

Research Update:

Bloomington, MN Series 57, 2025D, And 2025E GO Bonds Assigned 'AAA' Ratings; Outlook Stable

October 7, 2025

Overview

- S&P Global Ratings assigned its 'AAA' ratings to [Bloomington](#), Minn.'s anticipated \$3.0 million series 57 general obligation (GO) permanent improvement revolving fund bonds of 2025; \$3.2 million series 2025D taxable GO capital improvement plan bonds; and \$11.9 million series 2025E GO capital improvement plan bonds.
- The outlooks are stable.

Rationale

Security

The city's full-faith-and-credit GO pledge, including its unlimited ad valorem taxing powers, secures the bonds. The city also pledges special assessments levied against benefited properties for partial repayment of the series 57 bonds, but the rating is based on the GO pledge.

The city will apply series 57 bond proceeds to finance assessable paving, surfacing, and curb and gutter improvement projects. Series 2025D bond proceeds will finance the land purchase for a new fleet maintenance garage. Series 2025E bond proceeds will finance construction of a new salt shed.

Credit highlights

Bloomington's credit strengths include its strong and stable financial performance, available reserves that we expect to be maintained at very strong levels, and robust and prudent approach to financial management. The city is anchored by the Mall of America, which may expose the local economy to somewhat greater volatility and cyclicalities than many peer 'AAA' municipalities. However, the mall also drives extremely strong tax collections. Among other benefits, far-above-average per capita retail sales highlight the city's ability to, via its new local 0.5% sales tax, fund a large portion of its capital improvement plan with sales taxes rather than relying solely on local property taxpayers, for example.

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The city has posted general fund surpluses every year since at least fiscal 2006, with particularly strong results the past four years. The city has been successful in maximizing available grants and intergovernmental aid, as well as in passing fairly large levy increases to ensure revenues at least keep pace with rising expenditures as the city grows and inflationary pressures drive up costs. The city's active approach to financial management and planning is highlighted by its robust budgeting process, with monthly reports to the council and annually updated five-year operating forecasts and 10-year capital plans.

With up to \$172 million in additional debt plans through fiscal 2028, the city's leverage is rising. However, the new sales tax and continued significant property tax levy increases, along with continued population and tax base growth, limit potential credit pressure associated with the rising debt load. While we expect broader economic conditions may soften and growth may slow relative to recent years, we believe the city is well positioned to navigate this (see: "[Economic Outlook U.S. Q4 2025: Below-Trend Growth Persists Amid A Swirl Of Policy Shifts](#)," Sept. 23, 2025).

Key credit factors include the city's:

- Robust and expanding economy anchored by the Mall of America, with a favorable location adjacent to the Minneapolis-St. Paul International Airport and within the Minneapolis-St. Paul metropolitan area. Local economic metrics are strong and the tax base, while somewhat more exposed to volatility and cyclicalities given it is skewed toward commercial properties, has shown extremely strong growth in recent years.
- Consistently positive general fund performance, supported by active and forward-looking financial planning. A 9.2% levy increase, conservative budget assumptions, and outperforming year-to-date interest income will likely support another surplus for fiscal 2025. A maximum levy increase of 9.4% is expected to balance the budget for fiscal 2026. We expect available reserves to remain very strong, both nominally and relative to revenue, supported by the city's commitment to its fund balance policy. The city takes proactive measures to mitigate cybersecurity risks.
- Comprehensive and prudent approach to financial management, with practices including monthly budget-to-actual reporting to the council, annually updated five-year operating forecasts and a 10-year capital plan, and formal and detailed debt, investment, and reserve policies, the latter of which sets a minimum required general fund balance of 35%-40% of budgeted expenditure.
- Rising debt burden, with plans to issue about \$172 million over the next few years. However, the city's rising revenue and expanding tax base somewhat mitigate the additions, and we note that most of its debt issuances have dedicated repayment sources beyond property taxes.
- Well-funded pension obligations, with limited pressure since pension and other postemployment benefits obligations are small on a per capita basis and annual costs are manageable.
- For more information on our institutional framework assessment for Minnesota cities, see: "[Institutional Framework Assessment: Minnesota Local Governments](#)," Sept. 10, 2024.

Environmental, social, and governance

We analyzed the city's environmental, social, and governance factors and consider them credit neutral.

Rating above the sovereign

Bloomington’s GO bonds are eligible to be rated above the sovereign because we believe the city can maintain better credit characteristics than the nation in a stress scenario. Under our criteria, "[Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#)," Nov. 19, 2013, U.S. local governments are considered to have moderate sensitivity to national risk. The institutional framework in the U.S. is predictable for local governments, allowing them significant autonomy, independent treasury management, and no history of government intervention.

Outlook

The stable outlook reflects our expectation that Bloomington will maintain at least balanced general fund operations and available reserves in line with the level stipulated in its fund balance policy. We believe the city’s prudent approach to financial management and very strong available reserves position it well to maintain credit quality if economic conditions soften or other unexpected challenges emerge.

Downside scenario

We could lower the rating if the city issues a much larger than anticipated amount of additional debt, leading to debt metrics that are no longer consistent with the current rating. Or, if the city’s financial performance and reserves both unexpectedly and materially weaken, we could lower the rating.

Bloomington, Minnesota--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.35
Economy	1.0
Financial performance	1
Reserves and liquidity	1
Management	1.00
Debt and liabilities	2.75

Bloomington, Minnesota--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	181	--	181	183
County PCPI % of U.S.	137	--	137	138
Market value (\$000s)	18,734,131	18,650,347	18,302,351	16,271,552
Market value per capita (\$)	208,108	207,178	203,321	181,618
Top 10 taxpayers % of taxable value	15.8	18.1	18.5	20.4
County unemployment rate (%)	2.9	2.8	2.5	2.3
Local median household EBI % of U.S.	109	109	115	113
Local per capita EBI % of U.S.	114	114	122	124
Local population	90,021	90,021	90,017	89,592

Bloomington, Minnesota--key credit metrics

	Most recent	2024	2023	2022
Financial performance				
Operating fund revenues (\$000s)	--	104,370	96,558	83,192
Operating fund expenditures (\$000s)	--	103,501	93,953	83,673
Net transfers and other adjustments (\$000s)	--	3,544	3,654	2,813
Operating result (\$000s)	--	4,413	6,259	2,332
Operating result % of revenues	--	4.2	6.5	2.8
Operating result three-year average %	--	4.5	4.6	3.6
Reserves and liquidity				
Available reserves % of operating revenues	--	44.5	39.3	46.7
Available reserves (\$000s)	--	46,408	37,912	38,830
Debt and liabilities				
Debt service cost % of revenues	--	5.8	6.3	10.4
Net direct debt per capita (\$)	2,511	1,337	931	1,079
Net direct debt (\$000s)	226,028	120,370	83,820	96,665
Direct debt 10-year amortization (%)	53	68	80	--
Pension and OPEB cost % of revenues	--	6.0	5.0	6.0
NPLs per capita (\$)	--	435	604	1,044
Combined NPLs (\$000s)	--	39,177	54,363	93,507

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.

Ratings List

New Issue Ratings

US\$11.865 mil GO cap imp plan bnds ser 2025E due 02/01/2046

Long Term Rating AAA/Stable

US\$3.005 mil GO perm imp revolving fund bnds of 2025 ser 57 ser 57 due 02/01/2036

Long Term Rating AAA/Stable

US\$3.245 mil taxable GO cap imp plan bnds ser 2025D due 02/01/2046

Long Term Rating AAA/Stable

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