



MINNEAPOLIS FINANCES WORSEN SIGNIFICANTLY

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THE FINANCIAL STATE OF MINNEAPOLIS

Truth in Accounting's (TIA) new city report ranks and grades the 75 most populous cities in the United States by their financial health. Minneapolis ranks No. 51, earning it a "D" on TIA's grading scale.

Repeated decisions by city officials have left the city with a debt burden of \$1.2 billion, according to TIA's analysis of its 2016 financial filings. That burden equates to \$7,900 for every Minneapolis taxpayer. The Taxpayer Burden™ actually increased by \$5,600 since last year, primarily because of growing pension liabilities.

Minneapolis's financial problems are largely driven by runaway entitlement obligations in the form of pension benefits. The city has \$1.6 billion in unfunded pension promises and \$38.2 million in unfunded retiree healthcare benefits. While Minneapolis has promised these benefits, little money has been set aside to fund them.

A new accounting standard implemented last year requires state and local governments to report all of their pension debt on the balance sheet. And in fiscal year 2018, governments will have to disclose unfunded retiree healthcare debt as well. Minneapolis should be commended because it didn't hide any debt from taxpayers in its 2016 annual financial report.

51

Rank

**\$1.2
billion**

Money needed
to pay bills

-\$7,900

Taxpayer
Burden™

D

Financial grade

MINNEAPOLIS FINANCIAL BREAKDOWN

FAST FACTS

- + Minneapolis has \$920.6 million available in assets to pay \$2.1 billion worth of bills.
- + The outcome is a \$1.2 billion shortfall and a \$7,900 Taxpayer Burden™.
- + Unlike most cities, Minneapolis reports all of its retirement liabilities on its balance sheet.

THE CITY'S BILLS EXCEED ITS ASSETS

Assets	\$3,889,897,000
<i>Minus:</i> Capital assets	-\$2,705,386,000
Restricted assets	-\$263,911,000
Assets available to pay bills	\$920,600,000
<i>Minus:</i> Bills	-\$2,126,219,000
Money needed to pay bills	-\$1,205,619,000
Each taxpayer's share of this debt	-\$7,900

BILLS THE CITY HAS ACCUMULATED

Bonds	\$527,788,000
Other liabilities	\$473,161,000
<i>Minus:</i> Debt related to capital assets	-\$498,492,000
Unfunded pension benefits	\$1,585,537,000
Unfunded retiree healthcare	\$38,225,000
Bills	\$2,126,219,000

GRADE: D

Bottom line: Minneapolis does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to cities with a Taxpayer Burden™ between \$5,000 and \$20,000.

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.