



MINNESOTA'S FINANCES SEEMINGLY IMPROVED

September 2019
truthinaccounting.org

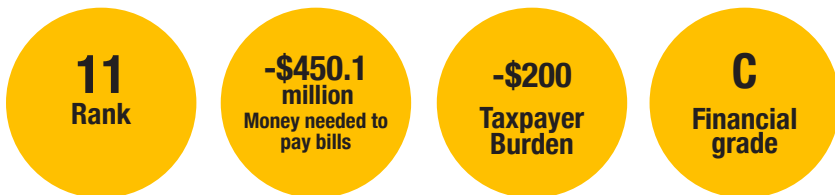
THE FINANCIAL STATE OF MINNESOTA

A new analysis of the latest available audited financial reports found Minnesota has a Taxpayer Burden™ of \$200, earning it a “C” grade from Truth in Accounting.

Minnesota’s elected officials have made repeated financial decisions that have left the state with a debt burden of \$450.1 million. That burden equates to \$200 for every state taxpayer. Minnesota’s financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. Of the \$23 billion in retirement benefits promised, the state has not funded \$3.4 billion in pension and \$962.3 million in retiree health care benefits.

Minnesota’s money needed to pay bills decreased from \$9.7 billion to \$450.1 million due to changes in the calculation of the state’s unfunded pension promises. High investment income and a decrease in expected benefits for the Minnesota State Retirement System led actuaries to increase the rate used to bring projected benefit payments to the present value. This higher discount rate resulted in a smaller amount of unfunded pension promises.

THE TRUTH:



MINNESOTA FINANCIAL BREAKDOWN

FAST FACTS

- Minnesota has \$22 billion available to pay \$22.4 billion worth of bills.
- The outcome is a \$450.1 million shortfall, which breaks down to a burden of \$200 per taxpayer.
- Minnesota’s reported net position is inflated by \$2.8 billion, largely because the state defers recognizing losses incurred when the net pension liability increases.

THE STATE'S BILLS EXCEED ITS ASSETS

Total assets	\$65,919,699,000
<i>Minus:</i> Capital assets	-\$28,321,125,000
Restricted assets	-\$15,632,924,000
Assets available to pay bills	\$21,965,650,000
<i>Minus:</i> Total bills	-\$22,415,773,000
Money available (needed) to pay future bills	-\$450,123,000
Each taxpayer’s share of this debt	-\$200

BILLS THE STATE HAS ACCUMULATED

Bonds	\$15,556,591,000
Other liabilities	\$10,195,368,000
<i>Minus:</i> Debt related to capital assets	-\$7,650,790,000
Unfunded pension benefits	\$3,352,261,000
Unfunded retiree health care benefits	\$962,343,000
Total bills	\$22,415,773,000

GRADE: C

Bottom line: Minnesota would need \$200 from each of its taxpayers to pay all of its bills, so it has received a “C” for its finances. According to Truth in Accounting’s grading scale, any government with a Taxpayer Burden between \$0 and \$4,900 receives a “C.”

Truth in Accounting is a 501(c)(3) 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.