

Research Update:

New London, MN 2026A General Obligation Bonds Assigned 'A+' Rating; Outlook Is Stable

June 11, 2026

Overview

- S&P Global Ratings assigned its 'A+' long-term rating to **New London**, Minnesota's approximately \$2.2 million series 2026A general obligation (GO) bonds.
- At the same time, we affirmed our 'A+' long-term rating on the city's outstanding GO bonds.
- The outlook is stable.

Rationale

Security

The series 2026A bonds are secured by the city's full faith and credit and power to levy unlimited ad valorem property taxes. Further securing the bonds is the city's pledge of special assessments, which it will levy against benefited properties and revenues from the city's wastewater utility; we base the rating on the city's GO pledge. Similarly, the city's outstanding 2016A bonds are secured by both its GO pledge and special assessments revenues, and rated based on the GO pledge.

Credit highlights

The rating reflects the city's expanding but concentrated tax base, characterized by local incomes that exceed both county and national averages, benefiting from its tourism- and healthcare-anchored economy. The rating is also supported by consistent operating surpluses (excluding one-time transfers for capital projects), a result of conservative budgeting practices, and robust reserves on a ratio basis despite nominal reserves. Constraining factors are nominal reserves and an elevated debt burden following the proposed issuance; however, these are partially mitigated by the fact that a significant portion of the GO debt is self-supported by utility revenues.

New London is located in Kandiyohi County, approximately 50 miles southwest of St. Cloud, Minnesota, and 100 miles west of the Minneapolis-St. Paul metropolitan area. Its tax base has expanded 58% during the past five years, spurred by appreciation in property values. This growth has supported consistent operating surpluses, with the exception of a deficit in fiscal 2022 resulting from a nonrecurring transfer to fund capital projects. Consequently, the general fund

Primary Contact

Ying Huang
San Francisco
1-415-371-5008
ying.huang
@spglobal.com

Secondary Contact

Alison Kaye
Chicago
1-312-233-7162
alison.kaye
@spglobal.com

balance has strengthened on both a nominal and a ratio-to-expenditure basis. However, the general fund has a \$279,000 interfund loan to a capital fund for a storm drain project. Given the city's intent to write off this loan, we have excluded this amount from our calculation of available reserves (\$1.08 million); notwithstanding this adjustment, we continue to view the city's reserve ratio as robust. See more details on Minnesota municipalities in "[U.S. Local Governments Credit Brief: Minnesota Counties And Municipalities Means And Medians](#)," Sept. 19, 2025.

The 'A+' rating reflects our view of the city's:

- Expanding but concentrated economy, with weaker county-level economic metrics compared with national levels offset by above-average local incomes;
- Robust reserves relative to expenditures (although thin on a nominal basis), supported by consecutive operating surpluses in recent years;
- Standard financial policies and practices, characterized by quarterly reporting to the council on budget-to-actual performance and investment holdings, and adherence to an informal reserve target equal to 50% of expenditures. The city adheres to a formal long-term capital improvement plan that identifies estimated costs and is updated annually. It does not formally forecast its operations beyond the current budget year or have formal debt management, investment management, or fund balance policies. New London's cybersecurity practices are in line with those of peers.
- High debt burden and elevated debt service carrying charge post issuance, although this is partially offset by the fact that about 40% of the outstanding GO debt is self-supported by utilities or special assessment revenues. The city plans to issue an additional \$2.4 million in debt to fund capital projects in the next two years, which we believe it has capacity to absorb.
- For more information on our institutional framework assessment for Minnesota school districts, see "[Institutional Framework Assessment: Minnesota Local Governments](#)," Sept. 10, 2024.

Environmental, social, and governance

We view the city's environmental, social, and governance factors as neutral in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that New London will sustain at least breakeven general fund operating results and thereby, have a solid reserve ratio.

Downside scenario

We could consider lowering the rating if the city's budgetary performance were to deteriorate to such a degree that reserves diminished substantially, or if the city issues significant additional debt that pressures its operations.

Upside scenario

We could consider raising the rating if the city continues to increase its reserves on a nominal basis and debt service carrying charges moderate as total government funds revenue increases.

New London, Minnesota--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.88
Economy	3.0
Financial performance	2
Reserves and liquidity	3
Management	2.65
Debt and liabilities	3.75

New London, Minnesota--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	80	80	80	81
County PCPI % of U.S.	90	90	91	91
Market value (\$000s)	162,956	149,920	138,791	105,735
Market value per capita (\$)	117,319	107,934	104,433	69,471
Top 10 taxpayers % of taxable value	31.6	--	--	--
County unemployment rate (%)	4.2	3.2	3.0	2.7
Local median household EBI % of U.S.	118	118	109	85
Local per capita EBI % of U.S.	112	112	111	93
Local population	1,389	1,389	1,329	1,522
Financial performance				
Operating fund revenues (\$000s)	--	1,052	1,060	814
Operating fund expenditures (\$000s)	--	681	731	596
Net transfers and other adjustments (\$000s)	--	(224)	(164)	(475)
Operating result (\$000s)	--	147	165	(257)
Operating result % of revenues	--	14.0	15.6	(31.6)
Operating result three-year average %	--	(0.7)	(1.7)	(2.7)
Reserves and liquidity				
Available reserves % of operating revenues	--	102.9	88.3	75.9
Available reserves (\$000s)	--	1,082	936	618
Debt and liabilities				
Debt service cost % of revenues	--	10.0	7.5	14.4
Net direct debt per capita (\$)	4,959	3,967	4,405	3,557
Net direct debt (\$000s)	6,888	5,510	5,854	5,414
Direct debt 10-year amortization (%)	70	72	63	--
Pension and OPEB cost % of revenues	--	1.0	1.0	1.0
NPLs per capita (\$)	--	98	151	182
Combined NPLs (\$000s)	--	137	201	277

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

New London, MN 2026A General Obligation Bonds Assigned 'A+' Rating; Outlook Is Stable

Ratings List

New Issue Ratings

US\$2,025,000 New London, Minnesota, General Obligation Bonds, Series 2026A, dated: Date of Delivery, due: February 1, 2047

Long Term Rating A+/Stable

New Rating

Local Government

New London, MN Unlimited Tax General Obligation, Storm Water System, and Special Assessment Revenues A+/Stable

Ratings Affirmed

Local Government

New London, MN Unlimited Tax General Obligation and Special Assessments A+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

New London, MN 2026A General Obligation Bonds Assigned 'A+' Rating; Outlook Is Stable

Copyright ©2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software, or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced, or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness, or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment, and experience of the user, its management, employees, advisors, and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge) and www.ratingsdirect.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.