



MINNESOTA FINANCES ON A ROLLER-COASTER RIDE

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THE FINANCIAL STATE OF MINNESOTA

A new analysis of the latest available audited financial reports found Minnesota has a Taxpayer Burden™ of \$4,700, earning it a "C" grade based on Truth in Accounting's grading scale.

Minnesota's elected officials have made repeated financial decisions that have left the state with a debt burden of \$9.7 billion, according to the analysis. That burden equates to \$4,700 for every state taxpayer. Minnesota's financial problems stem mostly from unfunded retirement obligations in the form of pension and other post-employment benefits. Of the \$30.4 billion in retirement benefits promised, the state has not funded \$11.8 billion in pension and \$938.1 million in retiree health care benefits.

Minnesota's Taxpayer Burden has been erratic in the last few years. Between the 2016 and 2017 fiscal years, the debt burden decreased from \$8,800 to \$4,700. The fluctuation primarily has been the result of changes in actuarial assumptions used to value the state's pension liabilities.

Here's the truth:



MINNESOTA FINANCIAL BREAKDOWN

FAST FACTS

- + Minnesota has \$21 billion available in assets to pay \$30.7 billion worth of bills.
- + The outcome is a \$9.7 billion shortfall and a \$4,700 Taxpayer Burden.
- + Despite reporting all of its pension debt, the state continues to hide \$314.2 million of its retiree health care debt.
- + Minnesota's reported net position is inflated by \$10.2 billion, largely because the state defers recognizing losses incurred when the net pension liability increases.

THE STATE'S BILLS EXCEED ITS ASSETS

Assets	\$62,951,441,000
<i>Minus:</i> Capital assets	-\$27,770,441,000
Restricted assets	-\$14,133,424,000
Assets available to pay bills	\$21,047,576,000
<i>Minus:</i> Bills	-\$30,711,047,000
Money needed to pay bills	-\$9,663,471,000
Each taxpayer's share of this debt	-\$4,700

BILLS THE STATE HAS ACCUMULATED

Bonds	\$15,270,421,000
Other liabilities	\$10,352,749,000
<i>Minus:</i> Debt related to capital assets	-\$7,686,713,000
Unfunded pension benefits	\$11,836,506,000
Unfunded retiree health care	\$938,084,000
Bills	\$30,711,047,000

GRADE: C

Bottom line: Minnesota's Taxpayer Burden is less than \$5,000, so it has received a "C" for its finances from Truth in Accounting. While better off than many other states, Minnesota still owes more than it owns.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.