

**Rating Action: Moody's upgrades the City of Cornelia, GA's issuer and GOLT ratings to A3 from Baa2; outlook stable**

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New York, December 04, 2020 -- Moody's Investors Service has upgraded the City of Cornelia, GA's issuer rating and general obligation limited tax (GOLT) ratings to A3 from Baa2. The city has approximately \$11.3 million in rated GOLT bonds. The outlook remains stable.

The issuer rating represents Moody's assessment of hypothetical debt of the city supported by a general obligation unlimited tax pledge (GOULT) pledge and is used as a reference for the rating on the GOLT bonds. Moody's does not rate any of the city's outstanding debt supported by a GOULT pledge.

**RATINGS RATIONALE**

The upgrade to A3 reflects the city's improved financial position, prudent management and moderately growing tax base. The rating also incorporates the city's highly concentrated tax base and elevated poverty rates.

The absence of distinction between the A3 GOLT rating and the issuer rating reflects the city's full faith and credit pledge on the bonds.

**RATING OUTLOOK**

The stable outlook reflects the expectation that the city's financial position will remain sound given recent operating trends and formal fund balance policies. While the city's tax base is small, it will continue to expand due to residential and industrial development.

**FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS**

- Tax base expansion and diversification
- Strengthened demographic trends
- Decreased debt burden and fixed costs

**FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS**

- Tax base deterioration or loss of a large taxpayer
- Trend of structural imbalance leading to weakened financial position
- Increase in debt or capital needs

**LEGAL SECURITY**

The city's outstanding GOLT debt carries the city's full faith and credit pledge of all available funds to pay debt service.

**PROFILE**

The City of Cornelia is located in Habersham County in northeastern Georgia (Aaa stable), approximately 77 miles from Atlanta. The city operates under an elected mayor-commission form of government and provides public services such as safety, economic development and recreation, among many others. As of 2018, the city's population was 4,290.

**METHODOLOGY**

The principal methodology used in these ratings was US Local Government General Obligation Debt published in July 2020 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_1230443](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1230443). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a

copy of this methodology.

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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