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New York, January 30, 2023 -- Moody's Investors Service has upgraded the City of Loganville, GA's issuer rating to Aa2 from Aa3. The issuer rating reflects the city's ability to repay debt and debt-like obligations without consideration of any pledge, security or structural features. Concurrently, Moody's affirmed the Aa3 revenue rating on the city's Water and Sewerage Revenue Bonds, Series 2018. This action concludes a review for possible upgrade initiated on November 3, 2022 in conjunction with the release of the US Cities and Counties Methodology. The city's debt burden totals approximately \$21 million, of which \$20 million is water and sewer revenue debt. The ratings under review outlook has been removed.

RATINGS RATIONALE

The upgrade of the issuer rating to Aa2 reflects the city's strong and stable financial position, healthy economic metrics, and limited overall leverage. The city benefits from its position in the Atlanta (Aa1 stable) metropolitan statistical area, which is experiencing economic growth faster than the national rate. Resident income is slightly above average and stable, while property wealth is solid and improving due to steady residential and commercial development.

The city's financial position has strengthened in recent years and will remain stable, supported by a track record of conservative management. In fiscal 2021, the city's available fund balance increased to \$21 million or an ample 74% of revenues, while liquidity improved to \$28 million or a substantial 101% of revenues. Officials anticipate final fiscal 2022 results will show reserves remaining level or increasing slightly across the Governmental Funds, while the Business-type Funds will see a rebound in liquidity following capital spending in the prior year. Revenues and expenditures are reported to be performing favorably relative to the fiscal 2023 budget, and management anticipates reserves are likely to remain stable or increase.

The total long-term liabilities ratio is low at only 169% of revenue, and is about evenly split between water and sewer revenue debt and the adjusted net pension liability. The city currently has no plans for additional borrowing, as strong performance in special option local sales taxes and coronavirus relief funding have allowed for significant cash funding of capital projects.

The concurrent affirmation of the city's revenue bond rating at Aa3 reflects the system's healthy financial position supported by regular rate increases, which have provided solid debt service coverage and strong liquidity. The rating also incorporates the system's above average asset condition and manageable debt burden. These strengths are somewhat offset by the small and stable size of the system.