

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings affirms Loganville, GA at Aa2; also affirms water and sewer revenue bonds at Aa3**

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16 May 2025

New York, May 16, 2025 -- Moody's Ratings (Moody's) has affirmed the City of Loganville, GA's Aa2 issuer rating and the Aa3 rating on the city's water and sewer enterprise's revenue bonds. The city had \$17.5 million in debt outstanding at the end of FY 2024, of which \$15.5 million were revenue bonds payable from net revenue of its water and sewer enterprise.

#### RATINGS RATIONALE

The Aa2 issuer rating reflects Loganville's growing economy, characterized by a growing population and tax base. The city's full value per capita of approximately \$141,000 will continue to grow owing to ongoing single family and multifamily residential development and a robust housing market in metro Atlanta. The city's growing tax base has driven a strengthened financial position; its general fund had an available fund balance and net cash of \$16 million at the end of FY 2024, just over 100% of annual revenue. These funds can be used to support operations and to supplement its capital program, which is mostly funded through sales tax revenue restricted for capital. The city's financial position is also bolstered by its business-type activities, consisting of a water and sewer and a solid waste enterprise, which had net unrestricted assets and liquidity of approximately \$15.5 million in FY 2024, over 125% of enterprise revenue for the year. Long-term liabilities are modest at under 100% of primary government revenue, and will remain low given the availability of sales tax revenues to fund capital and a lack of medium-term plans to expand or improve its water and sewer assets.

The Aa3 water and sewer revenue rating reflects the strong liquidity and balanced operations of the city's water and sewer enterprise, net of one-time tap fee revenue and maintenance expenditures. The enterprise had a strong 590 days cash on hand at the close of FY 2024. The enterprise's debt service coverage ratio declined to under its 1.2x rate covenant in FY 2024 from over 2.0x in FY 2023 owing to a steep decline in tap fee revenue and a substantial one-time increase in maintenance expenditures. Year-to-date results indicate that coverage will recover to above the 1.2x rate covenant driven by a 12.5% increase in rates in FY 2025 and a lack of large maintenance projects. The utility's indebtedness will remain under 2x operating expenditures owing to sufficient capacity relative to average daily use. The Series 2018 bonds, which we rate, are secured by the enterprise's net revenues.

#### RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt outstanding.

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

- Growth in resident incomes to over 120% of the national median (issuer rating only)
- Increase in debt service coverage to over 2.0x on a consistent basis (revenue rating only)

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

- Economic slowdown resulting in decline in full value per capita (issuer rating only)

- Substantial decline in available fund balances to under 50% of revenues (issuer rating only)
- Continued inability to match rates to meet maintenance needs, resulting in future breaches of 1.20x rate covenant (revenue rating only)
- Deterioration of liquidity to under 400 days cash on hand (revenue rating only)

## PROFILE

The City of Loganville is located in Gwinnett (Aaa stable) and Walton Counties (Aa1), approximately 36 miles northeast of the City of Atlanta (Aa1 stable). The city provides general government, judicial, public safety and public works to 14,878 residents per the 2023 American Community Survey.

The Water and Sewer Enterprise provides water distribution and wastewater collection and treatment, and sanitation services to the City of Loganville. The system maintained 6,142 active water accounts and 5,879 active sewer accounts as of 2024.

## METHODOLOGY

The principal methodology used in the issuer rating was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. The principal methodology used in the revenue rating was US Municipal Utility Revenue Debt published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/416489>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

## REGULATORY DISCLOSURES

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