directors of the URA are appointed by the City Commission. The City has the ability to impose its will on the URA as the City Commission can remove appointed members of the Board of Directors at will and has the ability to hire and dismiss the personnel responsible for the daily operations of the URA. The Urban Redevelopment Agency of the City of Cornelia provides a means to issue revenue bonds with the City. Although it is legally separate from the City, the URA is reported as if it were part of the primary government because all of the URA's debt is expected to be repaid by the City. The URA's financial information is maintained by the City's Finance Department. However separate financial statements are not prepared.

Discretely Presented Component Units: - Discretely presented component units are reported in a separate column in the combined financial statements to emphasize it is legally separate from the Government.

NOTE 1 – (Continued)

Cornelia Downtown Development Authority – The Cornelia Downtown Development Authority (CDDA) was created through a resolution from the Cornelia City Commission in 1982 and was reactivated in the summer of 2011. The CDDA was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of ten members appointed by the City Council and three ex-officio members. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Cornelia.

The City of Cornelia Downtown Development Authority is reported in a separate column. Separate financial statements are not issued for the Authority.

Related organizations:
The Cornelia Housing Authority administers Federal funding and/or other financing for improvement of housing conditions in the City. The five citizens who serve as the Governing Board are appointed by the City Commission. The City has no significant influence over the management, budget, or policies of the Cornelia Housing Authority. The Authority reports independently.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide 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. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Individual funds are not displayed. The statements distinguish between governmental activities, generally supported by taxes, intergovernmental revenues, and other non-exchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial position of the governmental and business type activities of the City at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities, for identifiable activity of the business-type activities of the City. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. These revenues are subject to externally imposed restrictions to these program uses.

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted.*

NOTE 1 – (Continued)

Taxes and other revenue sources not properly included with the program revenues are reported as general revenues of the City. The comparison between direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.
Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds

Governmental Funds are those through which most of the governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

The *General Fund* is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. The General Fund is considered a major fund for reporting purposes.

The *SPLOST V Capital Projects Fund* accounts for the funds from the City's share of the Habersham County Special Purpose Local Option Sales Tax. The SPLOST V Fund is considered a major fund for reporting purposes.

The *Special Revenue Funds* account for revenues derived from specific sources (other than capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The Special revenue funds are not considered a major fund for reporting purposes.

Proprietary Fund: The Government reports the following proprietary funds:

The City reports the following major enterprise funds:

The Water and Sewer Enterprise Fund- This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Cornelia.

The City of Cornelia Water and Sewer Authority- This is a legally separate entity that is reported as blended with the Water and Sewer Enterprise Fund since all services benefit the City of Cornelia.

NOTE 1 – (Continued)

C. – Measurement Focus, Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included in the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund

financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary funds types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual method and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues- Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the calendar year which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current calendar year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year end.

Revenues – Non-exchange Transactions – Non-exchange transactions, in which the City receives value without directly giving equal value in return, includes sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations is recognized in the calendar year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specific the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days for property taxes and other non-exchange transactions) before it can be recognized.

NOTE 1 – (Continued)

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales tax, special assessments, and federal and state grants.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

D. Assets, Liabilities and Equity

Cash and Investments - Cash and cash equivalents include amounts in demand and time deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. Cash and cash equivalents are reported on the balance sheets, statements of net position and in cash flow statements. State statutes authorize the City to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government Agency
- Obligations of any corporation of the United States Government
- Prime Bankers acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund 1)
- Obligations of the other political subdivisions of the State of Georgia

1. ***Receivables*** – Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1, and the taxes are due on December 20 of each year.

The tax bills are mailed at least 60 days prior to the due date. The billings are considered past due 60 days after the tax billings date or December 20, whichever is later, at which time the applicable property is subject to lien, and penalties are assessed.

All trade and property tax receivables are shown net of an allowance for uncollectibles, where applicable.

2. ***Interfund Balances***

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). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. ***Inventories***

The cost of supplies is recorded as expenditure at the time the individual items are purchased. The amount of inventory on hand is insignificant and therefore not recorded.

4. ***Capital Assets***

Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent that the City's capitalization threshold is met. The City capitalizes asset purchases valued at $5,000 or more. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the Proprietary Fund are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis. All fixed assets are valued at historical cost or estimated

NOTE 1 – (Continued)

historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays of capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. No interest was capitalized during 2018

Infrastructure (roads, bridges, and traffic lights) acquired prior to January 1, 2000 have not been reported.

5. *Compensated Absences*

The City's policy does not allow the accumulation of vacation pay beyond a six-month period subsequent to year-end. Vacation taken subsequent to year-end requires approval of the department head and the Mayor and is lost if not taken by the end of the six-month period. The amount of 2018vacation time taken in 2018 could not be 7reasonably estimated but it deemed to be immaterial. Sick pay benefits are nonvesting accumulating rights and are not accrued as allowed by FASB-43 (Accounting for Compensated Absences).

6. *Accrued Liabilities and Long-term Obligations*

The City reports long-term debt of governmental activities at face value in the Government-wide Statement of Net Assets. Long-term debt is not reported for governmental activities in the fund financial statements. Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in both the Government-wide and fund financial statements.

7. *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:

- *Nonspendable* – Fund balances are reported as nonspendable when the 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 like inventories and prepaid items) or (b) legally or 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 Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.

NOTE 1 – (Continued)

- *Assigned-* Fund balances are reported as assigned when the amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the City's finance director 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 balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Position – The net position represents the difference between assets and liabilities. The net position component "invested in capital assets, net of related debt" consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net assets are reported as restricted as described in the fund balance section above. All other assets are reported as unrestricted.

Fund Balance Flow Assumptions – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumptions – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted- net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted-net position to have been depleted before unrestricted- net position is applied.

8. *Operating Revenue and Expenses*

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and development. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

9. *Interfund Activity*

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/ expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

10. *Estimates*

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

NOTE 1 – (Continued)

reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

11. *Deferred Outflows/Inflows of Resources*

The City implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB No. 65, *Items Previously Reported as Assets and Liabilities* in fiscal year 2013. This implementation resulted primarily in changes to terminology and the elimination of reporting unamortized debt issuance costs (i.e., unamortized loan origination fees) as a deferred charge.

In addition to assets, the statement of financial position will sometimes report 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 future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The City has no items that qualify for reporting in this category.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

On or before the end of December of each year, all departments of the City submit requests for appropriation to the City's Management so that a budget may be prepared. The budget is prepared by fund, function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before December 31st the Proposed Budget is presented to the City's Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's Management. The revenue estimates must be changed by an affirmative vote of a majority of the City Council. The budget was not amended during the year.

NOTE 3 – DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized. On December 31, 2019 the City had no uninsured, uncollateralized deposits.

Interest Rate Risk

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

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit the investment choices. Investments are to be reported at fair value.

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Foreign Currency Risk

The City has no investments denominated in a foreign currency.

NOTE 4 – NOTES AND ACCOUNTS RECEIVABLE

Primary Government

Receivables on December 31, 2019 consisted of the following:

Major Funds	
General Fund	
Taxes	$ 1,793,362
Service Fees	43,498
Enterprise Funds	
Water and Sewer	880,511
Total Primary Government	$ 2,717,371

NOTE 4 – (Continued)

The delinquent taxes receivable account represents uncollected tax levies. No allowance for uncollectible taxes has been provided as delinquent taxes are considered fully collectible.

Property taxes are assessed as of January 1, 2019 on property values. Taxes were levied on December 7, 2019 for the 2019 tax year, and were due on February 11, 2020. All unpaid taxes levied on December 21, 2019 become delinquent as of February 11, 2020. Interest and penalties accrue after February 11, 2020.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within 60 days after year end.

Due to the high collection rate in the Enterprise Fund, no allowance has been made for bad debts.

NOTE 5 – INTERFUND BALANCES

DUE TO - FROM OTHER FUNDS

Primary Government	**Component Unit**	
Receivable Fund	Payable Fund	**Amount**
Water and Sewer	Downtown Development Authority	$ 32,900

This is a long term obligation that is not expected to be repaid within one year.

INTERFUND TRANSFERS

Transfers In:	**Transfers Out:**		**Amount**
General	Water and Sewer Fund	$	800,000
General	Hotel/Motel Tax		96,791
Water and Sewer Authority	Water and Sewer Fund		535,724
Water Fund	Stormwater Fund		157,525

NOTE 5 – (Continued)

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires them to the fund that statute or budget requires to expend them, and 2) use restricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type group.

NOTE 6 - CHANGES IN FIXED ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental -Type Activities:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Capital Assets Not Being Depreciated				
Land	$ 360,005	$ -	$ -	$ 360,005
Consturction in Progress	-	4,612,156		4,612,156
	360,005	4,612,156	-	4,972,161
Depreciable Assets				
Building	4,058,881		-	4,058,881
Furniture & Equipment	368,489	-	-	368,489
Fire Equipment	1,769,978	73,137	-	1,843,115
Police Equipment	1,454,428	97,540	-	1,551,968
Sanitation and Streets	1,114,638		-	1,114,638
Streets	3,004,953	354,168	-	3,359,121
Total Depreciable Assets	11,771,367	524,845	-	12,296,212
Less: Accumulated Depreciation				
Building	1,786,777	102,592	-	1,889,369
Furniture & Equipment	240,678	18,097	-	258,775
Fire Equipment	1,234,434	122,167	-	1,356,601
Police Equipment	1,248,747	136,740	-	1,385,487
Sanitation and Streets	973,554	66,937	-	1,040,491
Streetscape Project	191,431	21,007	-	212,438
Total Accumulated Depreciation	5,675,621	467,540	-	6,143,161
Net Depreciable Assets	6,095,746	57,305	-	6,153,051
Governmental activities assets, net	$ 6,455,751	$ 4,669,461	$ -	$ 11,125,212

Depreciation was charged to governmental functions as follows:

General Government Administration	$ 134,582
Police	136,727
Fire	103,378
Streets and Sanitation	98,253
Total	$ 467,540

NOTE 6 – (Continued)

Enterprise Activities

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Capital Assets Not Being Depreciated				
Land	$ 779,593	$ -	$	$ 779,593
Construction in Progress	12,269,994	8,049,946		20,319,940
	13,049,587	8,049,946		21,099,533
Depreciable Assets				
Building	756,907	94,656		851,563
Equipment	2,960,589	570,374		3,530,963
Water Plant	11,269,718	-		11,269,718
Sewer Plant	14,525,169	-		14,525,169
Water and Sewer System	20,702,261	3,672,777		24,375,038
Total Depreciable Assets	50,214,644	4,337,807	-	54,552,451
Less: Accumulated Depreciation				
Building	105,826	10,801		116,627
Equipment	1,779,674	110,310		1,889,984
Water Plant	3,338,524	143,133		3,481,657
Sewer Plant	6,747,631	429,394		7,177,025
Water and Sewer System	6,333,119	407,374		6,740,493
Total Accumulated Depreciation	18,304,774	1,101,012		19,405,786
Net Depreciable Assets	31,909,870	3,236,795	-	35,146,665
Enterprise activities assets, net	$ 44,959,457	$ 11,286,741	$ -	$ 56,246,198

In the governmental and business-type activities, the following estimated useful lives are used to compute depreciation using the straight-line method:

General Government Buildings	40 Years
Streetscape	40 Years
Streets and Sanitation	5-20 Years
Water and Sewer System	50 Years
Utility Plant	50 Years
Machinery and Equipment	5-20 Years

NOTE 6 – (Continued)

Invested in Capital Assets, Net of Related Debt

	Governmental Activities	Enterprise Fund
Invested in Capital Assets, net of related debt:	$	$
Cost of Capital Assets	17,268,373	75,651,984
Accumulated Depreciation	(6,143,161)	(19,405,786)
Book Value	11,125,212	56,246,198
Capital Related Debt	(11,826,104)	(22,659,365)
Total	$ (700,892)	$ 33,586,833

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2019:

Primary Government

	Balance 12/31/2018	Additions	Payments	Balance 12/31/2019	Due Within One Year
Governmental Activities					
2019 Bonds Payable	$	$ 11,325,000	$	$ 11,325,000	$
2019 Premium on Bonds		200,430		200,430	
Obligations Under Capital Lease	718,718	99,797	517,841	300,674	150,350
Net Pension Liability	812,401	178,153	-	990,554	-
Total Debt	$ 1,531,119	$ 11,803,380	$ 517,841	$ 12,816,658	$ 150,350
Enterprise Activities					
Notes Payable	$ 15,953,349	$ 7,988,458	$ 1,282,442	$ 22,659,365	$ 655,870
Obligations Under Capital Lease	9,935	-	9,935	-	-
Net Pension Liability	572,373	125,503	-	697,876	-
Total Debt	$ 16,535,657	$ 8,113,961	$ 1,292,377	$ 23,357,241	$ 655,870

The amount of interest expense for the year in the General Fund was $ 229,752. The amount of interest expense for the year in the Enterprise activities was $84,124

For governmental funds, the net pension liability and claims and judgements are liquidated by the General Fund. For business-type activities, the net pension liability is liquidated by the Water Fund.

NOTE 7 – (Continued)

Governmental Activities

Revenue Bonds

The City, by resolution adopted on January 8, 2019, approved the Urban Renewal Development Plan and the urban development project. The Revenue Bonds (City of Cornelia Project), Series 2019, in the amount of $11,325,000 were issued in April of 2019 by the Urban Renewal Redevelopment Agency of the City of Cornelia (the "URA"). The purpose of the bond issue was to finance the costs of acquiring, constructing, and installing a new municipal complex, including city hall, a municipal courtroom, the police department, and a fire station to be sold by the Issuer to the City of Cornelia pursuant to an agreement of sale. The bonds are special limited obligations of the URA, payable solely from and secured by pledged revenues under the contract by which the City is required to make installment payments to the URA in amounts sufficient to pay the principal and interest on the bonds. Interest rates range from 3.0% to 5.0% and payments are due semi-annually on April1 and October 1, beginning October 2019.

The City's total debt service to maturity on these bond are as follows:

Year Ending	Principal	Interest	Total
2020	$ -	$ 475,787.50	$ 475,787.50
2021	170,000.00	475,787.50	645,787.50
2022	175,000.00	470,687.50	645,687.50
2023	180,000.00	465,437.50	645,437.50
2024	190,000.00	458,237.50	648,237.50
2025-2029	1,065,000.00	2,171,387.50	3,236,387.50
2030-2034	1,270,000.00	1,965,912.50	3,235,912.50
2035-2039	1,500,000.00	1,743,187.50	3,243,187.50
2040-2044	1,785,000.00	1,453,375.00	3,238,375.00
2045-2049	2,195,000.00	1,039,250.00	3,234,250.00
2050-2054	2,795,000.00	433,000.00	3,228,000.00
Total	$ 11,325,000.00	$ 11,152,050.00	$ 22,477,050.00

Business-Type Activities

Notes Payable – South State Bank

During the year 2012 the City transferred certain assets held in the water and sewer utility fund to the City of Cornelia Water and Sewer Authority. These assets were from the wastewater treatment facility. The Authority then obtained new financing with South State Bank at a lower interest rate. The proceeds from three loans were used to pay off the City's debt to the Georgia Environmental Facilities Authority.

NOTE 7 – (Continued)

The description and amortization of these loans is as follows:

On October 31, 2012, the City entered into a loan with South State Bank to pay off loans with the Georgia Environmental Facilities Authority. The original amount of this loan was $1,714,417.28. Principal and interest shall be due and payable in one hundred eighty monthly payments in the amount of $12,084.53, commencing on November 30, 2012, and continuing monthly until October 30, 2027. The note bears interest at 2.84% per annum.

Amortization of this loan is as follows:

Year Ending	Principal	Interest	Total
2020	$ 118,566.70	$ 26,447.66	$ 145,014.36
2021	121,978.16	23,036.20	145,014.36
2022	125,487.80	19,526.56	145,014.36
2023	129,098.39	15,915.93	145,014.32
2024	132,812.91	12,201.45	145,014.36
2025-2027	357,376.29	13,563.58	370,939.87
Total	$ 985,320.25	$ 110,691.38	$ 1,096,011.63

On October 31, 2012, the City entered into a loan with South State Bank to pay off loans with the Georgia Environmental Facilities Authority. The original amount of this loan was $4,479,799.69. Principal and interest shall be due and payable in 36 quarterly payments in the amount of $140,195.43, commencing on January 30, 2013, and continuing monthly until October 31, 2021. The note bears interest at 2.60% per annum.

Amortization of this loan is as follows:

Year Ending	Principal	Interest	Total
2020	$ 537,303.14	$ 23,478.58	$ 560,781.72
2021	543,336.18	9,104.08	552,440.26
	$ 1,080,639.32	$ 32,582.66	$ 1,113,221.98

NOTE 7 – (Continued)

Notes Payable – Georgia Environmental Facilities Authority (GEFA)

The City entered into agreements with the Georgia Environmental Facilities Authority (GEFA) for Water and Sewer system improvements which are in progress on December 31, 2019. The city has drawn $20,593,405 as of December 31, 2019. Monthly installments of principal and interest are due beginning the on the first day of the calendar month following the date the loans are fully disbursed (the Amortization Commencement Date). These loans were not in repayment status as of December 31, 2019.

NOTE 8 – LEASES

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreement are met.

Equipment and related accumulated depreciation under capital leases are as follows:

	Governmental Activities	Proprietary Fund
Equipment	$ 1,623,001	$137,502
Less: Accumulated Depreciation	(197,635)	(37,705)
Net Value	$ 1,425,366	$ 99,797

Amortization of leased equipment under capital leases is included with depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019 were as follows:

Year ending December 31	Governmental Activities	Proprietary Funds
2019	$ 156,095.48	$ -
2020	54,788.18	-
2021	54,788.18	
2022	29,754.57	
2023	21,412.70	
	316,839.11	-
Less Interest	(16,165.04)	-
	$ 300,674.07	$ -

NOTE 8 – (Continued)

Georgia Municipal Association/BB&T Governmental Finance

On January 28, 2016, the City entered into a Lease Purchase Agreement with the Georgia Municipal Association/BB&T Governmental Finance for the acquisition of one 2016 Garbage Truck, six 2016 Ford Utility Interceptors, five 2016 Dodge Durango, one 2016 Ford F150 and one 2016 Ford F250. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The original amount of the lease was $ 511,793. The lease calls for five annual payments of $106,762.33 beginning March 25, 2016. This lease has interest rate of 0.198% per annum. The assets are recorded in the General Fund.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments on December 31, 2019:

Year Ending	Principal	Interest	Total
2020	$ 99,234.45	$ 2,072.85	$ 101,307.30
Total	$ 99,234.45	$ 2,072.85	$ 101,307.30

Georgia Municipal Association/Magnolia Leasing

On January 19, 2014, the City entered into a Capital Lease with the Georgia Municipal Association/Magnolia Leasing for the acquisition of Self Contained Breathing Apparatus for the Fire Department. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The original amount of the lease was $ 151,950000. The lease calls for sixty (60) monthly payments of $2,781.29 beginning May 10, 2018. This lease has interest rate of 3.75% per annum. The asset is recorded in the General Fund.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments on December 31, 2019:

Year Ending	Principal	Interest	Total
2020	$ 29,971.02	$ 3,404.46	$ 33,375.48
2021	31,114.49	2,260.99	33,375.48
2022	32,301.61	1,073.87	33,375.48
2023	8,255.50	86.37	8,341.87
Total	$ 101,642.62	$ 6,825.69	$ 108,468.31

NOTE 8 – (Continued)

Georgia Municipal Association/BB&T Governmental Finance

On November 21, 2019, the City entered into a Lease Purchase Agreement with the Georgia Municipal Association/Magnolia Governmental Finance for the acquisition of one 2020 Hino Sanitation Truck, with equipment. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The original amount of the lease was $ 99,797. The lease calls for three annual payments of $33,375.48 and one final payment of $8,254.50 beginning April 20, 2020. This lease has interest rate of 3.44% per annum. The asset is recorded in the General Fund.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments as of December 31, 2019:

Year Ending	Principal	Interest	Total
2020	$ 21,145.71	$ 266.99	$ 21,412.70
2021	18,664.03	2,748.67	21,412.70
2022	19,316.29	2,096.41	21,412.70
2023	19,991.35	1,421.35	21,412.70
2024	20,679.62	733.08	21,412.70
Total	$ 99,797.00	$ 7,266.50	$ 107,063.50

NOTE 9 - EMPLOYEE RETIREMENT PLAN

PLAN DESCRIPTION

The City, by ordinance, on August 1, 1972 established a retirement plan for its employees to be funded through the Georgia Municipal Employees Benefit System (GMEBS), an agent, multiple-employer type defined benefit pension plan. The Georgia Municipal Employees Benefit System issues a stand-alone

financial report that included a schedule of member net assets, listing the net assets held by the City of Cornelia. That report may be obtained by writing to the Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303. The City is required to contribute at an actuarially determined rate. The actuarial valuation date was July 1, 2018.

Employees are not required to contribute to the plan. The contribution requirement of the City is established and may be amended by the Board of Trustees of the Georgia Municipal Employees Benefit System.

The City's plan, City of Cornelia Retirement Plan, provides retirement and death and disability benefits for all employees effective from the date of hire.

Vested employees who have reached the age of 65 and have completed five years of credited service are eligible to receive a monthly benefit, payable for life. The benefit is equal to 1.0% of the employees' average salary up to a floating break point and 1.75% of the employee's average salary above the floating break point for the five highest

NOTE 9 – (Continued)

years of employment multiplied by the years of credited service. Members are vested after ten years of service has been completed. The floating break point is based upon average Social Security earnings determined by the employee's year of employment termination. The plan also provides benefits in the event of death or disability. These benefits provisions were established by an adoption agreement executed by the City Council.

Current Membership is as follows:

Number of retired participants and beneficiaries	42
Number of vested former participants	18
Number of active vested employees	73
Total number of participants	133

Funding Policy

City employees are not required to contribute to the Plan. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state requirements. The City is required to contribute at an actuarially determined rate; the current rate is 10.45% of annual covered payroll. The prior year contribution rate was 10.61%. The new rate is and decrease of 0.16% of pay. The contribution requirements of plan members and the City are established and may be amended by the Georgia Municipal Employee Benefit System Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
As of December 31, 2019, the City reported a net pension liability of $1,688,410. The net pension liability was measured on March 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. For the fiscal year ended December 31, 2018 , the City recognized a pension expense in the amount of $275,320.

On December 31, 2019, the City reported deferred outflows and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 195,302	$ (89,204.00)
Changes in assumptions	56,400	(3,454)
CIty contributions made subsequent to the measurement period	168,229	
Net difference between projected and actual earnings on pension plan investments	6,921	-
Total	$ 426,852	$ (92,658)

NOTE 9 – (Continued)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

Year Ending 31-Dec	Net Amount
2020	$ 115,040.00
2021	(2,924.00)
2022	60,276.00
2023	175,634.00
2024	(13,832.00)
Total	$ 334,194.00

Actuarial Assumptions
The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions as applied to all periods included in the measurement:

Inflation	2.75% per year
Cost of Living Adjustment	0% per year
Investment Return:	7.50% per year
Future Salary Increases:	3.25% per year with an age based scale as follows:

Years of Service	Annual Rate (%)
0-1	8.25
2	5.25
3	5.00
4	4.75
5	4.50
6	4.25
7	4.00
8	3.75
9	3.50
10 or more	3.25

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

NOTE 9 – (Continued)

The mortality assumptions used in the July 1, 2019 actuarial report were based on a five-year review of mortality experience for the period January 1, 2010 to June 30, 2014.

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 the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.40%
International Equity	20%	7.40%
Real Estate	10%	5.10%
Global Fixed Income	5%	3.03%
Domestic Fixed Income	20%	1.75%
Cash	0%	
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at the contractually required rates, actuarially determined. Based on these assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the net pension liability.

NOTE 9 – (Continued)

Changes in Net Pension Liability:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (a)-(b)
Balances at March 31, 2017	$ 6,147,642	$ 4,762,868	$ 1,384,774
Changes for the year:			
Service Cost	116,244	-	116,244
Interest	455,367	-	455,367
Difference between actual and expected experience	(41,497)	-	(41,497)
Employer contributions	-	275,320	(275,320)
Employee contributions	-	-	-
Net investment income	-	169,435	(169,435)
Benefit payments	(384,660)	(384,660)	-
Administrative expense	-	(16,848)	16,848
Other	201,429	-	201,429
Net Changes	346,883	43,247	303,636
Balances at March 31, 2018	$ 6,494,525	$ 4,806,115	$ 1,688,410

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate.
The discount rate used to measure the total net pension liability was 7.50%. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.50%	2,496,292
Current discount rate	7.50%	1,688,410
1% increase	8.50%	1,015,684

NOTE 9– (Continued)

Plan Fiduciary Net Position:
Detailed information about the Plan's fiduciary net position is available in a separately issued Georgia Municipal Employee Benefit System financial report.

Other Plans:
In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report.

NOTE 10 – 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 collected, may constitute a liability of the applicable funds. The amount, if any which may be disallowed by the grantor cannot be determined at this time although the government expects such amount, if any, to be immaterial.

The City is a defendant in various lawsuits. The financial statements do not include accrual of provisions for loss contingencies that may result from these proceedings. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that an adverse resolution on all of these matters would not have a material effect on the financial condition of the government.

NOTE 11– ECONOMIC DEPENDENCY/MAJOR CUSTOMERS

The City's Enterprise Fund for Water and Sewer Services has sales to a single customer which comprises more than ten percent of the total revenue for the enterprise fund. Sales to this customer for 2019 were $ 1,580,339.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to , and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has insurance coverage with the Georgia Municipal Association. Insurance coverage and deductible options for property, casualty and crime under the policy are selected by City's management based on anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by the Association, as well as following loss reduction and prevention procedures established by the Association. The Association's responsibility includes paying claims, and representing the City in defense and settlement of claims. The Association's basis for estimating the liabilities for unpaid claims is established by the actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid on December 31, 2019. No provisions have been made in the financial statements for the year ended December 31, 2019 for any estimate of unpaid claims.

NOTE 12– (Continued)

The city has elected to be a member of the Georgia Municipal Association of Worker's Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia Law. As a participant in the GMAWCSIF, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the general purpose financial statements for this contingency, as management believes the likelihood for assessment is remote.

NOTE 13– GEORGIA MOUNTAIN REGIONAL COMMISSION

The City of Cornelia , in conjunction with cities and counties in the Northeast Georgia area, is a member of the Georgia Mountains Commission. Membership in a Regional Commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the Commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the Commission During its year ended December 31, 2018, the City paid $4,670 in such dues. The Commission Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County Board members and municipal Board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a County. Separate financial statements can be obtained from:

Georgia Mountains Regional Commission
P.O. Box 1720
Gainesville, Georgia 30503

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines Commissions as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of a Commission beyond its resources. (O.C.G.A. 50-8-39.1)

NOTE 14 – HOTEL MOTEL TAX

As required by code section 48-13-51 of the O.C.GA the City is required to spend 40% of the first 5% of the tax assessed on the promotion of tourism and trade. In addition, 50% of the amount assessed over 5% must also be expended of promotion of tourism and trade.

		Amount	Percent
Collections	$	295,255	100%
Habersham Chamber of Commerce		65,598	
Cornelia Hospitality and Tourism Board		62,616	
		128,214	43%

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

IN ACCORDANCE WITH THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 34, THE FOLLOWING INFORMATION IS A REQUIRED PART OF THE FINANCIAL STATEMENTS.

CITY OF CORNELIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED
REVENUES				
Taxes				
Property	$ 1,728,910	$ 1,738,410	$ 1,876,617	$ 138,207
Franchise	510,000	500,000	497,720	(2,280)
Beer and Wine	191,500	191,500	191,596	96
Insurance Premium	270,000	270,000	320,071	50,071
License and Permits	179,000	179,000	176,716	(2,284)
Charges for Services	621,945	621,945	598,588	(23,357)
Fines and Forfeitures	226,000	226,500	186,696	(39,804)
Interest Income	200	200	2,101	1,901
Intergovernmental	290,000	290,000	-	(290,000)
Grants	100,492	100,492	112,518	12,026
Miscellaneous	2,000	2,000	38,330	36,330
TOTAL REVENUE	4,120,047	4,120,047	4,000,953	(119,094)
EXPENDITURES				
Current:				
General Government	871,600	441,600	125,463	316,137
City Manager	301,783	301,783	296,880	4,903
Human Resources	136,105	136,105	122,077	14,028
Police Department	1,749,984	1,749,984	1,618,480	131,504
Fire Department	985,119	1,035,119	1,023,045	12,074
Streets and Sanitation	702,190	702,190	570,803	131,387
Recreation Department	90,200	90,200	62,117	28,083
Planning Department	103,566	103,566	95,065	8,501
Debt Service				
Principal Retirement	0	150,000	117,946	32,054
Interest and Fiscal Charges	0	230,000	229,752	248
TOTAL EXPENDITURES	4,940,547	4,940,547	4,261,628	678,919
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(820,500)	(820,500)	(260,675)	559,825
OTHER FINANCING SOURCES (USES)				
Prior Year Fund Balance	20,500	20,500		(20,500)
Debt Proceeds			99,797	99,797
Sale of Equipment			4,310	4,310
Interfund Transfers	800,000	800,000	896,791	96,791
TOTAL OTHER FINANCING SOURCES (USES)	820,500	820,500	1,000,898	180,398
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER (UNDER) EXPENDITURE	$ -	$ -	$ 740,223	$ 740,223

CITY OF CORNELIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
DECEMBER 31, 2019
(Unaudited)

	FISCAL YEAR END	
	2019	2018
Total Pension Liability as of the beginning of year (1)	$ 6,147,642	$ 5,596,110
Service Cost	116,244	123,705
Interest on Total Pension Liability	455,367	420,470
Difference between expected and actual experience	(41,497)	264,136
Change of assumptions	-	-
Changes of benefit terms	201,429	-
Benefits Payments, including refunds of employee contributions	(384,660)	(341,379)
Other	-	84,600
Total Pension Liability as of March 31, 2015 (2)	$ 6,494,525	$ 6,147,642
Fiduciary Net Position as of beginning of year (3)	$ 4,762,868	$ 4,311,488
Employer Contributions	275,320	276,436
Employee Contributions	-	-
Net Investment Income	169,435	533,956
Benefit Payments	(384,660)	(341,379)
Administrative Expense	(16,848)	(17,633)
Other	-	-
Fiduciary Net Position as of End of Year (4)	$ 4,806,115	$ 4,762,868
Net pension liability as of beginning of year (1)-(3)	$ 1,384,774	$ 1,284,622
Net Pension liability as of end of year (2) - (4)	$ 1,688,410	$ 1,384,774
Fiduciary Net Position as a % of Total Pension Liability (4)/(2)	74.00%	77.47%
Covered-employee payroll	$ 2,963,878	$ 2,811,394
Net pension liability as a % of covered-employee payroll	56.97%	49.26%

** Historical information prior to implementation of GASB 67/68 is not required.*

SCHEDULE 1

	FISCAL YEAR END		
	2017	**2016**	**2015**
$	5,476,646	$ 5,200,997	$ 4,968,312
	119,441	132,015	135,964
	412,683	391,838	373,883
	(109,247)	41,837	31,586
	-	-	(20,722)
	-	-	-
	(303,413)	(290,041)	(288,026)
	-	-	-
$	5,598,127	$ 5,476,646	$ 5,200,997
$	3,856,704	$ 3,843,088	$ 3,521,323
	292,183	303,520	280,513
	-	-	-
	484,930	12,041	340,398
	(303,413)	(290,041)	(288,026)
	(18,916)	(11,904)	(11,120)
	-	-	-
$	4,311,488	$ 3,856,704	$ 3,843,088
$	1,619,942	$ 1,357,909	$ 1,446,989
$	1,286,639	$ 1,619,942	$ 1,357,909
	77.02%	70.42%	73.89%
$	2,769,374	$ 2,819,555	$ 2,672,333
	46.46%	57.45%	50.81%

CITY OF CORNELIA
SCHEDULE OF CHANGES IN THE NET POSITION LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS
DECEMBER 31, 2019
(Unaudited)

	FISCAL YEAR END	
	2019	2018
Actuarially determined contribution	$ *	$ 264,717
Contributions in relation to the actuarially determined contribution	*	265,917
Contribution deficiency (excess0	$ *	$ (1,200)
Covered - employee payroll	$ *	$ 2,811,394
Contributions as a percentage of covered-employee payroll	*	9.46%

* *2019 information will be determined after fiscal year end and will be included in the 2020 valuation report.*

SCHEDULE 2

	FISCAL YEAR END		
	2017	**2016**	**2015**
$	278,876	$ 295,186	$ 280,513
	279,976	296,261	281,968
$	(1,100)	$ (1,075)	$ (1,455)
$	2,769,374	$ 2,819,555	$ 2,672,333
	10.11%	10.51%	10.55%

BUDGETARY ACCOUNTING AND CONTROL

The City Commission annually adopts budgets for the General Fund of the Primary Government. All appropriations are legally controlled at the departmental level for the General Fund. There were no budget amendments made during the year. The budgets are integrated into the accounting compare the expenditures with actual budgets.

All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the end of each fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditures are recorded to reserve that portion of the applicable appropriation-, is not utilized by the City of Cornelia.

PENSIONS

1. Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2019, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2019.

2. Methods and Assumptions Used to Determine Contribution Rates:

- Actuarial cost method = Projected unit credit
- Amortization method = Closed level dollar for remaining unfunded liability
- Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 24 years
- Asset valuation method = Sum of actuarial value at beginning of 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 end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
- Net investment rate of return = 7.50%
- Projected salary increases = 2.75% plus service based merit increases
- Cost of living adjustments = 0.00%
- Retirement age for inactive vested participants = 65
- Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period of January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation adjustment assumption was decreased from 3.25% to 2.75%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service- related rates. Under the prior assumption, the salary increases range from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF CORNELIA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

SCHEDULE 3

	Special Revenue Fund	Capital Projects Fund	
	HOTEL/ MOTEL TAX	ADA PLAYGROUND EQUIPMENT	Total Non-major Governmental Funds
ASSETS			
Cash	$ 46,913	$ 5,424	$ 52,337
TOTAL ASSETS	$ 46,913	$ 5,424	$ 52,337
LIABILITIES	$	$	$
TOTAL LIABILITIES	-	-	-
FUND BALANCES			
Restricted for:			
Tourism and Promotion	46,913		46,913
Capital Outlay Projects		5,424	5,424
TOTAL FUND BALANCES	46,913	5,424	52,337
TOTAL LIABILITIES AND FUND BALANCE	$ 46,913	$ 5,424	$ 52,337

CITY OF CORNELIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 4

	Special Revenue Fund	Capital Projects Fund	
REVENUES	HOTEL/ MOTEL TAX	ADA PLAYGROUND EQUIPMENT	Total Non-major Governmental Funds
Hotel/Motel Tax	$ 295,255	$	$ 295,255
Donations		-	-
Interest	542	1	543
	295,797	1	295,798
EXPENDITURES			
Tourism and Promotion	228,731		228,731
	228,731	-	228,731
EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	67,066	1	67,067
OTHER FINANCING SOURCES(USES)			
Operating Transfers In(Out)	(96,791)	-	(96,791)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(29,725)	1	(29,724)
FUND BALANCES BEGINNING OF YEAR -	76,638	5,423	82,061
FUND BALANCES END OF YEAR	$ 46,913	$ 5,424	$ 52,337

GENERAL FUND

THE GENERAL OPERATING FUND OF THE CITY IS USED TO ACCOUNT FOR ALL FINANCIAL RESOURCES EXCEPT THOSE REQUIRED TO BE ACCOUNTED FOR IN ANOTHER FUND.

CITY OF CORNELIA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 5

	2019	2018
ASSETS		
Cash	$ 2,644,956	$ 1,973,639
Taxes Receivable	1,637,017	1,515,877
Accounts Receivable	43,498	32,955
Due from Other Funds		49,864
TOTAL ASSETS	$ 4,325,471	$ 3,572,335
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 146,227	$ 166,027
Accrued Payroll	48,459	33,771
Payroll Taxes Withheld and Accrued	19,621	20,086
TOTAL LIABILITIES	214,307	219,884
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue -property taxes	235,117	216,627
FUND BALANCE		
Unassigned	3,876,047	3,135,824
TOTAL FUND BALANCE	3,876,047	3,135,824
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,325,471	$ 3,572,335

CITY OF CORNELIA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES INF FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 6

	2019	2018
REVENUES		
Taxes		
Property	$ 1,876,617	$ 1,708,809
Franchise	497,720	464,097
Beer and Wine	191,596	185,768
Insurance Premium	320,071	299,100
License and Permits	176,716	166,334
Charges for Services	598,588	638,229
Fines and Forfeitures	186,696	190,497
Interest Income	2,101	332
Intergovernmental	-	314,518
Grants	112,518	252,446
Miscellaneous	38,330	6,508
TOTAL REVENUE	4,000,953	4,226,638
EXPENDITURES		
Current:		
General Government	125,463	154,399
City Manager	296,880	244,820
Human Resources	122,077	109,271
Police Department	1,618,480	1,532,705
Fire Department	1,023,045	1,052,617
Streets and Sanitation	570,803	893,168
Public Buildings and Library	-	-
Recreation Department	62,117	66,155
Planning Department	95,065	160,274
Maintenance and Mechanical	-	-
Debt Service		
Principal Retirement	117,946	378,773
Interest and Fiscal Charges	229,752	17,554
TOTAL EXPENDITURES	4,261,628	4,609,736
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(260,675)	(383,098)
OTHER FINANCING SOURCES (USES)		
Sale of Equipment	4,310	121,215
Lease Proceeds	99,797	151,950
Interfund Transfers	896,791	607,667
TOTAL OTHER FINANCING SOURCES (USES)	1,000,898	880,832
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES	740,223	497,734
FUND BALANCE - Beginning of Year as Previously Reported	3,135,824	2,638,090
FUND BALANCE - END OF YEAR	$ 3,876,047	$ 3,135,824

CITY OF CORNELIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018)

SCHEDULE 7

	2019			2018
	FINAL BUDGET	ACTUAL	VARIANCE	ACTUAL
REVENUES				
Taxes				
Property	$ 1,738,410	$ 1,876,617	$ 138,207	$ 1,708,809
Franchise	500,000	497,720	(2,280)	464,097
Beer and Wine	191,500	191,596	96	185,768
Insurance Premium	270,000	320,071	50,071	299,100
License and Permits	179,000	176,716	(2,284)	166,334
Charges for Services	621,945	598,588	(23,357)	638,229
Fines and Forfeitures	226,500	186,696	(39,804)	190,497
Interest Income	200	2,101	1,901	332
Intergovernmental	290,000	-	(290,000)	314,518
Grants	100,492	112,518	12,026	252,446
Miscellaneous	2,000	38,330	36,330	6,508
TOTAL REVENUE	4,120,047	4,000,953	(119,094)	4,226,638
EXPENDITURES				
Current:				
General Government	441,600	125,463	316,137	154,399
City Manager	301,783	296,880	4,903	244,820
Human Resources	136,105	122,077	14,028	109,271
Police Department	1,749,984	1,618,480	131,504	1,532,705
Fire Department	1,035,119	1,023,045	12,074	1,052,617
Streets and Sanitation	702,190	570,803	131,387	893,168
Recreation Department	90,200	62,117	28,083	66,155
Planning Department	103,566	95,065	8,501	160,274
Maintenance and Mechanical			-	
Debt Service				
Principal Retirement	150,000	117,946	32,054	378,773
Interest and Fiscal Charges	230,000	229,752	248	17,554
TOTAL EXPENDITURES	4,940,547	4,261,628	678,919	4,609,736
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(820,500)	(260,675)	559,825	(383,098)
OTHER FINANCING SOURCES (USES)				
Sale of Equipment		4,310	4,310	121,215
Lease Proceeds		99,797	99,797	151,950
Prior Year Fund Balance	20,500		(20,500)	
Interfund Transfers	800,000	896,791	96,791	607,667
TOTAL OTHER FINANCING SOURCES (USES)	820,500	1,000,898	180,398	880,832
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES	$ -	$ 740,223	$ 740,223	$ 497,734

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS ARE USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE LEGALLY OR DONOR RESTRICTED TO EXPENDITURES FOR SPECIFIED PURPOSES.

Hotel/Motel Tax Fund

This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Cornelia.

ADA Playground Equipment Fund

This fund is used to collect donations which are to be used to acquire playground equipment for parks in the City of Cornelia.

CITY OF CORNELIA, GEORGIA
HOTEL / MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 8

	2019	2018
ASSETS		
Cash	$ 46,913	$ 76,638
TOTAL ASSETS	$ 46,913	$ 76,638
LIABILITIES	$	$
TOTAL LIABILITIES		
FUND BALANCES		
Restricted for:		
Tourism and Promotion	46,913	76,638
Assigned for:		
Pet Friends		
TOTAL FUND BALANCES	46,913	76,638
TOTAL LIABILITIES AND FUND BALANCE	$ 46,913	$ 76,638

CITY OF CORNELIA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 9

	2019	2018
REVENUES		
Hotel/Motel Tax	$ 295,255	$ 278,045
Donations		
Interest	542	172
	295,797	278,217
EXPENDITURES		
Tourism and Promotion	228,731	207,397
	228,731	207,397
EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	67,066	70,820
OTHER FINANCING SOURCES(USES)		
Operating Transfers In(Out)	(96,791)	(96,635)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(29,725)	(25,815)
FUND BALANCES BEGINNING OF YEAR	76,638	102,453
FUND BALANCES END OF YEAR	$ 46,913	$ 76,638

CITY OF CORNELIA, GEORGIA
ADA PLAYGROUND EQUIPMENT
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 10

	2019	2018
ASSETS		
Cash	$ 5,424	5,423
TOTAL ASSETS	$ 5,424	$ 5,423
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES	$	$
DEFERRED INFLOWS OF RESOURCES		
FUND BALANCE		
Restricted for:		
Capital Outlay Projects	5,424	5,423
TOTAL FUND BALANCE	5,424	5,423
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 5,424	$ 5,423

CITY OF CORNELIA, GEORGIA
ADA PLAYGROUND EQUIPMENT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 11

	2019	2018
REVENUES		
Interest Income	$ 1	$ -
Donations	-	5,423
TOTAL REVENUE	1	5,423
EXPENDITURES		
Capital		
Recreation Department		-
TOTAL EXPENDITURES	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1	5,423
FUND BALANCE - BEGINNING OF YEAR	5,423	-
FUND BALANCE - END OF YEAR	$ 5,424	$ 5,423

ENTERPRISE FUNDS

ENTERPRISE FUNDS ARE USED TO ACCOUNT FOR OPERATIONS THAT ARE FINANCED AND OPERATED IN A MANNER SIMILAR TO PRIVATE BUSINESS ENTERPRISES. THE FUNDS ARE SELF-SUPPORTING IN NATURE WHERE THE COSTS, INCLUDING DEPRECIATION, OF PROVIDING GOODS OR SERVICES TO THE GENERAL PUBLIC ON A CONTINUING BASIS ARE FINANCED OR RECOVERED PRIMARILY THROUGH USER CHARGES.

Water and Sewer Fund

This fund is used to account for activities connected with the development, operation and Maintenance of water and sewer activities in the City of Cornelia.

City of Cornelia Stormwater Fund

This fund is used to account for the fees generated from the City's assessment of Stormwater Runoff charges for in town customers.

City of Cornelia Water and Sewer Authority

The authority was established to hold certain assets and related debt of the City of Cornelia Water and Sewer Fund. These assets are leased back to the City.

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 12

	2019	2018
ASSETS		
Current Assets:		
Cash	$ 8,530,598	$ 9,277,617
Accounts Receivable	867,902	759,859
Grants Receivable	160,531	
Due from Component Unit	32,900	32,900
Total Current Assets	9,591,931	10,070,376
NON-CURRENT ASSETS		
Capital Assets		
Assets not being depreciated	779,593	779,593
Construction in Progress	20,319,940	12,269,994
Asset being depreciated	43,449,240	39,111,434
Accumulated Depreciation	(17,238,449)	(16,359,501)
Total Non-current Assets	47,310,324	35,801,520
Total Assets	56,902,255	45,871,896
DEFERRED OUTFLOWS OF RESOURCES	176,432	161,863
Total Assets and Deferred Outflows of Resources	$ 57,078,687	$ 46,033,759
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 569,834	$ 46,602
Accrued Payroll	39,843	28,436
Due to General Fund		49,864
Current Portion of Capital Lease		9,935
Total Current Liabilities	609,677	134,837
NON-CURRENT LIABILITIES		
Water Deposits	15,715	49,011
Long-term Notes Payable	20,593,405	12,653,668
Net Pension Liability	697,876	572,373
Total Non-current Liabilities	21,306,996	13,275,052
TOTAL LIABILITIES	21,916,673	13,409,889
DEFERRED INFLOWS OF RESOURCES	38,299	104,893
Total Liabilities and Deferred Inflows of Resources	21,954,972	13,514,782
NET POSITION		
Net Investment in Capital Assets	26,716,919	23,137,917
Unrestricted	8,406,796	9,381,060
TOTAL NET POSITION	$ 35,123,715	$ 32,518,977

CITY OF CORNELIA, GEORGIA SCHEDULE 13
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Water Sales	$ 4,064,819	$ 3,522,935
Sewer Fees	3,883,831	3,703,632
Fines and Surcharges	43,276	167,161
Water and Sewer Taps	59,229	125,451
Rent	0	0
Miscellaneous Receipts	22,179	10,051
TOTAL OPERATING REVENUES	8,073,334	7,529,230
OPERATING EXPENSES - By Department		
Administration	375,125	425,468
Water Plant	1,027,514	1,087,964
Disposal Plant	1,961,026	2,071,427
Water & Sewer System - Crew	832,578	805,827
Maintenance and Mechanical	1,192,111	947,643
Depreciation	878,948	868,016
TOTAL OPERATING EXPENSES	6,267,302	6,206,345
OPERATING INCOME	1,806,032	1,322,885
NON-OPERATING REVENUES (EXPENSE)		
Capital Grants	1,656,062	413,325
Interest Income	113,693	5,242
Interest Expense	(6,159)	0
TOTAL NON-OPERATING INCOME (EXPENSE)	1,763,596	418,567
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	3,569,628	1,741,452
Transfers In (Out)	(1,178,199)	(412,434)
Capital Grant to Component Unit	(188,691)	
Capital Contributions	402,000	402,000
CHANGE IN NET POSITION	2,604,738	1,731,018
NET POSITION-BEGINNING OF YEAR -as previously reported	32,518,977	30,816,702
Prior Period Adjustment	0	(28,743)
NET POSITION-BEGINNING OF YEAR -as restated	32,518,977	30,787,959
NET POSITION - END OF YEAR	$ 35,123,715	$ 32,518,977

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 14

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 8,073,334	$ 7,529,230
Payments to Suppliers	(3,796,280)	(4,117,930)
Payments to Employees	(1,364,829)	(1,396,852)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,912,225	2,014,448
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer(To) From other funds	(1,178,199)	(412,434)
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(1,178,199)	(412,434)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants	1,656,062	413,325
Capital Grant to Component Unit	(188,691)	
Proceeds from Fieldale Farms, Inc.	402,000	402,000
Note Proceeds	7,988,458	7,241,640
Principal Paid on Notes	(58,665)	(734,469)
Interest Paid	(6,159)	
Acquisition Of Capital Assets	(12,387,753)	(11,293,874)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(2,594,748)	(3,971,378)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	113,693	5,242
NET CASH PROVIDED BY INVESTING ACTIVITIES	113,693	5,242
NET INCREASE IN CASH AND CASH EQUIVALENTS	(747,029)	(2,364,122)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,277,617	11,641,739
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,530,588	$ 9,277,617
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$ 1,806,032	$ 1,322,885
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities		
Depreciation	$ 878,948	$ 868,016
(Increase) Decrease in Accounts Receivable	(108,043)	(105,570)
(Increase) Decrease in Grants Receivable	(160,531)	
(Increase) Decrease in Due From Other Funds		(32,900)
(Increase) Decrease in Deferred Outflows	(14,569)	(143,807)
Increase (Decrease) in Customer Deposits	(33,296)	(3,500)
Increase (Decrease) in Due to General Fund	(49,864)	(1,688)
Increase (Decrease) in Accounts Payable	523,232	2,256
Increase (Decrease) in Accrued Payroll	11,407	6,667
Increase (Decrease) in Net Pension Liability	125,503	41,396
Increase (Decrease) in Deferred Inflows	(66,594)	60,693
TOTAL ADJUSTMENTS	1,106,193	691,563
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,912,225	$ 2,014,448

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 15

ASSETS	2019	2018
CURRENT ASSETS		
Cash	$ 516,789	$ 377,845
Accounts Receivable	12,609	31,950
Total Current Assets	529,398	409,795
Total Assets	$ 529,398	$ 409,795
NET POSITION		
Unrestricted	529,398	409,795
Net Position	$ 529,398	$ 409,795

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 16

	2019	2018
OPERATING REVENUES		
Charges	$ 272,904	$ 284,773
TOTAL OPERATING REVENUES	272,904	284,773
OPERATING EXPENSES - By Department		
Administration	0	5,139
TOTAL OPERATING EXPENSES	0	5,139
OPERATING INCOME	272,904	279,634
NON-OPERATING REVENUES (EXPENSE)		
Interest Income	4,224	1,561
TOTAL NON-OPERATING INCOME (EXPENSE)	4,224	1,561
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	277,128	281,195
Transfers In (Out)	(157,525)	(96,106)
CHANGE IN NET POSITION	119,603	185,089
TOTAL NET POSITION - BEGINNING OF YEAR	409,795	224,706
TOTAL NET POSITION - END OF YEAR	$ 529,398	$ 409,795

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHEDULE 17

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 292,245	$ 278,275
Payments to Suppliers		(5,139)
NET CASH PROVIDED BY OPERATING ACTIVITIES	292,245	273,136
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers (To) From Other Funds	(157,525)	(96,106)
NET CASH (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(157,525)	(96,106)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Earned	4,224	1,561
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	4,224	1,561
NET INCREASE IN CASH AND CASH EQUIVALENTS	138,944	178,591
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	377,845	199,254
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 516,789	$ 377,845
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$ 272,904	$ 279,634
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities		
(Increase) Decrease in Accounts Receivable	19,341	(6,498)
TOTAL ADJUSTMENTS	19,341	(6,498)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 292,245	$ 273,136

CITY OF CORNELIA, GEORGIA
CORNELIA WATER AND SEWER AUTHORITY
COMPARATIVE STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	$ 46,305	$ 46,304
Total Current Assets	46,305	46,304
NON-CURRENT ASSETS		
Capital Assets		
Assets not being depreciated		
Asset being depreciated	11,103,212	11,103,212
Accumulated Depreciation	(2,167,338)	(1,945,274)
Total Non-current Assets	8,935,874	9,157,938
Total Assets	$ 8,982,179	$ 9,204,242
LIABILITIES		
Current Liabilities		
Current Portion of Long-term Notes	655,870	818,052
Total Current Liabilities	655,870	818,052
NON-CURRENT LIABILITIES		
Long-term Notes Payable	1,410,090	2,481,631
Total Non-current Liabilities	1,410,090	2,481,631
Total Liabilities	2,065,960	3,299,683
NET POSITION		
Net Investment in Capital Assets	6,869,914	5,858,255
Unrestricted	46,305	46,304
Net Position	$ 6,916,219	$ 5,904,559

CITY OF CORNELIA, GEORGIA SCHEDULE 19
CORNELIA WATER AND SEWER AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Rent	$ 756,443	$ 908,381
TOTAL OPERATING REVENUES	756,443	908,381
OPERATING EXPENSES - By Department		
Depreciation	222,064	222,064
TOTAL OPERATING EXPENSES	222,064	222,064
OPERATING INCOME	534,379	686,317
NON-OPERATING REVENUES (EXPENSE)		
Transfer In	535,724	
Interest Expense	(58,444)	(110,423)
TOTAL NON-OPERATING INCOME (EXPENSE)	477,280	(110,423)
CHANGE IN NET POSITION	1,011,659	575,894
TOTAL NET POSITION - BEGINNING OF YEAR	5,904,560	5,328,665
TOTAL NET POSITION - END OF YEAR	$ 6,916,219	$ 5,904,559

CITY OF CORNELIA, GEORGIA
CORNELIA WATER AND SEWER AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 756,443	$ 908,381
Payments to Suppliers		
NET CASH PROVIDED BY OPERATING ACTIVITIES	756,443	908,381
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers (To) From Other Funds	535,724	(96,106)
NET CASH (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	535,724	(96,106)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Notes	(1,233,722)	(810,044)
Interest Paid	(58,444)	(110,422)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,292,166)	(920,466)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1	(12,085)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	46,304	58,389
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 46,305	$ 46,304
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$ 534,379	$ 686,317
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities		
Depreciation	222,064	222,064
TOTAL ADJUSTMENTS	222,064	222,064
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 756,443	$ 908,381

COMPLIANCE SECTION

Joseph Duncan, CPA
Joe Kitchens, CPA



DUNCAN & KITCHENS, LLC
Certified Public Accountants

Members of
American Institute and
Georgia Society of
Certified Public Accountants

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*

Honorable Mayor and Members
of the City Commission
City of Cornelia, 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, each major fund, and the aggregate remaining fund information of The City of Cornelia, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 18, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. This item is reported as item 2012-1.

Compliance and Other Matters

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

The City of Cornelia, Georgia's Response to Findings

The City of Cornelia, Georgia's response to the findings identified in our audit is in the accompanying schedule of findings and questioned costs. The City of Cornelia, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report is intended 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 City of Cornelia, Georgia's internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duncan & Kitchens, LLC
Certified Public Accountants
Clarkesville, Georgia
June 18, 2020

Joseph Duncan, CPA
Joe Kitchens, CPA

DUNCAN & KITCHENS, LLC
Certified Public Accountants

Members of
American Institute and
Georgia Society of
Certified Public Accountants

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

Honorable Mayor and
Members of the City Council
City of Cornelia
Cornelia, Georgia

Report on Compliance for Each Major Program

We have audited the City of Cornelia, Georgia's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City of Cornelia, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibilities

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Cornelia, 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, 2019.

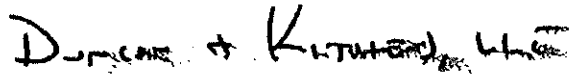
Report on Internal Control over Compliance

Management of the City of Cornelia, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Cornelia, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect or 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 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 requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on 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.



Duncan & Kitchens, LLC
Certified Public Accountants
Clarkesville, Georgia
June 18, 2020

SINGLE AUDIT SECTION

This section contains reports required by Uniform Guidance and grantor agencies.

City of Cornelia
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended December 31, 2019

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Pass-through Grantor and Number*	*Name of Grant - Grant ID No.*	*Federal Expenditures($)*
United States Department of Housing and Urban Developmnet				
Indirect Federal Grants:				
Passed through Georgia Department of Community Affairs				
Community Development Block Grants/State's Program and Non-Entitlement Grants	14.228	Georgia Department of Community Affairs	17P-068-2-5930	$ 750,000
TOTAL U.S. Department of Housing and Urban Decelopment				750,000
United States Environmental Protection Agency				
Indirect Federal Grants:				
Passed through Georgia Environmental Faclities Authority (GEFA) Drinking Water Program				
Capitalization Grants for Clean Water State Revolving Funds (Loan)	66.458	GEFA,CWSRF 2017-024		$ 1,118,445
Total Capitalization Grants for Clean Water State Revolving Funds				1,118,445
Passed through Georgia Environmental Faclities Authority (GEFA) Drinking Water Program				
Capitalization Grants for Drinking Water State Revolving Funds (Loan)	66.458	GEFA,DWSRF 15-024		$ 19,292
Capitalization Grants for Drinking Water State Revolving Funds (Loan)	66.458	GEFA,DWSRF 12-008		159,560
Total Capitalization Grants for Drinking Water State Revolving Funds				178,852
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY				1,297,297
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 2,047,297

The accompanying notes are an integral part of this schedule

CITY OF CORNELIA, GEORGIA
NOTES TO THE SCHEDULE OF FEDERAL AWARDS BY GRANT
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Cornelia, Georgia under programs of the federal government for the fiscal year ended December 31, 2019. The information in this schedule is presented in accordance with the 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). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as a reimbursement.

NOTE 3 – *De Minimis* Indirect Cost Rate

The City of Cornelia, Georgia has elected not to use the 10 percent *de minimis* indirect cost rate allowed under Uniform Guidance.

NOTE 4 – OUTSTANDING LOAN BALANCES

The City of Cornelia Water and Sewer Enterprise fund has an outstanding balance from federal funding sources as follows:

66.458 - Drinking Water State Revolving Loan Fund	- $666,512
66.458 - Clean Water State Revolving Loan Fund	-$1,269,709

CITY OF CORNELIA, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

I. SUMMARY OF THE AUDITOR'S RESULTS

A. FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal Control over financial reporting:	
Material weaknesses identified:	Yes
Significant deficiencies identified Not considered material weaknesses?	None Reported
Noncompliance material to financial statements noted:	None Reported

B. FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified:	None Reported
Significant deficiencies identified Not considered material weaknesses?	None Reported
Type of auditor's report issued on Compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	None Reported
Identification of major programs:	
14.228 Community Development Block Grants/ State's Program and Non-Entitlement Grants	
66.458 Capitalization Grants for Drinking Water State Revolving Loan Fund	
Dollar threshold used to distinguish Between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee	No

2. Financial Statement Findings

   A. Current Year Audit Findings

      None Reported

   B. Prior Year Audit Findings Follow-Ups

Comment 2012-1

Condition: City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common in governments of similar size and structure of the City. This does not indicate that the Finance Director is not trained to perform the daily accounting functions, but that 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 on Internal Control and Compliance.

Criteria: The City should possess the ability to prepare its own financial statements or have access to someone with adequate technical training and education to review the financial statements prepared by others.

Cause: The City staff does not have the accounting skill necessary to prepare financial statements in accordance with accounting principles generally accepted in the United States.

Effect: The City does not possess adequate capabilities to prepare financial statements in accordance with accounting principles generally accepted in the United States.

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

Management Response: The City agrees with the finding.

STATE REPORTING SECTION

THIS SECTION CONTAINS ADDITIONAL REPORTS REQUIRED BY THE STATE OF GEORGIA.

CITY OF CORNELIA, GEORGIA SCHEDULE 21

SUPPLEMENTARY INFORMATION

SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX

FOR THE YEAR ENDED DECEMBER 31, 2019

		Expenditures		
Habersham County, Georgia SPLOST VI				
Streets and Sidewalks	$ 2,347,370	$ 606,325	$ 225,470	$ 831,795
Community Facilities	650,000	649,291		649,291
Water	300,000	-	-	-
Sewer	590,698	-	-	-
Public Safety	1,050,000	830,614	528,401	1,359,015
	$ 4,938,068	$ 2,086,230	$ 753,871	$ 2,840,101