



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@osa.state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

*****PRESS RELEASE*****

State Auditor Otto Releases Report on City Finances

Contact: Jim Levi, Office of the State Auditor, (651) 297-3683, Jim.Levi@osa.state.mn.us

ST. PAUL (12/19/2016) – State Auditor Rebecca Otto today released the 2015 Minnesota City Finances Report. The report summarizes, through data tables and charts, the financial operations of 852 Minnesota cities for calendar year 2015.

“The annual City Finances report is issued to help local government officials, policy makers, and the public understand city financial operations,” said Auditor Otto. “The Report also analyzes long-term financial trends for large and small cities across Minnesota.”

Highlights from the report include:

Current Trends

- Total revenues of the governmental funds for all Minnesota cities totaled \$5.23 billion in 2015, an increase of 2.7 percent over 2014 revenues. Total revenues of cities over 2,500 in population increased 2.7 percent, and revenues of cities under 2,500 in population increased 3.3 percent.
- In 2015, total expenditures of the governmental funds for all cities totaled \$6.02 billion. This represents an increase of 3.1 percent over 2014. Total expenditures of cities over 2,500 in population increased 3.3 percent, while total expenditures for cities under 2,500 in population increased 1.3 percent.
- The largest expenditure categories for both groups of cities are streets and highways and public safety. For large cities, streets and highways accounted for 23.6 percent of total expenditures, and public safety accounted for 26.0 percent. For small cities, streets and highways accounted for 24.5 percent of total expenditures, and public safety accounted for 22.1 percent.
- Overall, small cities tend to carry a greater debt burden per capita than large cities. In 2015, small cities carried long-term debt of \$1.24 billion, or \$3,492 per capita, compared to \$8.04 billion, or \$1,947 per capita, for large cities.

-- more --

Long-term Trends

- Over the ten-year period of 2006 to 2015, an examination of city revenues shows that, when adjusted for inflation, 2015 revenue levels are below 2006 levels and decreased by 6.0 percent over the ten-year period.
- Between 2006 and 2015, actual revenues derived from property taxes grew 49.4 percent, compared to an increase of 6.0 percent for revenues derived from intergovernmental sources. Additional analysis of actual intergovernmental revenues over the ten-year period shows federal grants decreased 11.1 percent, state grants increased 8.5 percent, and local grants increased 16.8 percent. When revenues are adjusted for inflation, the ten-year period shows a 20.2 percent increase in property tax revenues, while intergovernmental revenues decreased 14.7 percent.
- The proportion of total revenues derived from property taxes grew from 30.8 percent in 2006 to 39.4 percent in 2015. During this same time frame, revenues derived from intergovernmental sources decreased from 27.4 percent of total revenues to 24.8 percent.
- Between 2006 and 2015, actual total city expenditures grew from \$5.35 billion to \$6.02 billion. This represents an increase of 12.5 percent. Over the same period, an examination of city finances shows that, when adjusted for inflation, 2015 expenditure levels are below 2006 levels and decreased 9.5 percent over the ten-year period.
- Over the ten-year period, when adjusted for inflation, total current expenditures increased 0.4 percent, capital outlays decreased 26.3 percent, and debt service decreased 11.8 percent.

To view the complete report, which includes an Executive Summary, graphs and tables, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20161216.001>.

-- 30 --

The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see <http://www.auditor.state.mn.us/default.aspx?page=bio>.