

THE 2013 FINANCIAL STATE OF THE STATES



Truth in
Accounting

TOP 5 Sunshine States

1 Alaska
Per Taxpayer
Surplus: \$46,900

3 Wyoming
Per Taxpayer
Surplus: \$20,200

**5 South
Dakota**
Per Taxpayer
Surplus: \$2,700

**2 North
Dakota**
Per Taxpayer
Surplus: \$22,300

4 Utah
Per Taxpayer
Surplus: \$2,700

BOTTOM 5 Sinkhole States

46 Hawaii
Per Taxpayer
Burden: \$27,000

49 Illinois
Per Taxpayer
Burden: \$43,400

47 Massachusetts
Per Taxpayer
Burden: \$28,000

48 New Jersey
Per Taxpayer
Burden: \$36,000

50 Connecticut
Per Taxpayer
Burden: \$48,100

EXECUTIVE SUMMARY

For the fifth year Truth in Accounting is identifying the top five “**Sinkhole**” states. These states have the highest Taxpayer Burden.

A “**Taxpayer Burden**” represents the amount each taxpayer would have to send to their state’s treasury to fill its current financial hole.

The question is **how can states accumulate this debt and balance their budgets at the same time.** The answer is **it all depends on how you count.**

State budgets are calculated using budget shenanigans. These include borrowing money to fill budget holes and delaying writing checks for current bills.

State	Taxpayer Burden
Connecticut	\$48,100
Illinois	\$43,400
New Jersey	\$36,000
Massachusetts	\$28,000
Hawaii	\$27,000

The biggest trick of all is to not include millions, if not billions of dollars, of current compensation costs in the budget. Pension benefits are a part of employees' compensation. Employees earn the benefits by providing services to current taxpayers. The elected officials gain political favor by promising these benefits. But they do not put money aside to pay them. They argue, "Hey if I don't write a check for current costs. I don't have to include it in the budget calculations." This is the reason many states have huge unfunded pension liabilities.

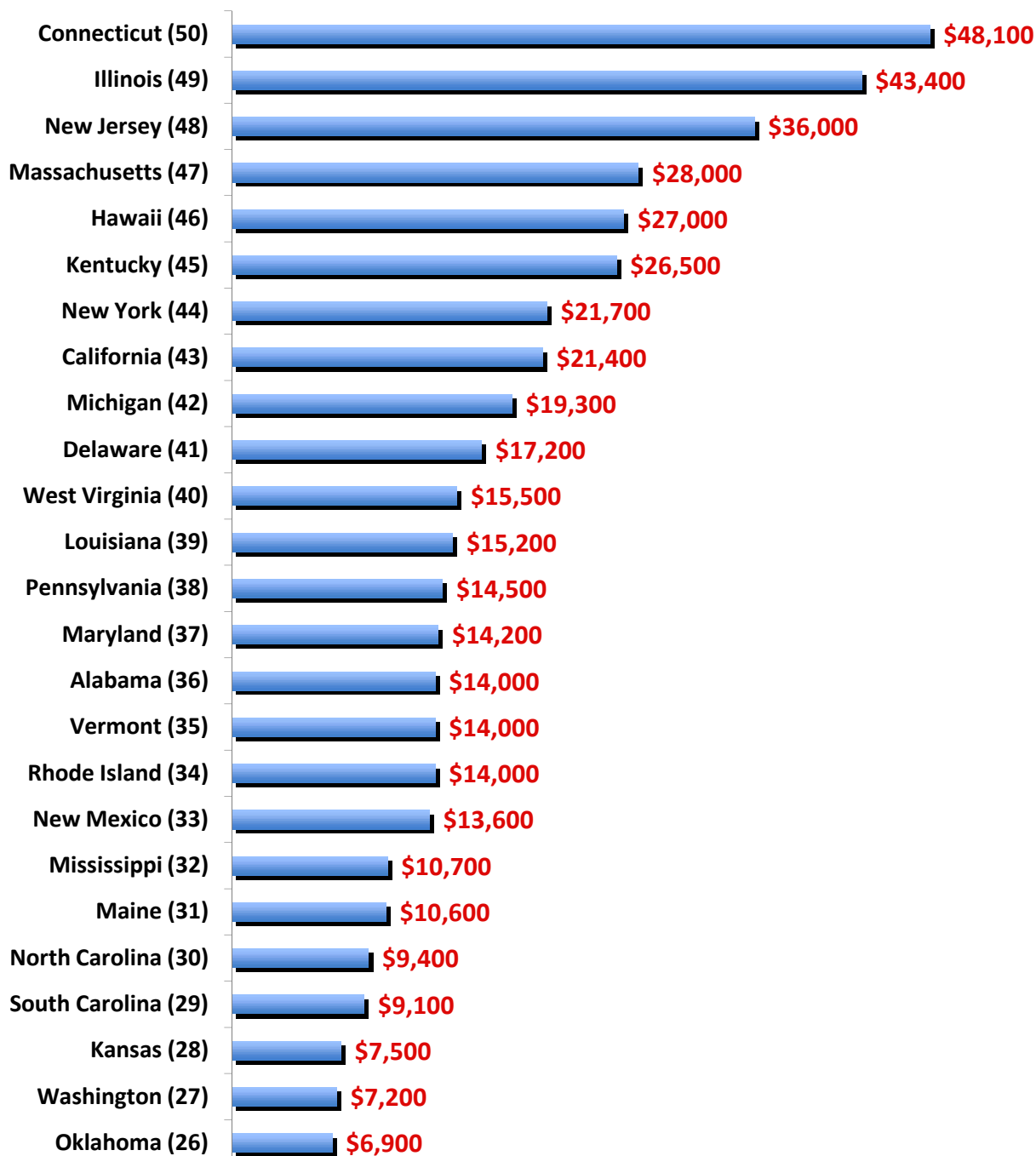
Future taxpayer will be burdened with paying these costs, but they will not receive any services from those retired employees.

State	Taxpayer Surplus
Alaska	\$46,900
North Dakota	\$22,300
Wyoming	\$20,200
Utah	\$2,700
South Dakota	\$2,700

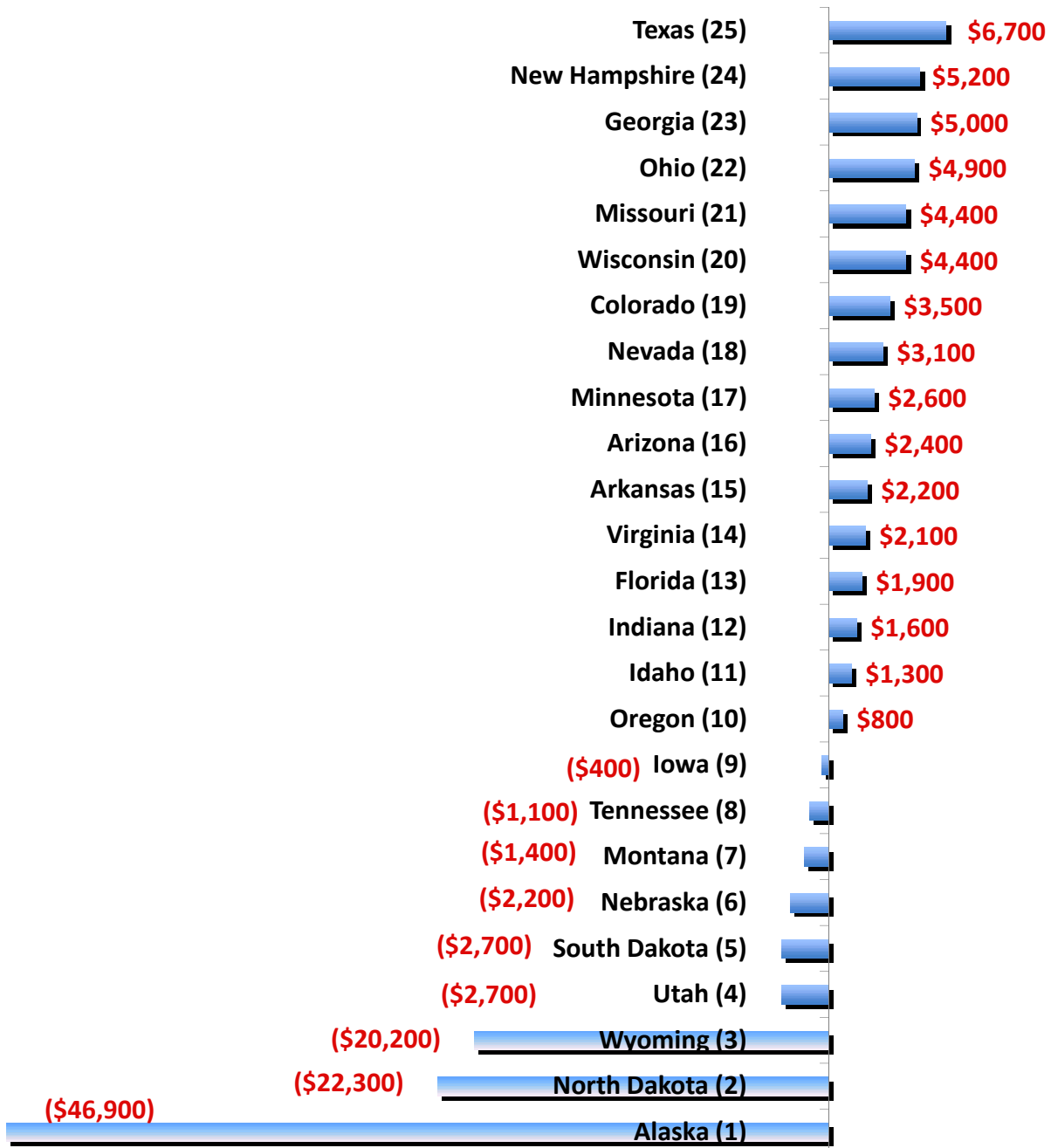
On the positive side Truth in Accounting recognizes the top five “**Sunshine**” states, those states that have the highest "Taxpayer Surplus."

A **Taxpayer Surplus** exists because these states have assets available to pay their bills. Elected officials in these states tend to not use smoke and mirrors to balance their budgets. They fund pension cost in the year the employees earn the benefits and money is set aside to pay them.

2013 Worst 25 States Per Taxpayer Burden



2013 Top 25 States Per Taxpayer Burden (Surplus)



THE FINANCIAL STATE OF THE STATES

(in Billions)

Ranking	State	Reported Assets*	Less Capital Assets	Less Assets Restricted By Law or Contract	Assets Available to Pay Bills	Less Bills	Money Need to Pay (Available) Bills	Each Taxpayer Financial Burden (Surplus)
17	Alabama	\$48.7	\$28.8	\$10.7	\$9.3	\$27.0	\$17.8	\$14,000
1	Alaska	\$95.8	\$10.9	\$44.4	\$40.6	\$27.1	(\$13.5)	(\$46,900)
35	Arizona	\$45.5	\$26.1	\$8.5	\$10.9	\$15.1	\$4.2	\$2,400
36	Arkansas	\$25.2	\$14.0	\$3.6	\$7.5	\$9.2	\$1.7	\$2,200
8	California	\$280.5	\$146.0	\$45.9	\$88.6	\$324.5	\$235.9	\$21,400
32	Colorado	\$36.2	\$18.4	\$6.7	\$11.1	\$17.0	\$6.0	\$3,500
1	Connecticut	\$31.3	\$16.2	\$4.8	\$10.3	\$71.7	\$61.4	\$48,100
10	Delaware	\$13.4	\$8.5	\$1.0	\$3.9	\$9.2	\$5.3	\$17,200
38	Florida	\$189.3	\$97.7	\$28.5	\$63.1	\$74.6	\$11.5	\$1,900
28	Georgia	\$56.7	\$33.1	\$7.9	\$15.7	\$29.4	\$13.8	\$5,000
5	Hawaii	\$23.0	\$14.6	\$3.0	\$5.3	\$17.8	\$12.5	\$27,000
40	Idaho	\$15.7	\$7.4	\$3.8	\$4.5	\$5.0	\$0.6	\$1,300
2	Illinois	\$73.2	\$32.6	\$12.3	\$28.4	\$204.1	\$175.7	\$43,400
39	Indiana	\$53.8	\$22.6	\$7.2	\$23.9	\$27.0	\$3.1	\$1,600
9	Iowa	\$27.3	\$12.3	\$5.6	\$9.4	\$9.0	(\$0.4)	(\$400)
23	Kansas	\$23.9	\$15.1	\$4.2	\$4.5	\$11.2	\$6.7	\$7,500
6	Kentucky	\$45.5	\$28.9	\$4.9	\$11.7	\$44.0	\$32.3	\$26,500
12	Louisiana	\$42.1	\$21.4	\$8.1	\$12.6	\$31.7	\$19.1	\$15,200
20	Maine	\$15.6	\$7.0	\$2.1	\$6.4	\$11.1	\$4.7	\$10,600
14	Maryland	\$51.1	\$31.4	\$3.8	\$15.9	\$45.3	\$29.4	\$14,200
4	Massachusetts	\$69.3	\$42.3	\$6.0	\$21.0	\$89.0	\$68.0	\$28,000
9	Michigan	\$59.3	\$26.1	\$10.6	\$22.6	\$81.0	\$58.3	\$19,300
34	Minnesota	\$51.0	\$22.1	\$12.2	\$16.8	\$21.7	\$4.9	\$2,600
19	Mississippi	\$28.3	\$18.1	\$5.3	\$4.9	\$12.7	\$7.7	\$10,700
31	Missouri	\$49.5	\$36.8	\$5.3	\$7.4	\$15.4	\$7.9	\$4,400
7	Montana	\$14.4	\$5.7	\$3.2	\$5.5	\$5.1	(\$0.4)	(\$1,400)

* Net of Reported Pension Assets and OPEB Assets

THE FINANCIAL STATE OF THE STATES

(Continued)

(in Billions)								
Ranking	State	Reported Assets*	Less Capital Assets	Less Assets Restricted By Law or Contract	Assets Available to Pay Bills	Less Bills	Money Need to Pay (Available) Bills	Each Taxpayer Financial Burden (Surplus)
6	Nebraska	\$20.1	\$10.7	\$5.1	\$4.3	\$3.0	(\$1.3)	(\$2,200)
33	Nevada	\$14.7	\$7.8	\$2.0	\$4.8	\$7.5	\$2.7	\$3,100
27	New Hampshire	\$8.0	\$4.8	\$1.3	\$1.9	\$4.5	\$2.6	\$5,200
3	New Jersey	\$84.3	\$48.5	\$10.7	\$25.1	\$135.4	\$110.3	\$36,000
18	New Mexico **	\$27.1	\$10.9	\$7.8	\$8.5	\$16.1	\$7.7	\$13,600
7	New York	\$310.4	\$172.1	\$19.1	\$119.1	\$256.0	\$136.9	\$21,700
21	North Carolina	\$91.5	\$59.3	\$7.0	\$25.2	\$50.8	\$25.6	\$9,400
2	North Dakota	\$20.2	\$3.5	\$4.8	\$11.9	\$5.9	(\$6.0)	(\$22,300)
29	Ohio	\$100.7	\$37.6	\$17.2	\$46.0	\$64.4	\$18.4	\$4,900
25	Oklahoma	\$39.7	\$18.1	\$8.9	\$12.6	\$19.9	\$7.3	\$6,900
10	Oregon	\$40.9	\$17.3	\$6.8	\$16.8	\$17.8	\$1.0	\$800
13	Pennsylvania	\$89.7	\$41.9	\$8.9	\$38.9	\$100.9	\$62.0	\$14,500
16	Rhode Island	\$10.8	\$5.5	\$1.2	\$4.1	\$9.1	\$5.0	\$14,000
22	South Carolina	\$47.2	\$26.8	\$8.2	\$12.2	\$24.3	\$12.0	\$9,100
4	South Dakota	\$10.2	\$4.6	\$2.2	\$3.4	\$2.6	(\$0.8)	(\$2,700)
8	Tennessee	\$49.8	\$31.4	\$3.4	\$15.1	\$13.0	(\$2.1)	(\$1,100)
26	Texas	\$241.3	\$107.9	\$65.9	\$67.5	\$116.6	\$49.1	\$6,700
5	Utah	\$37.3	\$21.2	\$6.7	\$9.5	\$7.4	(\$2.0)	(\$2,700)
15	Vermont	\$8.3	\$2.8	\$1.4	\$4.1	\$7.2	\$3.1	\$14,000
37	Virginia	\$90.8	\$42.7	\$13.9	\$34.2	\$39.9	\$5.7	\$2,100
24	Washington	\$80.8	\$38.5	\$10.0	\$32.3	\$49.2	\$16.9	\$7,200
11	West Virginia	\$24.6	\$12.6	\$3.3	\$8.7	\$16.9	\$8.2	\$15,500
30	Wisconsin	\$47.8	\$26.7	\$7.9	\$13.1	\$21.5	\$8.4	\$4,400
3	Wyoming	\$30.4	\$7.1	\$11.9	\$11.4	\$7.1	(\$4.3)	(\$20,200)

All States	\$2,992.2	\$1,504.1	\$495.4	\$992.7	\$2,233.0	\$1,240.3
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* Net of Reported Pension Assets and OPEB Assets

** All state data is for fiscal year 2013, except New Mexico who has not issued its 2013 financial report

Accumulated Bills

<i>(in Billions)</i>						
State	State Bonds	Other Liabilities*	Less Debt Related to Capital Assets	Unfunded Pension Benefits Due	Unfunded Retirees' Health Care Benefits Due	Total Bills
Alabama	\$9.2	\$4.8	\$4.5	\$6.4	\$11.2	\$27.0
Alaska	\$5.8	\$7.4	\$2.2	\$8.2	\$7.9	\$27.1
Arizona	\$8.1	\$10.9	\$7.0	\$3.0	\$0.1	\$15.1
Arkansas	\$3.9	\$3.8	\$2.4	\$1.8	\$2.2	\$9.2
California	\$129.0	\$102.0	\$46.9	\$59.4	\$80.9	\$324.5
Colorado	\$5.2	\$6.6	\$4.5	\$8.7	\$1.1	\$17.0
Connecticut	\$24.4	\$6.4	\$6.9	\$25.3	\$22.6	\$71.7
Delaware	\$3.8	\$1.5	\$3.1	\$1.1	\$5.9	\$9.2
Florida	\$37.0	\$36.8	\$13.2	\$7.5	\$6.6	\$74.6
Georgia	\$15.0	\$11.6	\$11.5	\$7.0	\$7.4	\$29.4
Hawaii	\$8.8	\$2.2	\$7.9	\$6.1	\$8.5	\$17.8
Idaho	\$2.8	\$1.9	\$1.3	\$1.5	\$0.1	\$5.0
Illinois	\$40.7	\$28.9	\$12.7	\$100.5	\$46.8	\$204.1
Indiana	\$10.4	\$7.7	\$4.9	\$13.0	\$0.9	\$27.0
Iowa	\$5.1	\$3.4	\$1.9	\$1.9	\$0.6	\$9.0
Kansas	\$4.4	\$2.9	\$4.1	\$7.8	\$0.2	\$11.2
Kentucky	\$10.0	\$9.9	\$4.5	\$23.5	\$5.1	\$44.0
Louisiana	\$11.7	\$8.8	\$5.6	\$8.2	\$8.6	\$31.7
Maine	\$6.4	\$1.0	\$1.3	\$3.0	\$1.9	\$11.1
Maryland	\$18.0	\$8.0	\$10.5	\$21.0	\$8.8	\$45.3
Massachusetts	\$41.2	\$15.2	\$15.1	\$30.3	\$17.4	\$89.0
Michigan	\$20.0	\$10.2	\$4.1	\$31.2	\$23.7	\$81.0
Minnesota	\$12.6	\$11.1	\$6.2	\$3.1	\$1.0	\$21.7
Mississippi	\$5.1	\$4.1	\$2.2	\$5.0	\$0.7	\$12.7
Missouri	\$5.9	\$5.9	\$5.4	\$5.8	\$3.2	\$15.4
Montana	\$1.1	\$3.1	\$0.5	\$0.9	\$0.4	\$5.1

*Does not include Net Pension and OPEB Obligations

Accumulated Bills (Continued)

<i>(in Billions)</i>						
State	State Bonds	Other Liabilities*	Less Debt Related to Capital Assets	Unfunded Pension Benefits Due	Unfunded Retirees' Health Care Benefits Due	Total Bills
Nebraska	\$0.7	\$2.1	\$0.6	\$0.8	\$0.0	\$3.0
Nevada	\$3.8	\$2.8	\$2.0	\$1.7	\$1.2	\$7.5
New Hampshire	\$2.1	\$1.0	\$1.6	\$1.0	\$2.1	\$4.5
New Jersey	\$21.7	\$54.2	\$31.7	\$37.6	\$53.5	\$135.4
New Mexico	\$6.3	\$2.8	\$2.8	\$7.3	\$2.5	\$16.1
New York	\$84.5	\$138.7	\$75.3	\$17.0	\$91.1	\$256.0
North Carolina	\$12.8	\$18.4	\$7.5	\$3.8	\$23.2	\$50.8
North Dakota	\$1.4	\$4.3	\$0.4	\$0.6	\$0.1	\$5.9
Ohio	\$19.7	\$41.5	\$8.6	\$8.9	\$2.8	\$64.4
Oklahoma	\$7.7	\$5.9	\$5.3	\$11.4	\$0.2	\$19.9
Oregon	\$11.6	\$8.8	\$4.5	\$1.6	\$0.3	\$17.8
Pennsylvania	\$27.7	\$31.2	\$11.7	\$34.0	\$19.8	\$100.9
Rhode Island	\$4.9	\$2.3	\$2.0	\$3.0	\$0.9	\$9.1
South Carolina	\$11.1	\$8.7	\$10.6	\$5.3	\$9.8	\$24.3
South Dakota	\$2.3	\$0.8	\$0.5	\$0.0	\$0.1	\$2.6
Tennessee	\$7.7	\$3.6	\$1.9	\$1.6	\$2.1	\$13.0
Texas	\$41.0	\$28.4	\$33.4	\$35.9	\$44.7	\$116.6
Utah	\$6.8	\$2.8	\$4.4	\$1.9	\$0.3	\$7.4
Vermont	\$3.6	\$1.0	\$0.8	\$1.5	\$2.1	\$7.2
Virginia	\$26.7	\$15.1	\$13.2	\$8.5	\$2.9	\$39.9
Washington	\$22.4	\$33.1	\$17.8	\$4.4	\$7.0	\$49.2
West Virginia	\$4.7	\$6.8	\$1.8	\$5.1	\$2.1	\$16.9
Wisconsin	\$15.9	\$10.4	\$5.9	\$0.0	\$1.1	\$21.5
Wyoming	\$1.0	\$5.1	\$0.1	\$0.9	\$0.2	\$7.1
All States	\$793.8	\$745.7	\$434.9	\$584.8	\$543.6	\$2,233.0

*Does not include Net Pension and OPEB Obligations

Appendix V

SCHEDULE OF REPORTED VS. UNREPORTED RETIREMENT LIABILITIES

State	<i>(in Billions)</i>		
	Total Reported Retirement Liabilities*	Unreported Retirement Liabilities	Total Unfunded Retirement Liabilities
Alabama	\$0.9	\$16.7	\$17.5
Alaska	\$0.0	\$16.1	\$16.1
Arizona	\$0.0	\$3.1	\$3.2
Arkansas	\$0.9	\$3.1	\$4.0
California	\$27.1	\$113.2	\$140.3
Colorado	\$0.2	\$9.6	\$9.8
Connecticut	\$9.2	\$38.6	\$47.8
Delaware	\$2.0	\$4.9	\$7.0
Florida	\$1.4	\$12.7	\$14.1
Georgia	\$1.6	\$12.8	\$14.3
Hawaii	\$3.9	\$10.7	\$14.6
Idaho	\$0.1	\$1.6	\$1.6
Illinois	\$37.0	\$110.4	\$147.3
Indiana	\$1.4	\$12.5	\$13.9
Iowa	\$0.3	\$2.2	\$2.4
Kansas	\$0.1	\$7.9	\$8.0
Kentucky	\$5.9	\$22.7	\$28.6
Louisiana	\$4.1	\$12.7	\$16.8
Maine	\$0.3	\$4.6	\$4.9
Maryland	\$6.9	\$22.8	\$29.8
Massachusetts	\$6.8	\$40.9	\$47.7
Michigan	\$3.8	\$51.1	\$54.9
Minnesota	\$0.5	\$3.6	\$4.1
Mississippi	\$0.1	\$5.5	\$5.7
Missouri	\$0.8	\$8.1	\$9.0
Montana	\$0.4	\$1.0	\$1.4

*A negative amount represents a reported pension and/or OPEB asset(s).

SCHEDULE OF REPORTED VS. UNREPORTED RETIREMENT LIABILITIES (Continued)

State	<i>(in Billions)</i>		
	Total Reported Retirement Liabilities*	Unreported Retirement Liabilities	Total Unfunded Retirement Liabilities
Nebraska	\$0.0	\$0.8	\$0.8
Nevada	\$0.0	\$2.9	\$2.9
New Hampshire	\$0.8	\$2.2	\$3.0
New Jersey	\$35.6	\$55.5	\$91.1
New Mexico	\$0.0	\$9.8	\$9.8
New York	\$24.6	\$83.5	\$108.1
North Carolina	\$0.0	\$27.0	\$27.0
North Dakota	\$0.0	\$0.6	\$0.6
Ohio	\$0.1	\$11.6	\$11.7
Oklahoma	\$0.2	\$11.4	\$11.6
Oregon	\$0.1	\$1.8	\$1.9
Pennsylvania	\$3.3	\$50.5	\$53.8
Rhode Island	\$0.1	\$3.9	\$3.9
South Carolina	\$0.0	\$15.0	\$15.1
South Dakota	\$0.0	\$0.0	\$0.1
Tennessee	\$0.7	\$2.9	\$3.6
Texas	\$7.8	\$72.7	\$80.5
Utah	\$0.0	\$2.1	\$2.1
Vermont	\$0.9	\$2.6	\$3.5
Virginia	\$4.0	\$7.3	\$11.3
Washington	\$3.4	\$8.0	\$11.5
West Virginia	\$0.1	\$7.1	\$7.2
Wisconsin	\$0.5	\$0.6	\$1.1
Wyoming	\$0.1	\$1.0	\$1.1
All States	\$198.2	\$930.2	\$1,128.4

*A negative amount represents a reported pension and/or OPEB asset(s).

Appendix VI – Schedule of Timeliness of Financial

TIMELINESS OF FINANCIAL REPORT RELEASE

30 States Timely	Days to Release
Michigan	82
Utah	115
Washington	131
North Carolina	148
New York	156
Wisconsin	164
Alaska	166
Colorado	166
Iowa	166
Kentucky	166
Maryland	166
Pennsylvania	166
Tennessee	166
Virginia	166
Nevada	170
North Dakota	170
Minnesota	171
Vermont	171
Mississippi	172
Rhode Island	172
Kansas	173
Louisiana	173
Massachusetts	173
Ohio	173
Wyoming	173
Texas	174
Arkansas	176
Idaho	176
Maine	176
New Hampshire	176

18 States Tardy	Days to Release
Alabama	182
Arizona	183
Indiana	183
Georgia	184
Nebraska	184
Oklahoma	184
Missouri	194
Hawaii	211
Oregon	212
Montana	213
Delaware	221
West Virginia	228
South Carolina	229
Florida	236
Connecticut	243
Illinois	243
New Jersey	255
South Dakota	257

Two States Excessively Tardy	Days to Release
California	295
New Mexico	***

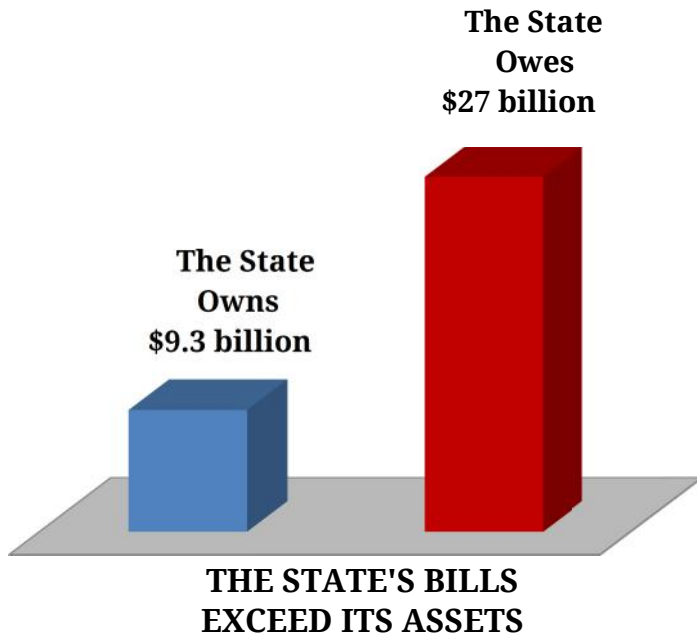
*** Not issued as of July 27, 2014

Appendix VII – Roll-Out of the States

**Each State's Financial State of the State
Can Be Found on the Following Pages**

THE 17th WORST STATE

ALABAMA IS A SINKHOLE STATE



The state of Alabama is sinking in debt. The State's \$17.8 billion shortfall represents compensation and other costs that have been pushed into the future.

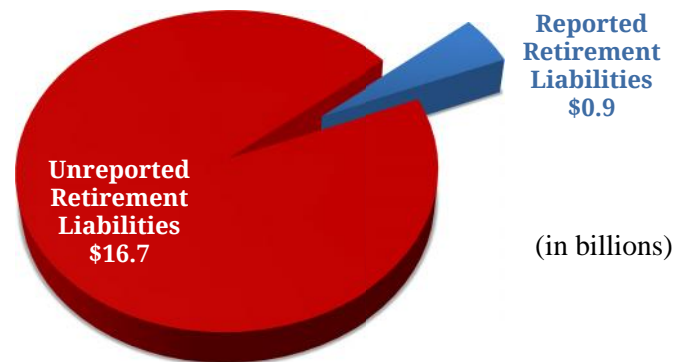
Each Taxpayer's Share of This Financial Burden is \$14,000

Alabama statutes require the legislature to pass a balanced budget. One of the reasons Alabama is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Alabama's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Alabama federal tax filers with a tax liability.

95% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$17.5 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$863.6 million of these liabilities are reported on Alabama's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Alabama's September 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Alabama
As of September 30, 2013

The State's Bills Exceed Its Assets

Assets	\$48,748,547,000
Less: Capital Assets	\$28,761,965,000
Restricted Assets	\$10,717,636,000
Assets Available to Pay Bills	\$9,268,946,000
Less: Bills	\$27,034,145,000
Money Needed to Pay Bills	\$17,765,199,000
Each Taxpayer's* Burden	\$14,000

The state of Alabama has \$48.7 billion in assets, but most of these assets are not available to pay State bills.

The \$28.8 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$10.7 billion of the assets is restricted by law or contract.

That leaves \$9.3 billion of State's assets available to pay \$27 billion of bills as they come due.

The \$17.8 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$14,000

Number of taxpayers is based on the number of Alabama federal tax filers with a tax liability.

Data is derived from the state of Alabama's September 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$9,181,790,000
Other Liabilities	\$4,833,819,000
Less: Debt Related to Capital Assets	\$4,514,775,000
Unfunded Pension Benefits	\$6,353,249,000
Unfunded Retirees' Health Care Benefits	\$11,180,062,000
Bills	\$27,034,145,000

Despite the balanced budget requirement, the State has accumulated bonds of \$9.2 billion and other liabilities of \$4.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 65% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$6.4 billion of pension benefits and \$11.2 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$863,626,000
Unreported Retirement Liabilities	\$16,669,685,000
Total Retirement Liabilities	\$17,533,311,000

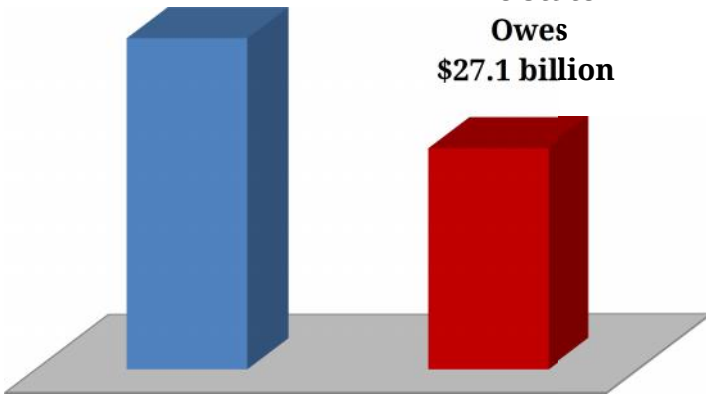
A detailed study of Alabama's actuaries' schedules found retirement benefits totaling \$17.5 billion have been promised, but not funded. A review of the State's balance sheet determined only \$863.6 million of these liabilities are reported. This means the State does not report \$16.7 billion of retirement liabilities on its balance sheet.

THE BEST STATE

ALASKA IS A SUNSHINE STATE

The State
Owns
\$40.6 billion

The State
Owes
\$27.1 billion



THE STATE'S ASSETS EXCEED ITS BILLS

The state of Alaska is a sunshine state because it has assets above its outstanding bills. The State has a \$13.5 billion financial surplus.

Each Taxpayer's Share of This Financial Surplus is \$46,900

Unlike most states, Alaska has the money needed to fund State employees' retirement benefits and other outstanding bills. Alaska is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.



RETIREMENT LIABILITIES ARE MASSIVELY UNDERSTATED

The State Reported It had Extra
Money to Pay Retirement Benefits **\$2,883,000**

Retirement Promises Not Reported \$16,112,743,000

Truth in Accounting's detailed analysis discovered a total of \$16.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting Alaska's balance sheet reported an excess funds of \$2.9 million are available to pay retirement promises.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of Alaska federal tax filers with a tax liability.

Data is derived from the state of Alaska's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Alaska
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$95,812,650,000
Less: Capital Assets	\$10,854,445,000
Restricted Assets	\$44,396,514,000
Assets Available to Pay Bills	\$40,561,691,000
Less: Bills	\$27,085,104,000
Money Available to Pay Bills	\$13,476,587,000
Each Taxpayer's Surplus	\$46,900

The state of Alaska has \$95.8 billion in assets, but most of these assets are not available to pay State bills.

The \$10.9 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$44.4 billion of the assets is restricted by law or contract.

That leaves \$40.6 billion of State's assets available to pay \$27.1 billion of bills as they come due.

Alaska's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$46,900

Number of taxpayers is based on the number of Alaska federal tax filers with a tax liability.

Data is derived from the state of Alaska's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$5,802,142,000
Other Liabilities	\$7,410,529,000
Less: Debt Related to Capital Assets	\$2,240,310,000
Unfunded Pension Benefits	\$8,208,509,000
Unfunded Retirees' Health Care Benefits	\$7,904,234,000
Bills	\$27,085,104,000

The State has accumulated bonds of \$5.8 billion and other liabilities of \$7.4 billion. The calculation of assets available to pay bills does not include capital assets, so \$2.2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 59% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$8.2 billion of pension benefits and \$7.9 billion of retirees' health care benefits. Unlike most states, Alaska has the assets needed to pay these liabilities.

Alaska elected officials seem to promise only what they can afford.

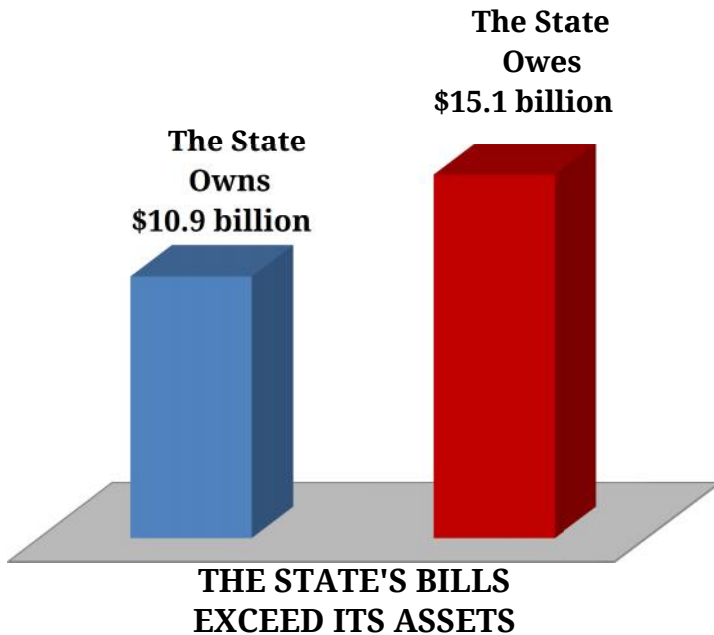
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Assets	\$2,883,000
Actual Retirement Liabilities	\$16,112,743,000

A detailed study of Alaska's actuaries' schedules found retirement benefits totaling \$16.1 billion have been promised, but not funded. A review of the State's balance sheet determined no liability is reported, instead a net pension asset of \$2.9 million is reported.

THE 35th WORST STATE

ARIZONA IS A SINKHOLE STATE



The state of Arizona is sinking in debt. The State's \$4.2 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$2,400

Arizona statutes require the legislature to pass a balanced budget. One of the reasons Arizona is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Arizona's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Arizona federal tax filers with a tax liability.



RETIREMENT LIABILITIES ARE MASSIVELY UNDERSTATED

Reported Retirement Liabilities **\$38,098,000**

Actual Retirement Liabilities **\$3,173,771,000**

Truth in Accounting's detailed analysis discovered a total of \$3.2 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$38.1 million of these liabilities are reported on Arizona's balance sheet.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Arizona's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Arizona
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$45,463,799,000
Less: Capital Assets	\$26,110,819,000
Restricted Assets	\$8,450,686,000
Assets Available to Pay Bills	\$10,902,294,000
Less: Bills	\$15,149,146,000
Money Needed to Pay Bills	\$4,246,852,000
Each Taxpayer's* Burden	\$2,400

The state of Arizona has \$45.5 billion in assets, but most of these assets are not available to pay State bills.

The \$26.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$8.5 billion of the assets is restricted by law or contract.

That leaves \$10.9 billion of State's assets available to pay \$15.1 billion of bills as they come due.

The \$4.2 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$2,400

Number of taxpayers is based on the number of Arizona federal tax filers with a tax liability.

Data is derived from the state of Arizona's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$8,112,748,000
Other Liabilities	\$10,911,918,000
Less: Debt Related to Capital Assets	\$7,049,291,000
Unfunded Pension Benefits	\$3,039,964,000
Unfunded Retirees' Health Care Benefits	\$133,807,000
Bills	\$15,149,146,000

Despite the balanced budget requirement, the State has accumulated bonds of \$8.1 billion and other liabilities of \$10.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$7 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 21% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$3 billion of pension benefits and \$133.8 million of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

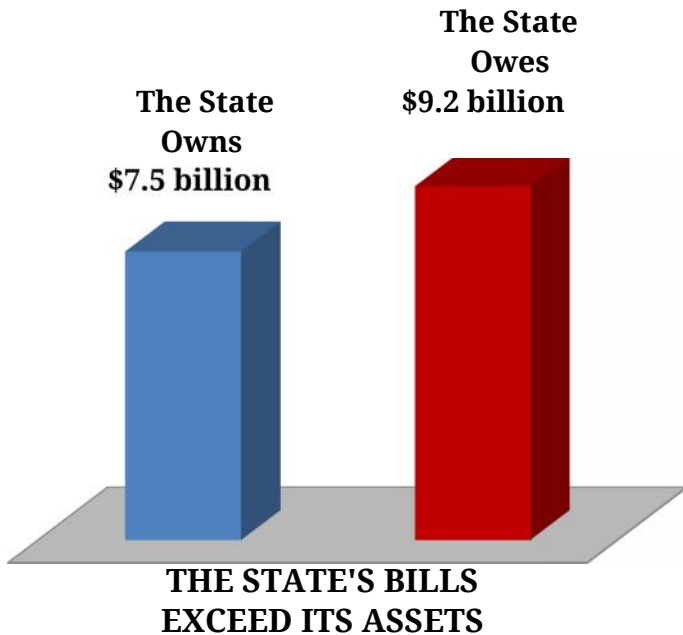
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$38,098,000
Unreported Retirement Liabilities	\$3,135,673,000
Total Retirement Liabilities	\$3,173,771,000

A detailed study of Arizona's actuaries' schedules found retirement benefits totaling \$3.2 billion have been promised, but not funded. A review of the State's balance sheet determined only \$38.1 million of these liabilities are reported. This means 21% of the State's liabilities are not reported on the State's balance sheet.

THE 36th WORST STATE

ARKANSAS IS A SINKHOLE STATE



The state of Arkansas is sinking in debt. The State's \$1.7 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$2,200

Arkansas statutes require the legislature to pass a balanced budget. One of the reasons Arkansas is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Arkansas's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Arkansas federal tax filers with a tax liability.



78% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$4 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$858.3 million of these liabilities are reported on Arkansas's balance sheet.



(in billions)

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Arkansas's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$25,202,572,000
Less: Capital Assets	\$14,029,173,000
Restricted Assets	\$3,636,465,000
Assets Available to Pay Bills	\$7,536,934,000
Less: Bills	\$9,243,065,000
Money Needed to Pay Bills	\$1,706,131,000
Each Taxpayer's* Burden	\$2,200

The state of Arkansas has \$25.2 billion in assets, but most of these assets are not available to pay State bills.

The \$14 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3.6 billion of the assets is restricted by law or contract.

That leaves \$7.5 billion of State's assets available to pay \$9.2 billion of bills as they come due.

The \$1.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$2,200

Number of taxpayers is based on the number of Arkansas federal tax filers with a tax liability.

Data is derived from the state of Arkansas's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$3,877,067,000
Other Liabilities	\$3,776,425,000
Less: Debt Related to Capital Assets	\$2,382,173,000
Unfunded Pension Benefits	\$1,820,880,000
Unfunded Retirees' Health Care Benefits	\$2,150,866,000
Bills	\$9,243,065,000

Despite the balanced budget requirement, the State has accumulated bonds of \$3.9 billion and other liabilities of \$3.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$2.4 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 43% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.8 billion of pension benefits and \$2.2 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

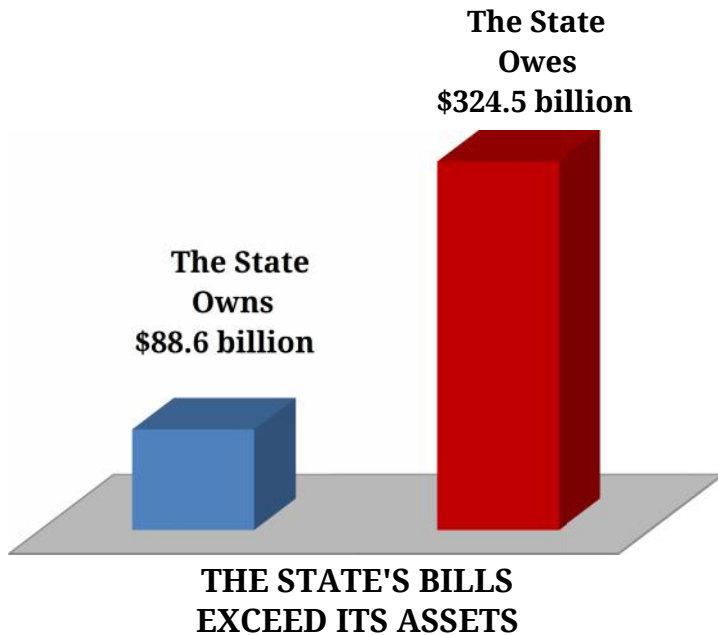
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$858,332,000
Unreported Retirement Liabilities	\$3,113,414,000
Total Retirement Liabilities	\$3,971,746,000

A detailed study of Arkansas's actuaries' schedules found retirement benefits totaling \$4 billion have been promised, but not funded. A review of the State's balance sheet determined only \$858.3 million of these liabilities are reported. This means the State does not report \$3.1 billion of retirement liabilities on its balance sheet.

THE 8th WORST STATE

CALIFORNIA IS A SINKHOLE STATE



The state of California is sinking in debt. The State's \$235.9 billion shortfall represents compensation and other costs that have been pushed into the future.

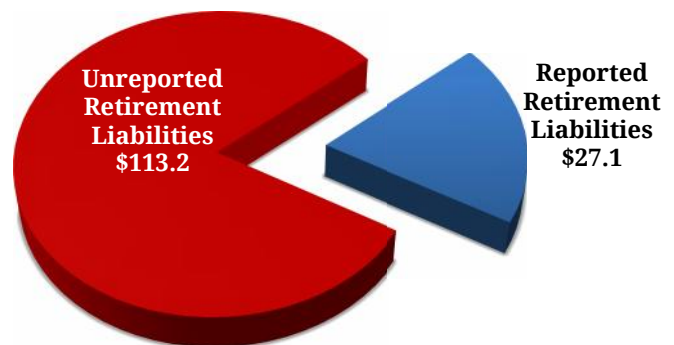
Each Taxpayer's Share of This Financial Burden is \$21,400

California statutes require the legislature to pass a balanced budget. One of the reasons California is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report California's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of California federal tax filers with a tax liability.

81% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$140.3 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$27.1 billion of these liabilities are reported on California's balance sheet.



(in billions)

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of California's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of California
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$280,475,416,000
Less: Capital Assets	\$146,008,910,000
Restricted Assets	\$45,870,552,000
Assets Available to Pay Bills	\$88,595,954,000
Less: Bills	\$324,471,707,000
Money Needed to Pay Bills	\$235,875,753,000
Each Taxpayer's* Burden	\$21,400

The state of California has \$280.5 billion in assets, but most of these assets are not available to pay State bills.

The \$146 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$45.9 billion of the assets is restricted by law or contract.

That leaves \$88.6 billion of State's assets available to pay \$324.5 billion of bills as they come due.

The \$235.9 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$21,400

Number of taxpayers is based on the number of California federal tax filers with a tax liability.

Data is derived from the state of California's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$129,040,767,000
Other Liabilities	\$101,970,486,000
Less: Debt Related to Capital Assets	\$46,881,327,000
Unfunded Pension Benefits	\$59,426,495,000
Unfunded Retirees' Health Care Benefits	\$80,915,286,000
Bills	\$324,471,707,000

Despite the balanced budget requirement, the State has accumulated bonds of \$129 billion and other liabilities of \$102 billion. The calculation of assets available to pay bills does not include capital assets, so \$46.9 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 43% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$59.4 billion of pension benefits and \$80.9 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

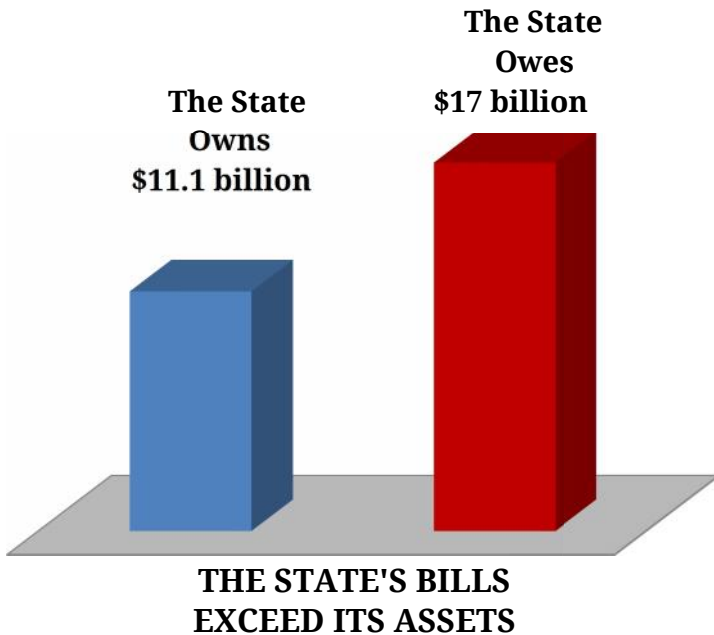
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$27,145,863,000
Unreported Retirement Liabilities	\$113,195,918,000
Total Retirement Liabilities	\$140,341,781,000

A detailed study of California's actuaries' schedules found retirement benefits totaling \$140.3 billion have been promised, but not funded. A review of the State's balance sheet determined only \$27.1 billion of these liabilities are reported. This means the State does not report \$113.2 billion of retirement liabilities on its balance sheet.

THE 32nd WORST STATE

COLORADO IS A SINKHOLE STATE



The state of Colorado is sinking in debt. The State's \$6 billion shortfall represents compensation and other costs that have been pushed into the future.

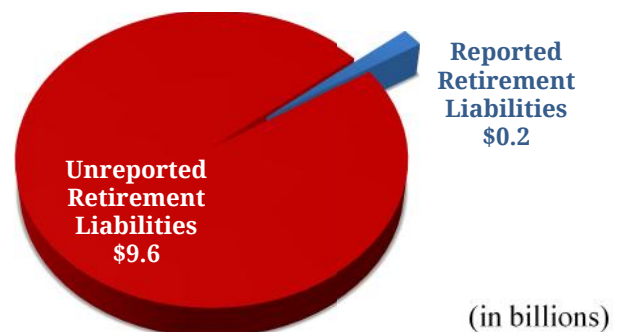
Each Taxpayer's Share of This Financial Burden is \$3,500

Colorado statutes require the legislature to pass a balanced budget. One of the reasons Colorado is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Colorado's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Colorado federal tax filers with a tax liability.

98% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$9.8 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$194.2 million of these liabilities are reported on Colorado's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Colorado's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Colorado
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$36,178,965,000
Less: Capital Assets	\$18,360,304,000
Restricted Assets	\$6,738,322,000
Assets Available to Pay Bills	\$11,080,339,000
Less: Bills	\$17,033,960,000
Money Needed to Pay Bills	\$5,953,621,000
Each Taxpayer's* Burden	\$3,500

The state of Colorado has \$36.2 billion in assets, but most of these assets are not available to pay State bills.

The \$18.4 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$6.7 billion of the assets is restricted by law or contract.

That leaves \$11.1 billion of State's assets available to pay \$17 billion of bills as they come due.

The \$6 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$3,500

Number of taxpayers is based on the number of Colorado federal tax filers with a tax liability.

Data is derived from the state of Colorado's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$5,175,946,000
Other Liabilities	\$6,554,027,000
Less: Debt Related to Capital Assets	\$4,499,614,000
Unfunded Pension Benefits	\$8,740,910,000
Unfunded Retirees' Health Care Benefits	\$1,062,691,000
Bills	\$17,033,960,000

Despite the balanced budget requirement, the State has accumulated bonds of \$5.2 billion and other liabilities of \$6.6 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 58% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$8.7 billion of pension benefits and \$1.1 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

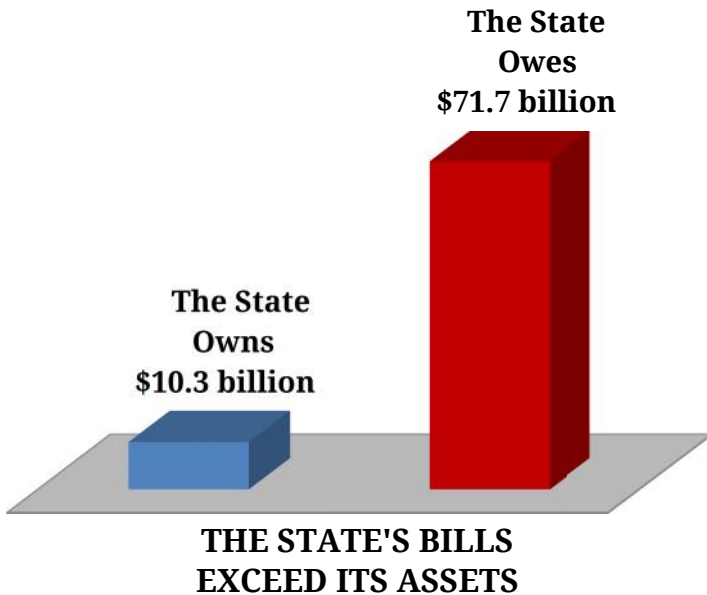
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$194,228,000
Unreported Retirement Liabilities	\$9,609,373,000
Total Retirement Liabilities	\$9,803,601,000

A detailed study of Colorado's actuaries' schedules found retirement benefits totaling \$9.8 billion have been promised, but not funded. A review of the State's balance sheet determined only \$194.2 million of these liabilities are reported. This means the State does not report \$9.6 billion of retirement liabilities on its balance sheet.

THE WORST STATE

CONNECTICUT IS A SINKHOLE STATE



The state of Connecticut is sinking in debt. The State's \$61.4 billion shortfall represents compensation and other costs that have been pushed into the future.

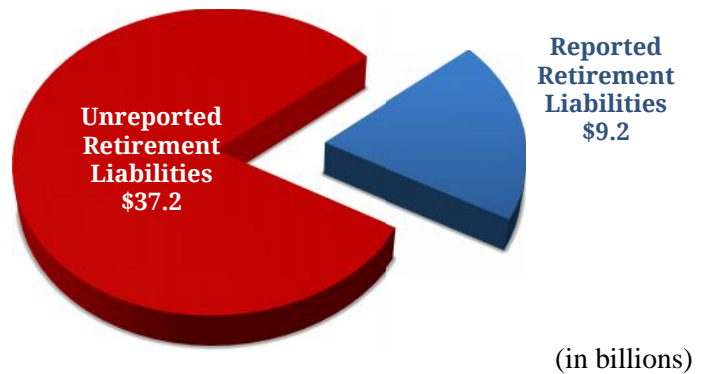
Each Taxpayer's Share of This Financial Burden is \$48,100

Connecticut statutes require the legislature to pass a balanced budget. One of the reasons Connecticut is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Connecticut's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Connecticut federal tax filers with a tax liability.

81% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$47.8 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$9.2 billion of these liabilities are reported on Connecticut's balance sheet.



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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Connecticut's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$31,304,560,000
Less: Capital Assets	\$16,195,729,000
Restricted Assets	\$4,779,624,000
Assets Available to Pay Bills	\$10,329,207,000
Less: Bills	\$71,690,974,000
Money Needed to Pay Bills	\$61,361,767,000
Each Taxpayer's* Burden	\$48,100

The state of Connecticut has \$31.3 billion in assets, but most of these assets are not available to pay State bills.

The \$16.2 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$4.8 billion of the assets is restricted by law or contract.

That leaves \$10.3 billion of State's assets available to pay \$71.7 billion of bills as they come due.

The \$61.4 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$48,100

Number of taxpayers is based on the number of Connecticut federal tax filers with a tax liability.

Data is derived from the state of Connecticut's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$24,446,231,000
Other Liabilities	\$6,357,704,000
Less: Debt Related to Capital Assets	\$6,949,652,000
Unfunded Pension Benefits	\$25,255,891,000
Unfunded Retirees' Health Care Benefits	\$22,580,800,000
Bills	\$71,690,974,000

Despite the balanced budget requirement, the State has accumulated bonds of \$24.4 billion and other liabilities of \$6.4 billion. The calculation of assets available to pay bills does not include capital assets, so \$6.9 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 67% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$25.3 billion of pension benefits and \$22.6 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$9,215,562,000
Unreported Retirement Liabilities	\$38,621,129,000
Total Retirement Liabilities	\$47,836,691,000

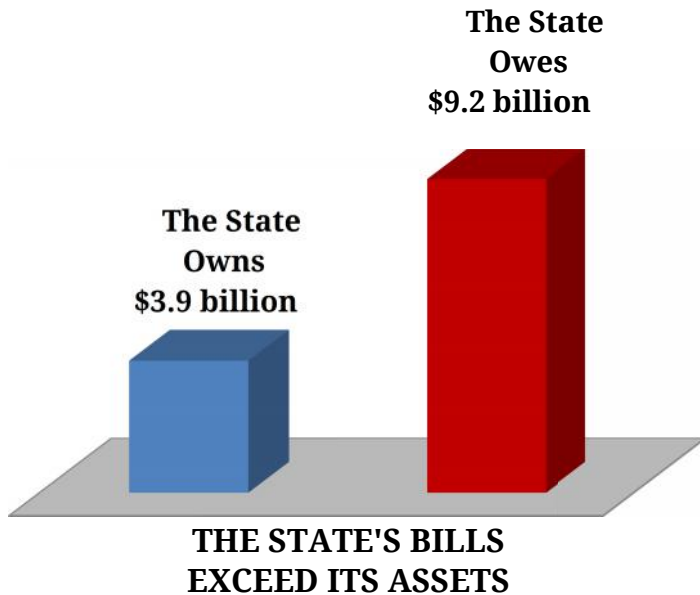
A detailed study of Connecticut's actuaries' schedules found retirement benefits totaling \$47.8 billion have been promised, but not funded. A review of the State's balance sheet determined only \$9.2 billion of these liabilities are reported. This means the State does not report \$38.6 billion of retirement liabilities on its balance sheet.

THE 10th WORST STATE

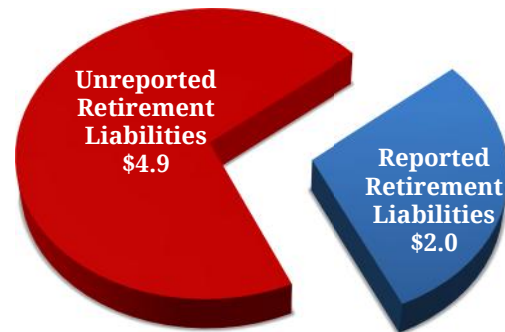
DELAWARE IS A SINKHOLE STATE



71% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



Truth in Accounting's detailed analysis discovered a total of \$7 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$2 billion of these liabilities are reported on Delaware's balance sheet.



(in billions)

The state of Delaware is sinking in debt. The State's \$5.3 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$17,200

Delaware statutes require the legislature to pass a balanced budget. One of the reasons Delaware is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Delaware's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of Delaware federal tax filers with a tax liability.

Data is derived from the state of Delaware's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Delaware
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$13,351,865,000
Less: Capital Assets	\$8,516,600,000
Restricted Assets	\$953,389,000
Assets Available to Pay Bills	\$3,881,876,000
Less: Bills	\$9,218,052,000
Money Needed to Pay Bills	\$5,336,176,000
Each Taxpayer's* Burden	\$17,200

The state of Delaware has \$13.4 billion in assets, but most of these assets are not available to pay State bills.

The \$8.5 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$953.4 million of the assets is restricted by law or contract.

That leaves \$3.9 billion of State's assets available to pay \$9.2 billion of bills as they come due.

The \$5.3 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$17,200

Number of taxpayers is based on the number of Delaware federal tax filers with a tax liability.

Data is derived from the state of Delaware's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$3,810,561,000
Other Liabilities	\$1,510,085,000
Less: Debt Related to Capital Assets	\$3,079,781,000
Unfunded Pension Benefits	\$1,088,054,000
Unfunded Retirees' Health Care Benefits	\$5,889,133,000
Bills	\$9,218,052,000

Despite the balanced budget requirement, the State has accumulated bonds of \$3.8 billion and other liabilities of \$1.5 billion. The calculation of assets available to pay bills does not include capital assets, so \$3.1 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 76% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.1 billion of pension benefits and \$5.9 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

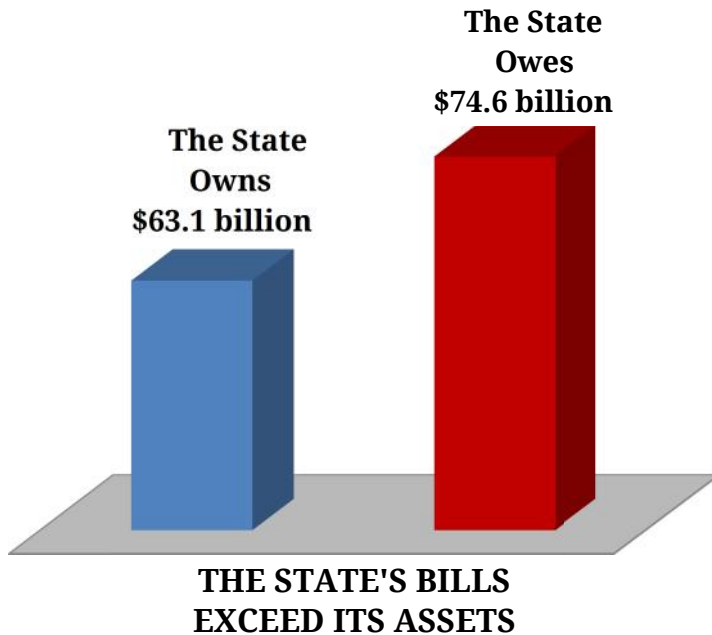
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$2,044,171,000
Unreported Retirement Liabilities	\$4,933,016,000
Total Retirement Liabilities	\$6,977,187,000

A detailed study of Delaware's actuaries' schedules found retirement benefits totaling \$7 billion have been promised, but not funded. A review of the State's balance sheet determined only \$2 billion of these liabilities are reported. This means the State does not report \$4.9 billion of retirement liabilities on its balance sheet.

THE 38th WORST STATE

FLORIDA IS A SINKHOLE STATE



The state of Florida is sinking in debt. The State's \$11.5 billion shortfall represents compensation and other costs that have been pushed into the future.

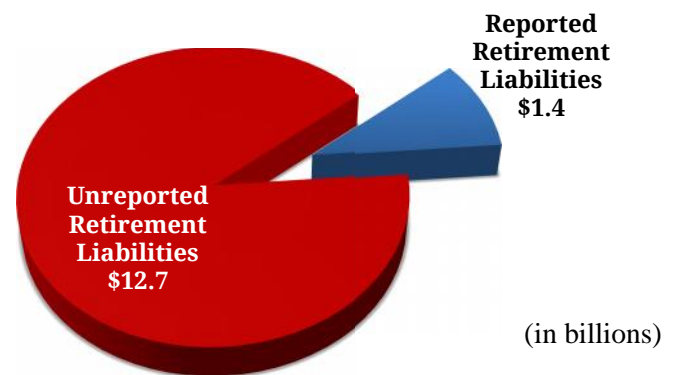
Each Taxpayer's Share of This Financial Burden is \$1,900

Florida statutes require the legislature to pass a balanced budget. One of the reasons Florida is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Florida's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Florida federal tax filers with a tax liability.

90% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$14.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$1.4 billion of these liabilities are reported on Florida's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Florida's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Florida
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$189,344,304,000
Less: Capital Assets	\$97,695,515,000
Restricted Assets	\$28,548,170,000
Assets Available to Pay Bills	\$63,100,619,000
Less: Bills	\$74,587,793,000
Money Needed to Pay Bills	\$11,487,174,000
Each Taxpayer's* Burden	\$1,900

The state of Florida has \$189.3 billion in assets, but most of these assets are not available to pay State bills.

The \$97.7 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$28.5 billion of the assets is restricted by law or contract.

That leaves \$63.1 billion of State's assets available to pay \$74.6 billion of bills as they come due.

The \$11.5 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$1,900

Number of taxpayers is based on the number of Florida federal tax filers with a tax liability.

Data is derived from the state of Florida's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$37,021,027,000
Other Liabilities	\$36,751,069,000
Less: Debt Related to Capital Assets	\$13,242,176,000
Unfunded Pension Benefits	\$7,498,430,000
Unfunded Retirees' Health Care Benefits	\$6,559,443,000
Bills	\$74,587,793,000

Despite the balanced budget requirement, the State has accumulated bonds of \$37 billion and other liabilities of \$36.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$13.2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 19% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$7.5 billion of pension benefits and \$6.6 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$1,378,773,000
Unreported Retirement Liabilities	\$12,679,100,000
Total Retirement Liabilities	\$14,057,873,000

A detailed study of Florida's actuaries' schedules found retirement benefits totaling \$14.1 billion have been promised, but not funded. A review of the State's balance sheet determined only \$1.4 billion of these liabilities are reported. This means the State does not report \$12.7 billion of retirement liabilities on its balance sheet.

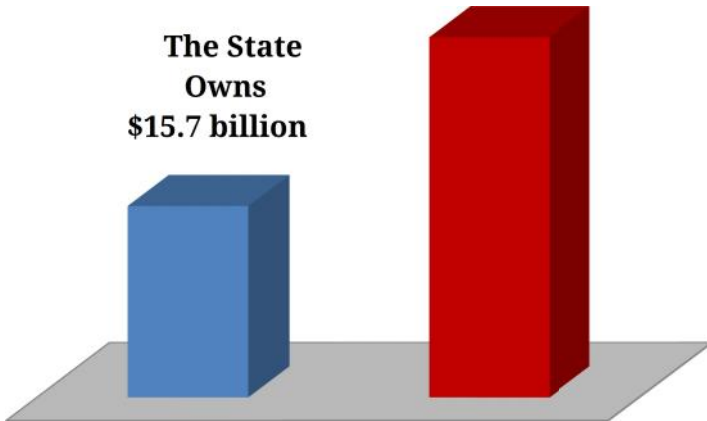
THE 28th WORST STATE

GEORGIA IS A SINKHOLE STATE



The State
Owes
\$29.4 billion

The State
Owns
\$15.7 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Georgia is sinking in debt. The State's \$13.8 billion shortfall represents compensation and other costs that have been pushed into the future.

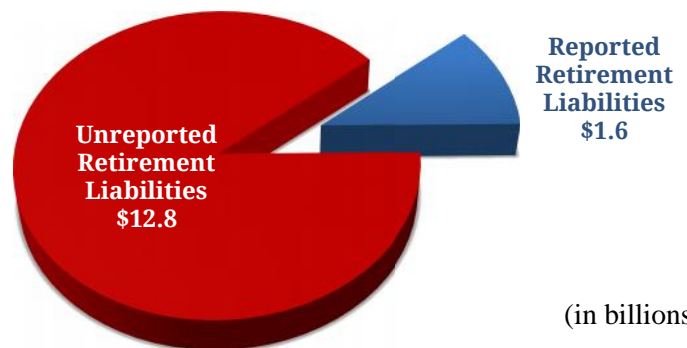
Each Taxpayer's Share of This Financial Burden is \$5,000

Georgia statutes require the legislature to pass a balanced budget. One of the reasons Georgia is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Georgia's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Georgia federal tax filers with a tax liability.

89% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$14.3 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$1.6 billion of these liabilities are reported on Georgia's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Georgia's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$56,656,467,000
Less: Capital Assets	\$33,122,677,000
Restricted Assets	\$7,882,406,000
Assets Available to Pay Bills	\$15,651,384,000
Less: Bills	\$29,442,119,000
Money Needed to Pay Bills	\$13,790,735,000
Each Taxpayer's* Burden	\$5,000

The state of Georgia has \$56.7 billion in assets, but most of these assets are not available to pay State bills.

The \$33.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$7.9 billion of the assets is restricted by law or contract.

That leaves \$15.7 billion of State's assets available to pay \$29.4 billion of bills as they come due.

The \$13.8 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$5,000

Number of taxpayers is based on the number of Georgia federal tax filers with a tax liability.

Data is derived from the state of Georgia's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$15,016,653,000
Other Liabilities	\$11,563,141,000
Less: Debt Related to Capital Assets	\$11,473,365,000
Unfunded Pension Benefits	\$6,966,699,000
Unfunded Retirees' Health Care Benefits	\$7,368,991,000
Bills	\$29,442,119,000

Despite the balanced budget requirement, the State has accumulated bonds of \$15 billion and other liabilities of \$11.6 billion. The calculation of assets available to pay bills does not include capital assets, so \$11.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 49% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$7 billion of pension benefits and \$7.4 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

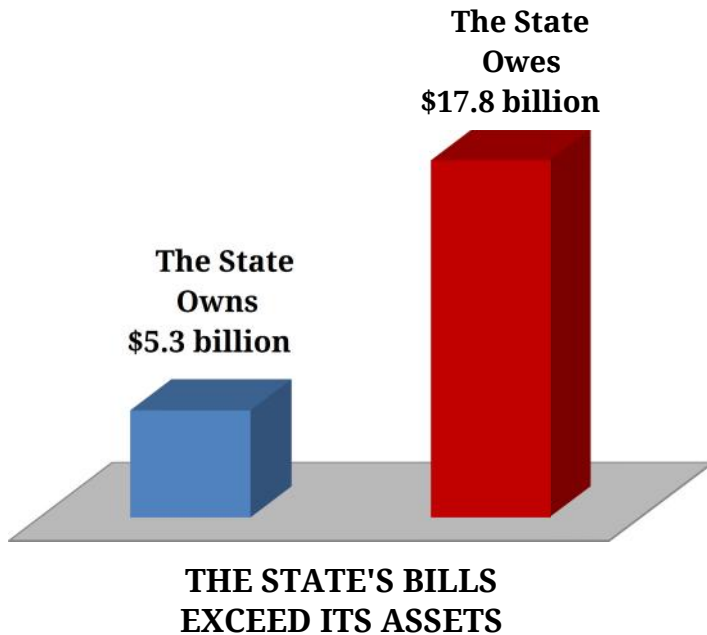
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$1,562,542,000
Unreported Retirement Liabilities	\$12,773,148,000
Total Retirement Liabilities	\$14,335,690,000

A detailed study of Georgia's actuaries' schedules found retirement benefits totaling \$14.3 billion have been promised, but not funded. A review of the State's balance sheet determined only \$1.6 billion of these liabilities are reported. This means the State does not report \$12.8 billion of retirement liabilities on its balance sheet.

THE 5th WORST STATE

HAWAII IS A SINKHOLE STATE



The state of Hawaii is sinking in debt. The State's \$12.5 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$27,000

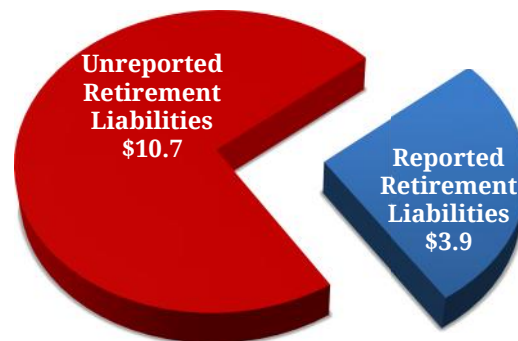
Hawaii statutes require the legislature to pass a balanced budget. One of the reasons Hawaii is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Hawaii's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Hawaii federal tax filers with a tax liability.



73% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$14.6 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$3.9 billion of these liabilities are reported on Hawaii's balance sheet.



(in billions)

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Hawaii's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$22,972,370,000
Less: Capital Assets	\$14,601,030,000
Restricted Assets	\$3,035,823,000
Assets Available to Pay Bills	\$5,335,517,000
Less: Bills	\$17,798,462,000
Money Needed to Pay Bills	\$12,462,945,000
Each Taxpayer's* Burden	\$27,000

The state of Hawaii has \$23 billion in assets, but most of these assets are not available to pay State bills.

The \$14.6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3 billion of the assets is restricted by law or contract.

That leaves \$5.3 billion of State's assets available to pay \$17.8 billion of bills as they come due.

The \$12.5 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$27,000

Number of taxpayers is based on the number of Hawaii federal tax filers with a tax liability.

Data is derived from the state of Hawaii's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$8,835,440,000
Other Liabilities	\$2,204,691,000
Less: Debt Related to Capital Assets	\$7,887,497,000
Unfunded Pension Benefits	\$6,116,328,000
Unfunded Retirees' Health Care Benefits	\$8,529,500,000
Bills	\$17,798,462,000

Despite the balanced budget requirement, the State has accumulated bonds of \$8.8 billion and other liabilities of \$2.2 billion. The calculation of assets available to pay bills does not include capital assets, so \$7.9 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 82% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$6.1 billion of pension benefits and \$8.5 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$3,935,218,000
Unreported Retirement Liabilities	\$10,710,610,000
Total Retirement Liabilities	\$14,645,828,000

A detailed study of Hawaii's actuaries' schedules found retirement benefits totaling \$14.6 billion have been promised, but not funded. A review of the State's balance sheet determined only \$3.9 billion of these liabilities are reported. This means the State does not report \$10.7 billion of retirement liabilities on its balance sheet.

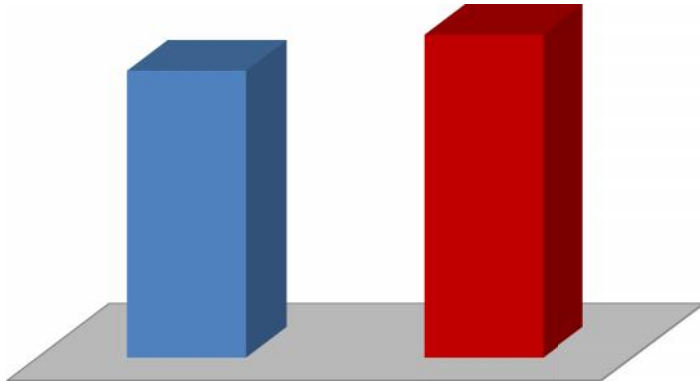
THE 40th WORST STATE

IDAHO IS A SINKHOLE STATE



The State
Owns
\$4.5 billion

The State
Owes
\$5 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Idaho is sinking in debt. The State's \$561.5 million shortfall represents compensation and other costs that have been pushed into the future.

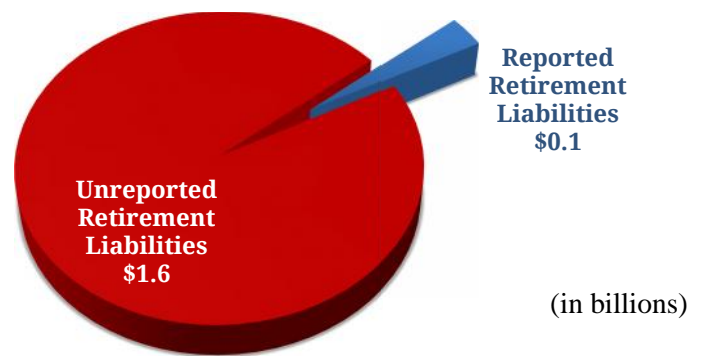
Each Taxpayer's Share of This Financial Burden is \$1,300

Idaho statutes require the legislature to pass a balanced budget. One of the reasons Idaho is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Idaho's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Idaho federal tax filers with a tax liability.

97% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$1.6 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$52.6 million of these liabilities are reported on Idaho's balance sheet.



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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Idaho's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Idaho
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$15,696,930,000
Less: Capital Assets	\$7,402,131,000
Restricted Assets	\$3,816,600,000
Assets Available to Pay Bills	\$4,478,199,000
Less: Bills	\$5,039,738,000
Money Needed to Pay Bills	\$561,539,000
Each Taxpayer's* Burden	\$1,300

The state of Idaho has \$15.7 billion in assets, but most of these assets are not available to pay State bills.

The \$7.4 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3.8 billion of the assets is restricted by law or contract.

That leaves \$4.5 billion of State's assets available to pay \$5 billion of bills as they come due.

The \$561.5 million shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$1,300

Number of taxpayers is based on the number of Idaho federal tax filers with a tax liability.

Data is derived from the state of Idaho's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$2,804,414,000
Other Liabilities	\$1,893,309,000
Less: Debt Related to Capital Assets	\$1,267,249,000
Unfunded Pension Benefits	\$1,497,251,000
Unfunded Retirees' Health Care Benefits	\$112,013,000
Bills	\$5,039,738,000

Despite the balanced budget requirement, the State has accumulated bonds of \$2.8 billion and other liabilities of \$1.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$1.3 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 32% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.5 billion of pension benefits and \$112 million of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

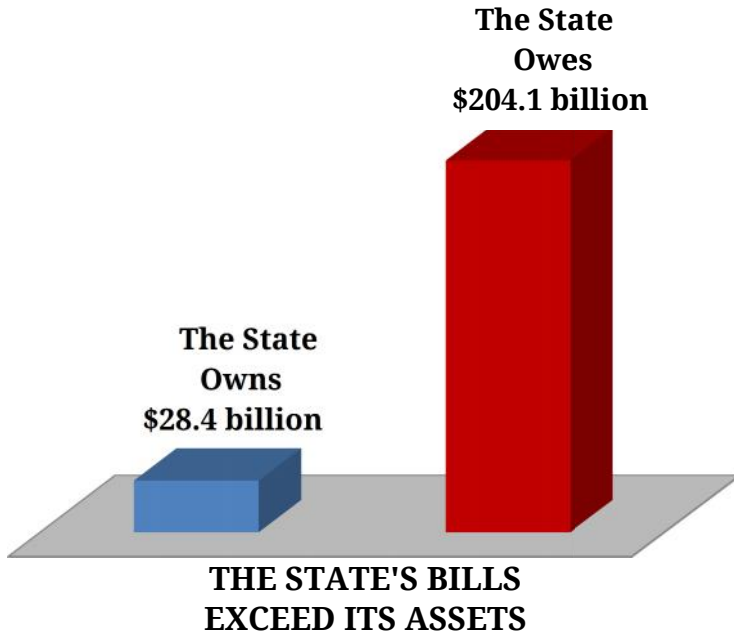
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$52,567,000
Unreported Retirement Liabilities	\$1,556,697,000
Total Retirement Liabilities	\$1,609,264,000

A detailed study of Idaho's actuaries' schedules found retirement benefits totaling \$1.6 billion have been promised, but not funded. A review of the State's balance sheet determined only \$52.6 million of these liabilities are reported. This means the State does not report \$1.6 billion of retirement liabilities on its balance sheet.

THE 2nd WORST STATE

ILLINOIS IS A SINKHOLE STATE



The state of Illinois is sinking in debt. The State's \$175.7 billion shortfall represents compensation and other costs that have been pushed into the future.

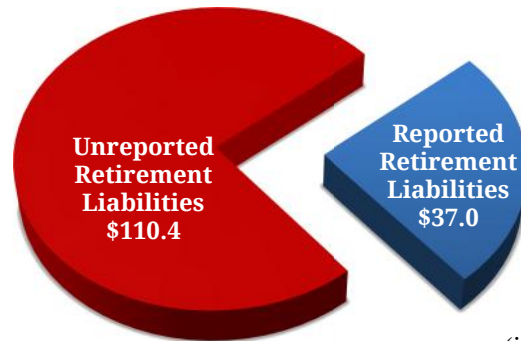
Each Taxpayer's Share of This Financial Burden is \$43,400

Illinois statutes require the legislature to pass a balanced budget. One of the reasons Illinois is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Illinois's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.



75% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$147.3 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$37 billion of these liabilities are reported on Illinois's balance sheet.



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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of Illinois federal tax filers with a tax liability.

Data is derived from the state of Illinois's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Illinois
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$73,221,624,000
Less: Capital Assets	\$32,556,530,000
Restricted Assets	\$12,254,554,000
Assets Available to Pay Bills	\$28,410,540,000
Less: Bills	\$204,101,295,000
Money Needed to Pay Bills	\$175,690,755,000
Each Taxpayer's* Burden	\$43,400

The state of Illinois has \$73.2 billion in assets, but most of these assets are not available to pay State bills.

The \$32.6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$12.3 billion of the assets is restricted by law or contract.

That leaves \$28.4 billion of State's assets available to pay \$204.1 billion of bills as they come due.

The \$175.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$43,400

Number of taxpayers is based on the number of Illinois federal tax filers with a tax liability.

Data is derived from the state of Illinois's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$40,658,437,000
Other Liabilities	\$28,859,325,000
Less: Debt Related to Capital Assets	\$12,741,051,000
Unfunded Pension Benefits	\$100,501,127,000
Unfunded Retirees' Health Care Benefits	\$46,823,457,000
Bills	\$204,101,295,000

Despite the balanced budget requirement, the State has accumulated bonds of \$40.7 billion and other liabilities of \$28.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$12.7 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 72% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$100.5 billion of pension benefits and \$46.8 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

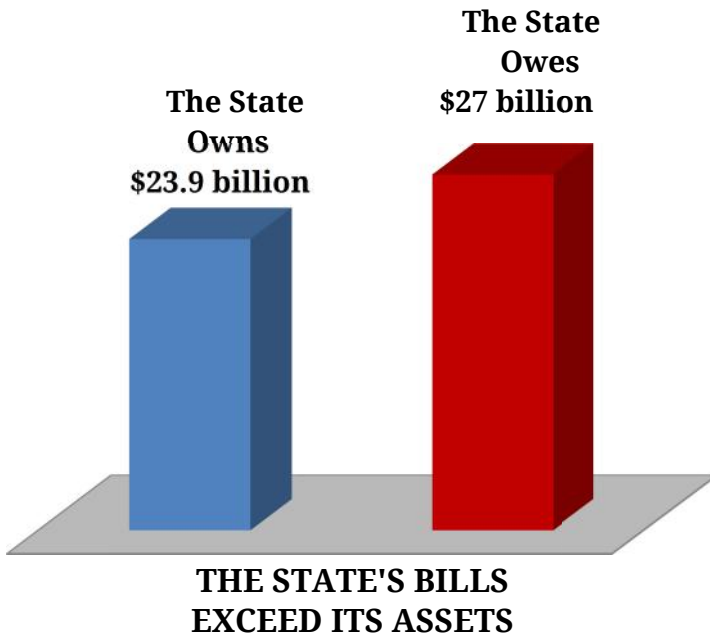
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$36,956,822,000
Unreported Retirement Liabilities	\$110,367,762,000
Total Retirement Liabilities	\$147,324,584,000

A detailed study of Illinois's actuaries' schedules found retirement benefits totaling \$147.3 billion have been promised, but not funded. A review of the State's balance sheet determined only \$37 billion of these liabilities are reported. This means the State does not report \$110.4 billion of retirement liabilities on its balance sheet.

THE 39th WORST STATE

INDIANA IS A SINKHOLE STATE



The state of Indiana is sinking in debt. The State's \$3.1 billion shortfall represents compensation and other costs that have been pushed into the future.

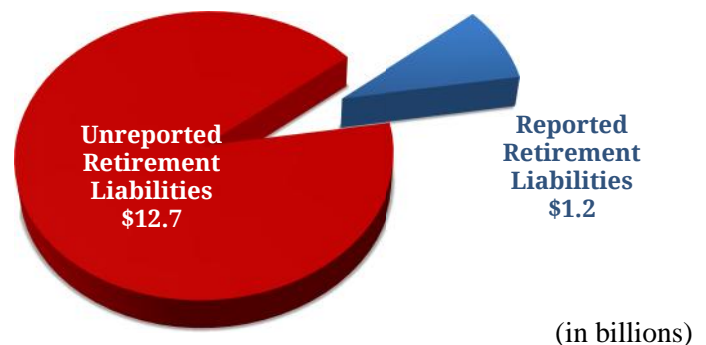
Each Taxpayer's Share of This Financial Burden is \$1,600

Indiana statutes require the legislature to pass a balanced budget. One of the reasons Indiana is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Indiana's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Indiana federal tax filers with a tax liability.

91% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$13.9 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$1.2 billion of these liabilities are reported on Indiana's balance sheet.



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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Indiana's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$53,778,407,000
Less: Capital Assets	\$22,611,617,000
Restricted Assets	\$7,245,135,000
Assets Available to Pay Bills	\$23,921,655,000
Less: Bills	\$27,002,407,000
Money Needed to Pay Bills	\$3,080,752,000
Each Taxpayer's* Burden	\$1,600

The state of Indiana has \$53.8 billion in assets, but most of these assets are not available to pay State bills.

The \$22.6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$7.2 billion of the assets is restricted by law or contract.

That leaves \$23.9 billion of State's assets available to pay \$27 billion of bills as they come due.

The \$3.1 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$1,600

Number of taxpayers is based on the number of Indiana federal tax filers with a tax liability.

Data is derived from the state of Indiana's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$10,400,000,000
Other Liabilities	\$7,666,874,000
Less: Debt Related to Capital Assets	\$4,943,139,000
Unfunded Pension Benefits	\$12,969,364,000
Unfunded Retirees' Health Care Benefits	\$909,308,000
Bills	\$27,002,407,000

Despite the balanced budget requirement, the State has accumulated bonds of \$10.4 billion and other liabilities of \$7.7 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.9 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 51% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$13 billion of pension benefits and \$909.3 million of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$1,186,351,000
Unreported Retirement Liabilities	\$12,692,321,000
Total Retirement Liabilities	\$13,878,672,000

A detailed study of Indiana's actuaries' schedules found retirement benefits totaling \$13.9 billion have been promised, but not funded. A review of the State's balance sheet determined only \$1.2 billion of these liabilities are reported. This means the State does not report \$12.7 billion of retirement liabilities on its balance sheet.

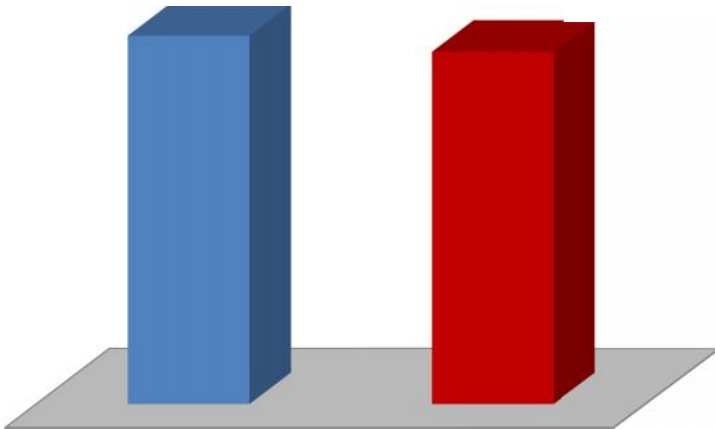
THE 9th WORST STATE

IOWA IS A SUNSHINE STATE



The State
Owns
\$9.4 billion

The State
Owes
\$9 billion



**THE STATE'S ASSETS
EXCEED ITS BILLS**

The state of Iowa is a sunshine state because its has assets above its outstanding bills. The State has a \$408.7 million financial surplus.

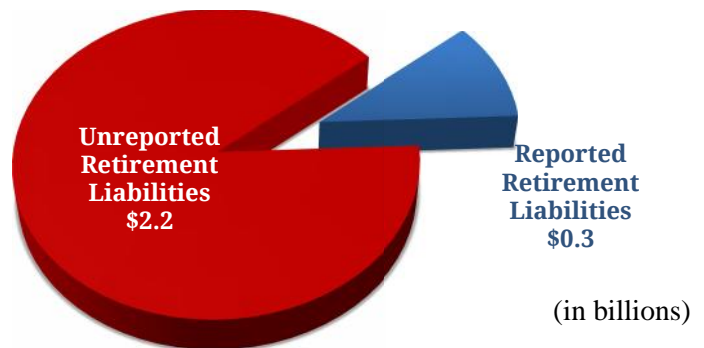
Each Taxpayer's Share of This Financial Surplus is \$400

Unlike most states, Iowa has the money needed to fund State employees' retirement benefits and other outstanding bills. Iowa is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.

Number of taxpayers is based on the number of Iowa federal tax filers with a tax liability.

90% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$2.4 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$253.4 million of these liabilities are reported on Iowa's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Iowa's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Iowa
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$27,264,001,000
Less: Capital Assets	\$12,285,552,000
Restricted Assets	\$5,586,717,000
Assets Available to Pay Bills	\$9,391,732,000
Less: Bills	\$8,983,039,000
Money Available to Pay Bills	\$408,693,000
Each Taxpayer's Surplus	\$400

The state of Iowa has \$27.3 billion in assets, but most of these assets are not available to pay State bills.

The \$12.3 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$5.6 billion of the assets is restricted by law or contract.

That leaves \$9.4 billion of State's assets available to pay \$9 billion of bills as they come due.

Iowa's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$400

Number of taxpayers is based on the number of Iowa federal tax filers with a tax liability.

Data is derived from the state of Iowa's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$5,062,577,000
Other Liabilities	\$3,401,135,000
Less: Debt Related to Capital Assets	\$1,912,290,000
Unfunded Pension Benefits	\$1,850,828,000
Unfunded Retirees' Health Care Benefits	\$580,789,000
Bills	\$8,983,039,000

The State has accumulated bonds of \$5.1 billion and other liabilities of \$3.4 billion. The calculation of assets available to pay bills does not include capital assets, so \$1.9 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 27% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.9 billion of pension benefits and \$580.8 million of retirees' health care benefits. Unlike most states, Iowa has the assets needed to pay these liabilities.

Iowa elected officials seem to promise only what they can afford.

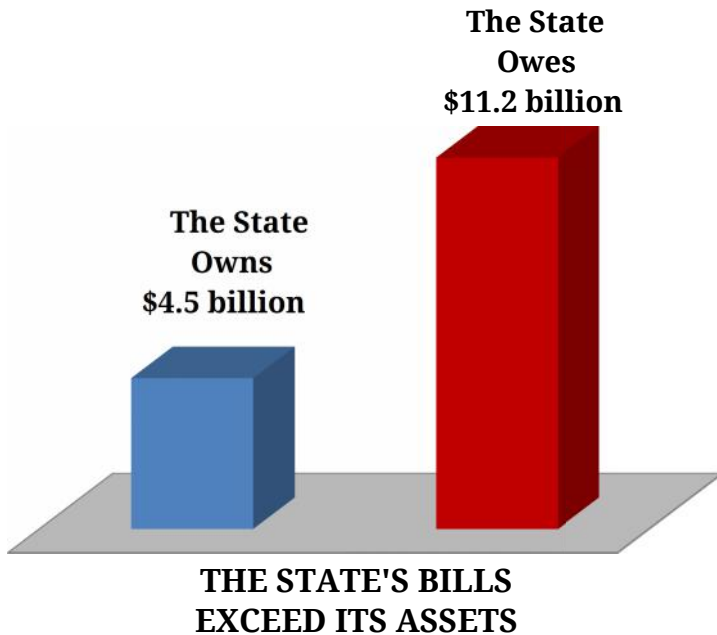
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$253,407,000
Unreported Retirement Liabilities	\$2,178,210,000
Total Retirement Liabilities	\$2,431,617,000

A detailed study of Iowa's actuaries' schedules found retirement benefits totaling \$2.4 billion have been promised, but not funded. A review of the State's balance sheet determined only \$253.4 million of these liabilities are reported. This means the State does not report \$2.2 billion of retirement liabilities on its balance sheet.

THE 23rd WORST STATE

KANSAS IS A SINKHOLE STATE



The state of Kansas is sinking in debt. The State's \$6.7 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$7,500

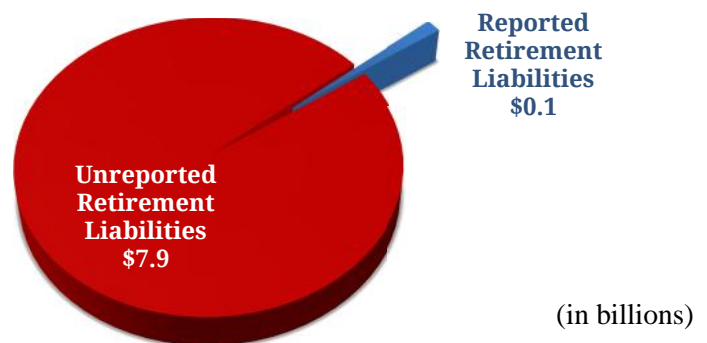
Kansas statutes require the legislature to pass a balanced budget. One of the reasons Kansas is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Kansas's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Kansas federal tax filers with a tax liability.



99% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$8 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$111.9 million of these liabilities are reported on Kansas's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Kansas's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$23,856,364,000
Less: Capital Assets	\$15,082,133,000
Restricted Assets	\$4,224,591,000
Assets Available to Pay Bills	\$4,549,640,000
Less: Bills	\$11,201,573,000
Money Needed to Pay Bills	\$6,651,933,000
Each Taxpayer's* Burden	\$7,500

The state of Kansas has \$23.9 billion in assets, but most of these assets are not available to pay State bills.

The \$15.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$4.2 billion of the assets is restricted by law or contract.

That leaves \$4.5 billion of State's assets available to pay \$11.2 billion of bills as they come due.

The \$6.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$7,500

Number of taxpayers is based on the number of Kansas federal tax filers with a tax liability.

Data is derived from the state of Kansas's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$4,366,147,000
Other Liabilities	\$2,910,341,000
Less: Debt Related to Capital Assets	\$4,078,540,000
Unfunded Pension Benefits	\$7,792,229,000
Unfunded Retirees' Health Care Benefits	\$211,396,000
Bills	\$11,201,573,000

Despite the balanced budget requirement, the State has accumulated bonds of \$4.4 billion and other liabilities of \$2.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.1 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 71% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$7.8 billion of pension benefits and \$211.4 million of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$111,872,000
Unreported Retirement Liabilities	\$7,891,753,000
Total Retirement Liabilities	\$8,003,625,000

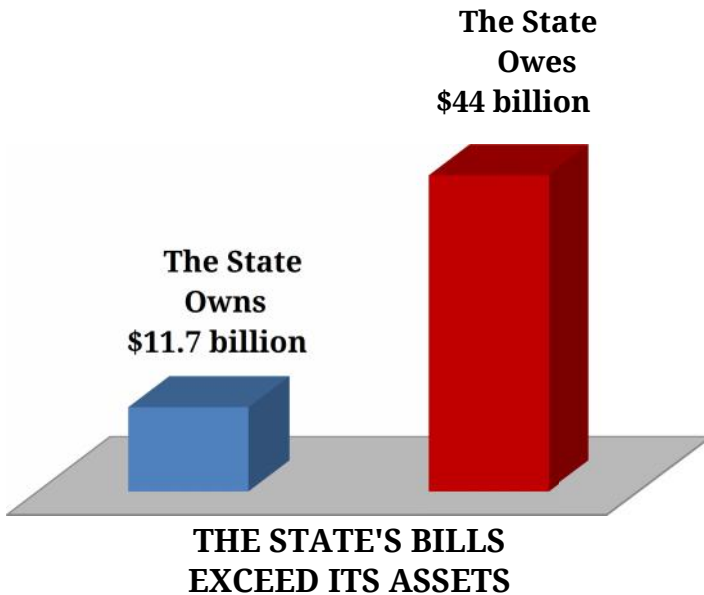
A detailed study of Kansas's actuaries' schedules found retirement benefits totaling \$8 billion have been promised, but not funded. A review of the State's balance sheet determined only \$111.9 million of these liabilities are reported. This means the State does not report \$7.9 billion of retirement liabilities on its balance sheet.

THE 6th WORST STATE

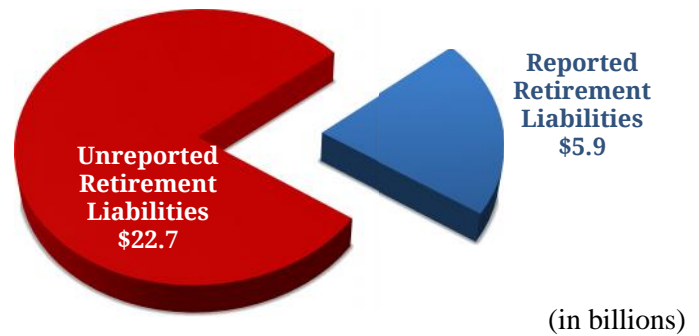
KENTUCKY IS A SINKHOLE STATE



79% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



Truth in Accounting's detailed analysis discovered a total of \$28.6 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$5.9 billion of these liabilities are reported on Kentucky's balance sheet.



The state of Kentucky is sinking in debt. The State's \$32.3 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$26,500

Kentucky statutes require the legislature to pass a balanced budget. One of the reasons Kentucky is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Kentucky's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of Kentucky federal tax filers with a tax liability.

Data is derived from the state of Kentucky's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Kentucky
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$45,460,541,000
Less: Capital Assets	\$28,871,764,000
Restricted Assets	\$4,873,549,000
Assets Available to Pay Bills	\$11,715,228,000
Less: Bills	\$43,974,966,000
Money Needed to Pay Bills	\$32,259,738,000
Each Taxpayer's* Burden	\$26,500

The state of Kentucky has \$45.5 billion in assets, but most of these assets are not available to pay State bills.

The \$28.9 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$4.9 billion of the assets is restricted by law or contract.

That leaves \$11.7 billion of State's assets available to pay \$44 billion of bills as they come due.

The \$32.3 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$26,500

Number of taxpayers is based on the number of Kentucky federal tax filers with a tax liability.

Data is derived from the state of Kentucky's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$9,986,534,000
Other Liabilities	\$9,896,681,000
Less: Debt Related to Capital Assets	\$4,494,386,000
Unfunded Pension Benefits	\$23,471,386,000
Unfunded Retirees' Health Care Benefits	\$5,114,751,000
Bills	\$43,974,966,000

Despite the balanced budget requirement, the State has accumulated bonds of \$10 billion and other liabilities of \$9.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 65% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$23.5 billion of pension benefits and \$5.1 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$5,924,787,000
Unreported Retirement Liabilities	\$22,661,350,000
Total Retirement Liabilities	\$28,586,137,000

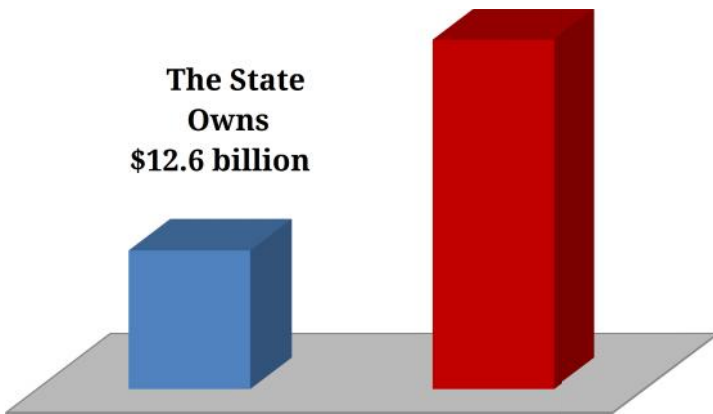
A detailed study of Kentucky's actuaries' schedules found retirement benefits totaling \$28.6 billion have been promised, but not funded. A review of the State's balance sheet determined only \$5.9 billion of these liabilities are reported. This means the State does not report \$22.7 billion of retirement liabilities on its balance sheet.

THE 12th WORST STATE

LOUISIANA IS A SINKHOLE STATE

The State
Owes
\$31.7 billion

The State
Owns
\$12.6 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Louisiana is sinking in debt. The State's \$19.1 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$15,200

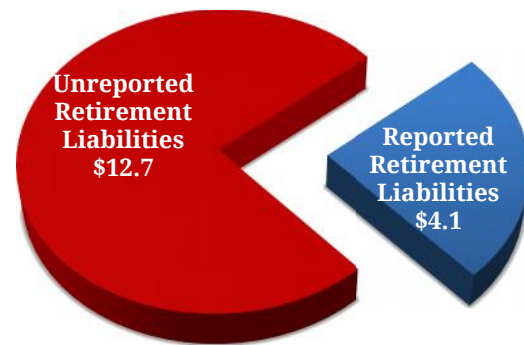
Louisiana statutes require the legislature to pass a balanced budget. One of the reasons Louisiana is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Louisiana's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Louisiana federal tax filers with a tax liability.



76% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$16.8 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$4.1 billion of these liabilities are reported on Louisiana's balance sheet.



(in billions)

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Louisiana's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Louisiana
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$42,095,603,000
Less: Capital Assets	\$21,387,261,000
Restricted Assets	\$8,127,821,000
Assets Available to Pay Bills	\$12,580,521,000
Less: Bills	\$31,712,666,000
Money Needed to Pay Bills	\$19,132,145,000
Each Taxpayer's* Burden	\$15,200

The state of Louisiana has \$42.1 billion in assets, but most of these assets are not available to pay State bills.

The \$21.4 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$8.1 billion of the assets is restricted by law or contract.

That leaves \$12.6 billion of State's assets available to pay \$31.7 billion of bills as they come due.

The \$19.1 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$15,200

Number of taxpayers is based on the number of Louisiana federal tax filers with a tax liability.

Data is derived from the state of Louisiana's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$11,653,163,000
Other Liabilities	\$8,801,107,000
Less: Debt Related to Capital Assets	\$5,570,776,000
Unfunded Pension Benefits	\$8,240,233,000
Unfunded Retirees' Health Care Benefits	\$8,588,939,000
Bills	\$31,712,666,000

Despite the balanced budget requirement, the State has accumulated bonds of \$11.7 billion and other liabilities of \$8.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$5.6 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 53% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$8.2 billion of pension benefits and \$8.6 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$4,096,570,000
Unreported Retirement Liabilities	\$12,732,602,000
Total Retirement Liabilities	\$16,829,172,000

A detailed study of Louisiana's actuaries' schedules found retirement benefits totaling \$16.8 billion have been promised, but not funded. A review of the State's balance sheet determined only \$4.1 billion of these liabilities are reported. This means the State does not report \$12.7 billion of retirement liabilities on its balance sheet.

THE 20th WORST STATE

MAINE IS A SINKHOLE STATE



The State
Owes
\$11.1 billion

The State
Owns
\$6.4 billion

THE STATE'S BILLS EXCEED ITS ASSETS

The state of Maine is sinking in debt. The State's \$4.7 billion shortfall represents compensation and other costs that have been pushed into the future.

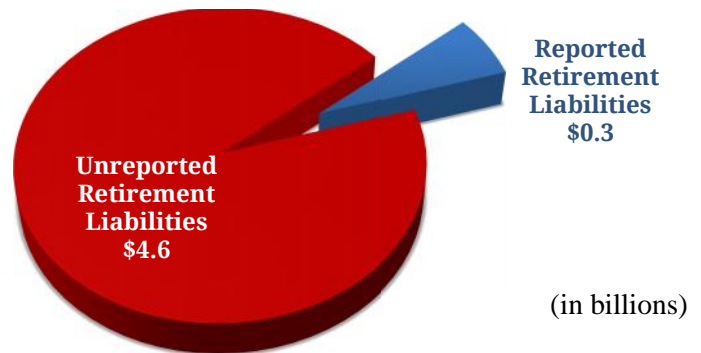
Each Taxpayer's Share of This Financial Burden is \$10,600

Maine statutes require the legislature to pass a balanced budget. One of the reasons Maine is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Maine's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Maine federal tax filers with a tax liability.

94% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$4.9 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$317.3 million of these liabilities are reported on Maine's balance sheet.



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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Maine's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Maine
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$15,572,458,000
Less: Capital Assets	\$7,049,279,000
Restricted Assets	\$2,112,126,000
Assets Available to Pay Bills	\$6,411,053,000
Less: Bills	\$11,090,015,000
Money Needed to Pay Bills	\$4,678,962,000
Each Taxpayer's* Burden	\$10,600

The state of Maine has \$15.6 billion in assets, but most of these assets are not available to pay State bills.

The \$7 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$2.1 billion of the assets is restricted by law or contract.

That leaves \$6.4 billion of State's assets available to pay \$11.1 billion of bills as they come due.

The \$4.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$10,600

Number of taxpayers is based on the number of Maine federal tax filers with a tax liability.

Data is derived from the state of Maine's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$6,447,881,000
Other Liabilities	\$1,001,006,000
Less: Debt Related to Capital Assets	\$1,274,230,000
Unfunded Pension Benefits	\$2,978,193,000
Unfunded Retirees' Health Care Benefits	\$1,937,165,000
Bills	\$11,090,015,000

Despite the balanced budget requirement, the State has accumulated bonds of \$6.4 billion and other liabilities of \$1 billion. The calculation of assets available to pay bills does not include capital assets, so \$1.3 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 44% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$3 billion of pension benefits and \$1.9 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

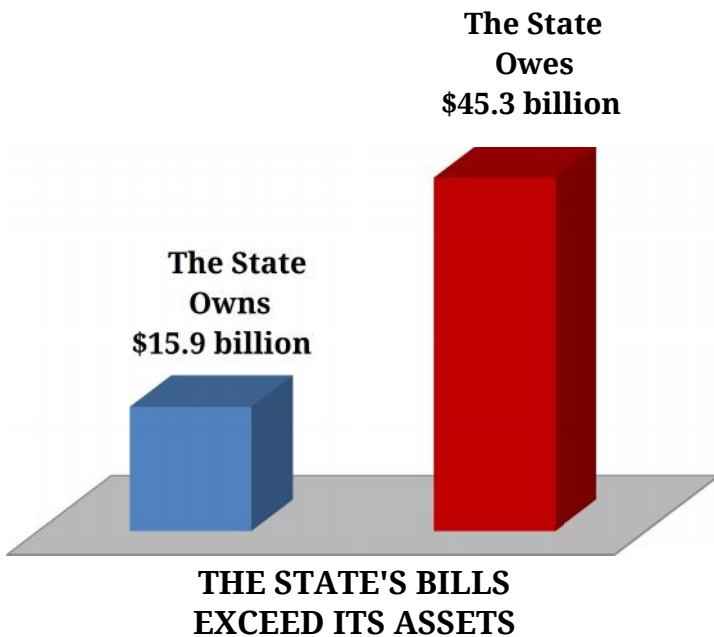
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$317,327,000
Unreported Retirement Liabilities	\$4,598,031,000
Total Retirement Liabilities	\$4,915,358,000

A detailed study of Maine's actuaries' schedules found retirement benefits totaling \$4.9 billion have been promised, but not funded. A review of the State's balance sheet determined only \$317.3 million of these liabilities are reported. This means the State does not report \$4.6 billion of retirement liabilities on its balance sheet.

THE 14th WORST STATE

MARYLAND IS A SINKHOLE STATE



The state of Maryland is sinking in debt. The State's \$29.4 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$14,200

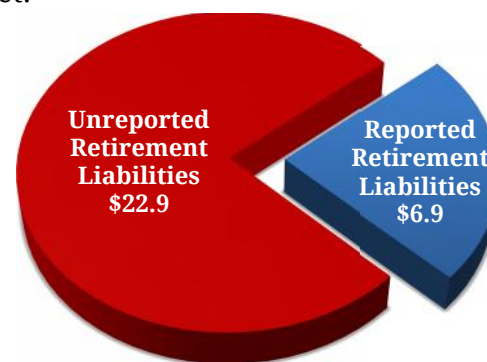
Maryland statutes require the legislature to pass a balanced budget. One of the reasons Maryland is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Maryland's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Maryland federal tax filers with a tax liability.



77% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$29.8 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$6.9 billion of these liabilities are reported on Maryland's balance sheet.



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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Maryland's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Maryland
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$51,134,509,000
Less: Capital Assets	\$31,416,064,000
Restricted Assets	\$3,807,008,000
Assets Available to Pay Bills	\$15,911,437,000
Less: Bills	\$45,268,782,000
Money Needed to Pay Bills	\$29,357,345,000
Each Taxpayer's* Burden	\$14,200

The state of Maryland has \$51.1 billion in assets, but most of these assets are not available to pay State bills.

The \$31.4 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3.8 billion of the assets is restricted by law or contract.

That leaves \$15.9 billion of State's assets available to pay \$45.3 billion of bills as they come due.

The \$29.4 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$14,200

Number of taxpayers is based on the number of Maryland federal tax filers with a tax liability.

Data is derived from the state of Maryland's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$18,032,146,000
Other Liabilities	\$7,950,471,000
Less: Debt Related to Capital Assets	\$10,499,176,000
Unfunded Pension Benefits	\$20,993,485,000
Unfunded Retirees' Health Care Benefits	\$8,791,856,000
Bills	\$45,268,782,000

Despite the balanced budget requirement, the State has accumulated bonds of \$18 billion and other liabilities of \$8 billion. The calculation of assets available to pay bills does not include capital assets, so \$10.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 66% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$21 billion of pension benefits and \$8.8 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$6,922,854,000
Unreported Retirement Liabilities	\$22,862,487,000
Total Retirement Liabilities	\$29,785,341,000

A detailed study of Maryland's actuaries' schedules found retirement benefits totaling \$29.8 billion have been promised, but not funded. A review of the State's balance sheet determined only \$6.9 billion of these liabilities are reported. This means the State does not report \$22.9 billion of retirement liabilities on its balance sheet.

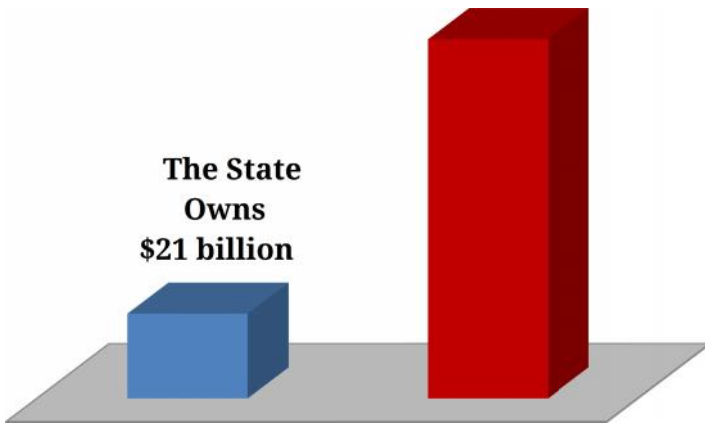
THE 4th WORST STATE

MASSACHUSETTS IS A SINKHOLE STATE



The State
Owes
\$89 billion

The State
Owns
\$21 billion



**THE STATE'S BILLS
EXCEED ITS ASSETS**

The state of Massachusetts is sinking in debt. The State's \$68 billion shortfall represents compensation and other costs that have been pushed into the future.

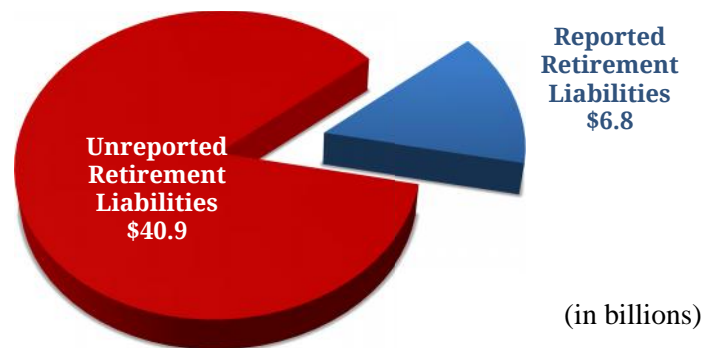
Each Taxpayer's Share of This Financial Burden is \$28,000

Massachusetts statutes require the legislature to pass a balanced budget. One of the reasons Massachusetts is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Massachusetts's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Massachusetts federal tax filers with a tax liability.

86% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$47.7 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$6.8 billion of these liabilities are reported on Massachusetts's balance sheet.



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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Massachusetts's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Massachusetts
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$69,303,434,000
Less: Capital Assets	\$42,261,316,000
Restricted Assets	\$6,049,601,000
Assets Available to Pay Bills	\$20,992,517,000
Less: Bills	\$89,028,395,000
Money Needed to Pay Bills	\$68,035,878,000
Each Taxpayer's* Burden	\$28,000

The state of Massachusetts has \$69.3 billion in assets, but most of these assets are not available to pay State bills.

The \$42.3 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$6 billion of the assets is restricted by law or contract.

That leaves \$21 billion of State's assets available to pay \$89 billion of bills as they come due.

The \$68 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$28,000

Number of taxpayers is based on the number of Massachusetts federal tax filers with a tax liability.

Data is derived from the state of Massachusetts's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$41,241,742,000
Other Liabilities	\$15,202,252,000
Less: Debt Related to Capital Assets	\$15,077,354,000
Unfunded Pension Benefits	\$30,257,702,000
Unfunded Retirees' Health Care Benefits	\$17,404,053,000
Bills	\$89,028,395,000

Despite the balanced budget requirement, the State has accumulated bonds of \$41.2 billion and other liabilities of \$15.2 billion. The calculation of assets available to pay bills does not include capital assets, so \$15.1 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 54% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$30.3 billion of pension benefits and \$17.4 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

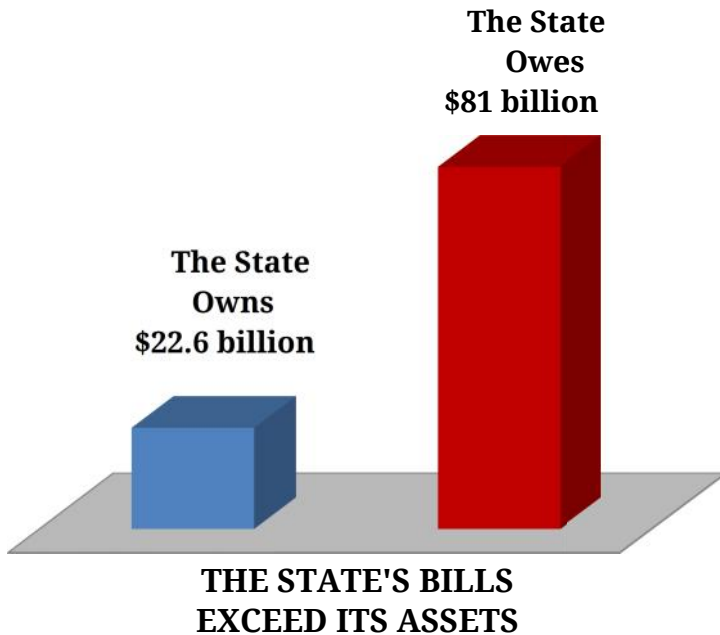
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$6,800,060,000
Unreported Retirement Liabilities	\$40,861,695,000
Total Retirement Liabilities	\$47,661,755,000

A detailed study of Massachusetts's actuaries' schedules found retirement benefits totaling \$47.7 billion have been promised, but not funded. A review of the State's balance sheet determined only \$6.8 billion of these liabilities are reported. This means the State does not report \$40.9 billion of retirement liabilities on its balance sheet.

THE 9th WORST STATE

MICHIGAN IS A SINKHOLE STATE



The state of Michigan is sinking in debt. The State's \$58.3 billion shortfall represents compensation and other costs that have been pushed into the future.

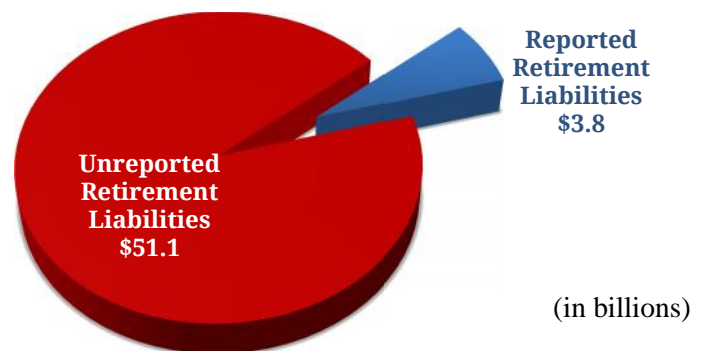
Each Taxpayer's Share of This Financial Burden is \$19,300

Michigan statutes require the legislature to pass a balanced budget. One of the reasons Michigan is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Michigan's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Michigan federal tax filers with a tax liability.

93% OF RETIREMENT LIABILITIES

Truth in Accounting's detailed analysis discovered a total of \$54.9 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$3.8 billion of these liabilities are reported on Michigan's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Michigan's September 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Michigan
As of September 30, 2013

The State's Bills Exceed Its Assets

Assets	\$59,276,157,000
Less: Capital Assets	\$26,052,164,000
Restricted Assets	\$10,599,068,000
Assets Available to Pay Bills	\$22,624,925,000
Less: Bills	\$80,967,586,000
Money Needed to Pay Bills	\$58,342,661,000
Each Taxpayer's* Burden	\$19,300

The state of Michigan has \$59.3 billion in assets, but most of these assets are not available to pay State bills.

The \$26.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$10.6 billion of the assets is restricted by law or contract.

That leaves \$22.6 billion of State's assets available to pay \$81 billion of bills as they come due.

The \$58.3 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$19,300

Number of taxpayers is based on the number of Michigan federal tax filers with a tax liability.

Data is derived from the state of Michigan's September 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$20,031,600,000
Other Liabilities	\$10,179,753,000
Less: Debt Related to Capital Assets	\$4,140,654,000
Unfunded Pension Benefits	\$31,199,600,000
Unfunded Retirees' Health Care Benefits	\$23,697,287,000
Bills	\$80,967,586,000

Despite the balanced budget requirement, the State has accumulated bonds of \$20 billion and other liabilities of \$10.2 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.1 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 68% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$31.2 billion of pension benefits and \$23.7 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

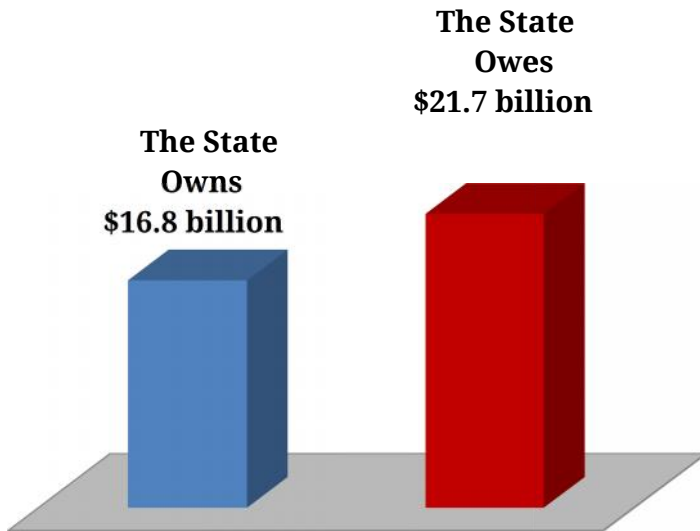
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$3,759,139,000
Unreported Retirement Liabilities	\$51,137,748,000
Total Retirement Liabilities	\$54,896,887,000

A detailed study of Michigan's actuaries' schedules found retirement benefits totaling \$54.9 billion have been promised, but not funded. A review of the State's balance sheet determined only \$3.8 billion of these liabilities are reported. This means the State does not report \$51.1 billion of retirement liabilities on its balance sheet.

THE 34th WORST STATE

MINNESOTA IS A SINKHOLE STATE



THE STATE'S BILLS EXCEED ITS ASSETS

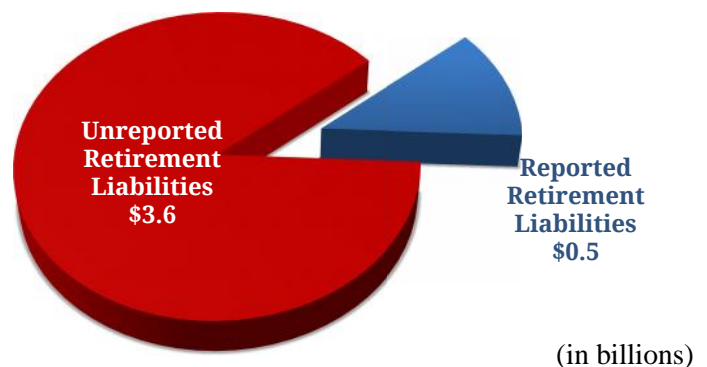
The state of Minnesota is sinking in debt. The State's \$4.9 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$2,600

Minnesota statutes require the legislature to pass a balanced budget. One of the reasons Minnesota is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Minnesota's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

88% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$4.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$488.6 million of these liabilities are reported on Minnesota's balance sheet.



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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of Minnesota federal tax filers with a tax liability.

Data is derived from the state of Minnesota's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Minnesota
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$51,049,055,000
Less: Capital Assets	\$22,075,138,000
Restricted Assets	\$12,195,640,000
Assets Available to Pay Bills	\$16,778,277,000
Less: Bills	\$21,680,518,000
Money Needed to Pay Bills	\$4,902,241,000
Each Taxpayer's* Burden	\$2,600

The state of Minnesota has \$51 billion in assets, but most of these assets are not available to pay State bills.

The \$22.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$12.2 billion of the assets is restricted by law or contract.

That leaves \$16.8 billion of State's assets available to pay \$21.7 billion of bills as they come due.

The \$4.9 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$2,600

Number of taxpayers is based on the number of Minnesota federal tax filers with a tax liability.

Data is derived from the state of Minnesota's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$12,574,830,000
Other Liabilities	\$11,142,672,000
Less: Debt Related to Capital Assets	\$6,171,006,000
Unfunded Pension Benefits	\$3,125,878,000
Unfunded Retirees' Health Care Benefits	\$1,008,144,000
Bills	\$21,680,518,000

Despite the balanced budget requirement, the State has accumulated bonds of \$12.6 billion and other liabilities of \$11.1 billion. The calculation of assets available to pay bills does not include capital assets, so \$6.2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 19% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$3.1 billion of pension benefits and \$1 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

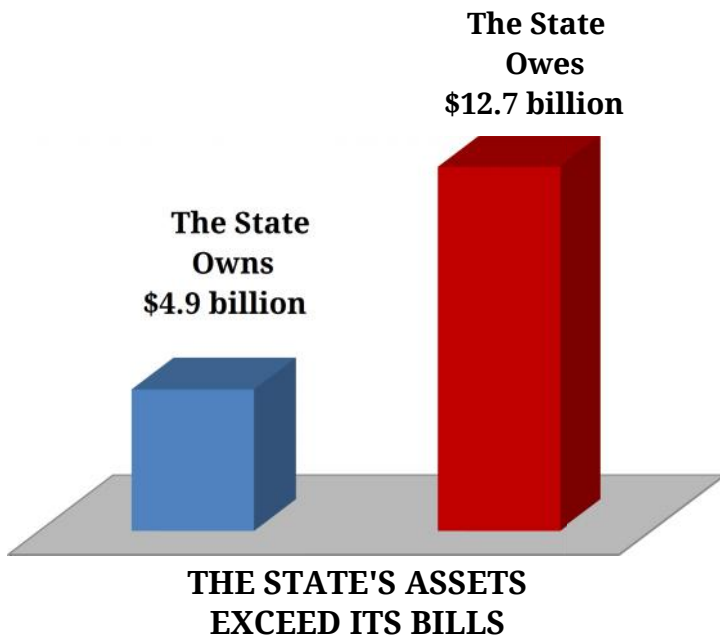
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$488,579,000
Unreported Retirement Liabilities	\$3,645,443,000
Total Retirement Liabilities	\$4,134,022,000

A detailed study of Minnesota's actuaries' schedules found retirement benefits totaling \$4.1 billion have been promised, but not funded. A review of the State's balance sheet determined only \$488.6 million of these liabilities are reported. This means the State does not report \$3.6 billion of retirement liabilities on its balance sheet.

THE 19th WORST STATE

MISSISSIPPI IS A SINKHOLE STATE



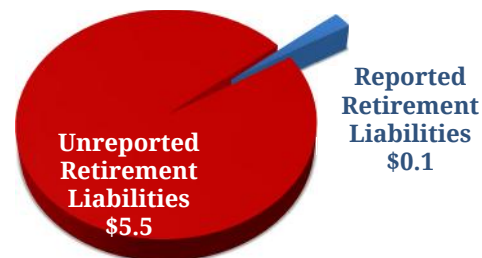
The state of Mississippi is sinking in debt. The State's \$7.7 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$10,700

Mississippi statutes require the legislature to pass a balanced budget. One of the reasons Mississippi is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Mississippi's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

98% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$5.7 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$125.2 million of these liabilities are reported on Mississippi's balance sheet.



(in billions)

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Number of taxpayers is based on the number of Mississippi federal tax filers with a tax liability.

Data is derived from the state of Mississippi's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Mississippi
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$28,332,610,000
Less: Capital Assets	\$18,082,360,000
Restricted Assets	\$5,326,923,000
Assets Available to Pay Bills	\$4,923,327,000
Less: Bills	\$12,670,060,000
Money Needed to Pay Bills	\$7,746,733,000
Each Taxpayer's* Burden	\$10,700

The state of Mississippi has \$28.3 billion in assets, but most of these assets are not available to pay State bills.

The \$18.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$5.3 billion of the assets is restricted by law or contract.

That leaves \$4.9 billion of State's assets available to pay \$12.7 billion of bills as they come due.

The \$7.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$10,700

Number of taxpayers is based on the number of Mississippi federal tax filers with a tax liability.

Data is derived from the state of Mississippi's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$5,148,027,000
Other Liabilities	\$4,065,570,000
Less: Debt Related to Capital Assets	\$2,217,511,000
Unfunded Pension Benefits	\$4,983,635,000
Unfunded Retirees' Health Care Benefits	\$690,339,000
Bills	\$12,670,060,000

Despite the balanced budget requirement, the State has accumulated bonds of \$5.1 billion and other liabilities of \$4.1 billion. The calculation of assets available to pay bills does not include capital assets, so \$2.2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 45% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$5 billion of pension benefits and \$690.3 million of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$125,193,000
Unreported Retirement Liabilities	\$5,548,781,000
Total Retirement Liabilities	\$5,673,974,000

A detailed study of Mississippi's actuaries' schedules found retirement benefits totaling \$5.7 billion have been promised, but not funded. A review of the State's balance sheet determined only \$125.2 million of these liabilities are reported. This means the State does not report \$5.5 billion of retirement liabilities on its balance sheet.

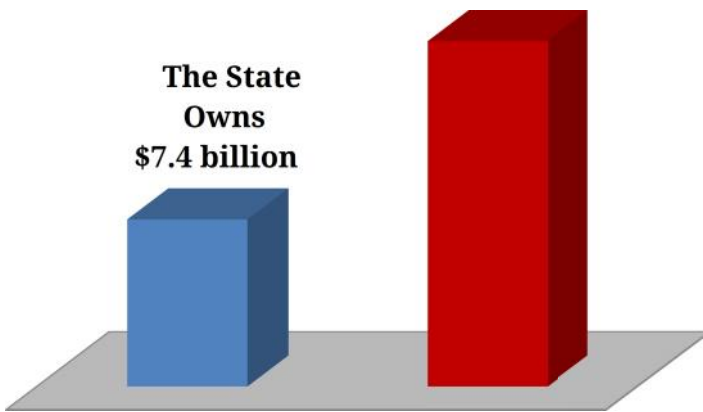
THE 31st WORST STATE

MISSOURI IS A SINKHOLE STATE



The State
Owes
\$15.4 billion

The State
Owns
\$7.4 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Missouri is sinking in debt. The State's \$7.9 billion shortfall represents compensation and other costs that have been pushed into the future.

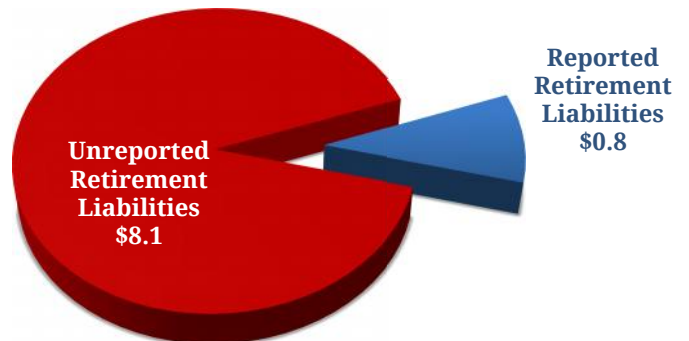
Each Taxpayer's Share of This Financial Burden is \$4,400

Missouri statutes require the legislature to pass a balanced budget. One of the reasons Missouri is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Missouri's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Missouri federal tax filers with a tax liability.

91% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$9 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$848.2 million of these liabilities are reported on Missouri's balance sheet.



(in billions)

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Data is derived from the state of Missouri's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Missouri
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$49,528,676,000
Less: Capital Assets	\$36,787,888,000
Restricted Assets	\$5,291,272,000
Assets Available to Pay Bills	\$7,449,516,000
Less: Bills	\$15,397,019,000
Money Needed to Pay Bills	\$7,947,503,000
Each Taxpayer's* Burden	\$4,400

The state of Missouri has \$49.5 billion in assets, but most of these assets are not available to pay State bills.

The \$36.8 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$5.3 billion of the assets is restricted by law or contract.

That leaves \$7.4 billion of State's assets available to pay \$15.4 billion of bills as they come due.

The \$7.9 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$4,400

Number of taxpayers is based on the number of Missouri federal tax filers with a tax liability.

Data is derived from the state of Missouri's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$5,915,959,000
Other Liabilities	\$5,891,686,000
Less: Debt Related to Capital Assets	\$5,405,008,000
Unfunded Pension Benefits	\$5,807,357,000
Unfunded Retirees' Health Care Benefits	\$3,187,025,000
Bills	\$15,397,019,000

Despite the balanced budget requirement, the State has accumulated bonds of \$5.9 billion and other liabilities of \$5.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$5.4 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 58% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$5.8 billion of pension benefits and \$3.2 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$848,164,000
Unreported Retirement Liabilities	\$8,146,218,000
Total Retirement Liabilities	\$8,994,382,000

A detailed study of Missouri's actuaries' schedules found retirement benefits totaling \$9 billion have been promised, but not funded. A review of the State's balance sheet determined only \$848.2 million of these liabilities are reported. This means the State does not report \$8.1 billion of retirement liabilities on its balance sheet.

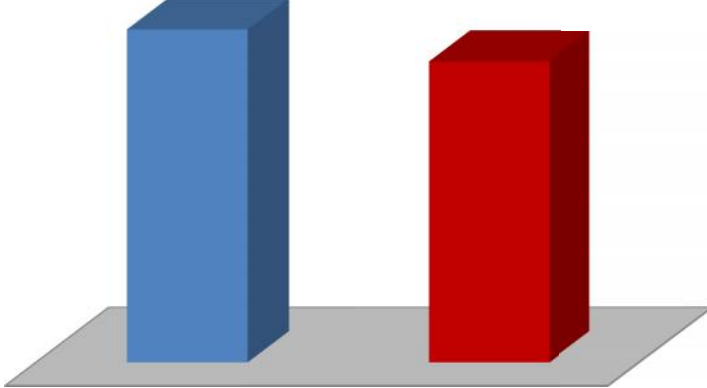
THE 7th BEST STATE

MONTANA IS A SUNSHINE STATE



**The State
Owns
\$5.5 billion**

**The State
Owes
\$5.1 billion**



THE STATE'S ASSETS EXCEED ITS BILLS

The state of Montana is a sunshine state because it has assets above its outstanding bills. The State has a \$433.9 million financial surplus.

Each Taxpayer's Share of This Financial Surplus is \$1,400

Unlike most states, Montana has the money needed to fund State employees' retirement benefits and other outstanding bills. Montana is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.

Number of taxpayers is based on the number of Montana federal tax filers with a tax liability.

74% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$1.4 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$352.3 million of these liabilities are reported on Montana's balance sheet.



(in billions)

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Montana's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Montana
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$14,370,712,000
Less: Capital Assets	\$5,678,761,000
Restricted Assets	\$3,181,062,000
Assets Available to Pay Bills	\$5,510,889,000
Less: Bills	\$5,077,024,000
Money Available to Pay Bills	\$433,865,000
Each Taxpayer's Surplus	\$1,400

The state of Montana has \$14.4 billion in assets, but most of these assets are not available to pay State bills.

The \$5.7 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3.2 billion of the assets is restricted by law or contract.

That leaves \$5.5 billion of State's assets available to pay \$5.1 billion of bills as they come due.

Montana's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$1,400

Number of taxpayers is based on the number of Montana federal tax filers with a tax liability.

Data is derived from the state of Montana's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$1,052,462,000
Other Liabilities	\$3,118,876,000
Less: Debt Related to Capital Assets	\$457,065,000
Unfunded Pension Benefits	\$915,646,000
Unfunded Retirees' Health Care Benefits	\$447,105,000
Bills	\$5,077,024,000

The State has accumulated bonds of \$1.1 billion and other liabilities of \$3.1 billion. The calculation of assets available to pay bills does not include capital assets, so \$457.1 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 27% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$915.6 million of pension benefits and \$447.1 million of retirees' health care benefits. Unlike most states, Montana has the assets needed to pay these liabilities.

Montana elected officials seem to promise only what they can afford.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$352,285,000
Unreported Retirement Liabilities	\$1,010,466,000
Total Retirement Liabilities	\$1,362,751,000

A detailed study of Montana's actuaries' schedules found retirement benefits totaling \$1.4 billion have been promised, but not funded. A review of the State's balance sheet determined only \$352.3 million of these liabilities are reported. This means the State does not report \$1 billion of retirement liabilities on its balance sheet.

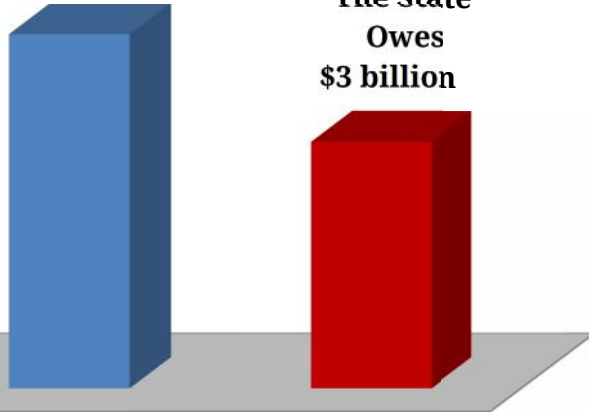
THE 6th BEST STATE

NEBRASKA IS A SUNSHINE STATE



The State
Owns
\$4.3 billion

The State
Owes
\$3 billion



THE STATE'S ASSETS EXCEED ITS BILLS

The state of Nebraska is a sunshine state because it has assets above its outstanding bills. The State has a \$1.3 billion financial surplus.

Each Taxpayer's Share of This Financial Surplus is \$2,200

Unlike most states, Nebraska has the money needed to fund State employees' retirement benefits and other outstanding bills. Nebraska is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.

RETIREMENT LIABILITIES ARE MASSIVELY UNDERSTATED

Reported Retirement Liabilities	\$1,060,000
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Actual Retirement Liabilities	\$772,495,000
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Truth in Accounting's detailed analysis discovered a total of \$772.5 million of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$1.1 million of these liabilities are reported on Nebraska's balance sheet.

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of Nebraska federal tax filers with a tax liability.

Data is derived from the state of Nebraska's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Nebraska
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$20,087,822,000
Less: Capital Assets	\$10,657,141,000
Restricted Assets	\$5,113,304,000
Assets Available to Pay Bills	\$4,317,377,000
Less: Bills	\$3,004,136,000
Money Available to Pay Bills	\$1,313,241,000
Each Taxpayer's Surplus	\$2,200

The state of Nebraska has \$20.1 billion in assets, but most of these assets are not available to pay State bills.

The \$10.7 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$5.1 billion of the assets is restricted by law or contract.

That leaves \$4.3 billion of State's assets available to pay \$3 billion of bills as they come due.

Nebraska's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$2,200

Number of taxpayers is based on the number of Nebraska federal tax filers with a tax liability.

Data is derived from the state of Nebraska's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$729,923,000
Other Liabilities	\$2,147,247,000
Less: Debt Related to Capital Assets	\$645,529,000
Unfunded Pension Benefits	\$772,495,000
Unfunded Retirees' Health Care Benefits	\$0
Bills	\$3,004,136,000

The State has accumulated bonds of \$729.9 million and other liabilities of \$2.1 billion. The calculation of assets available to pay bills does not include capital assets, so \$645.5 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 26% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$772.5 million of pension benefits and \$0 of retirees' health care benefits. Unlike most states, Nebraska has the assets needed to pay these liabilities.

Nebraska elected officials seem to promise only what they can afford.

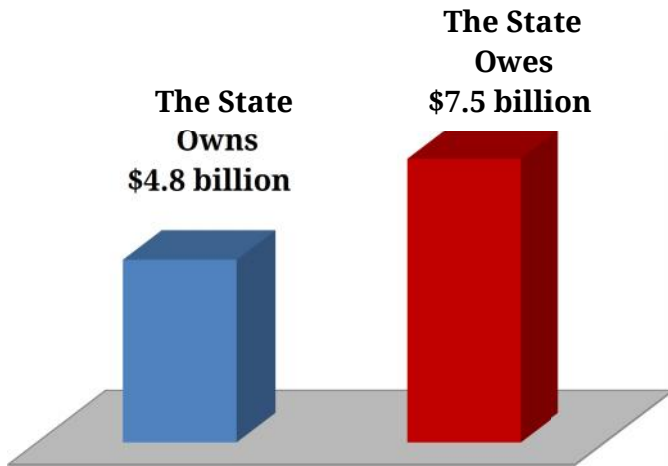
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$1,060,000
Unreported Retirement Liabilities	\$771,435,000
Total Retirement Liabilities	\$772,495,000

A detailed study of Nebraska's actuaries' schedules found retirement benefits totaling \$772.5 million have been promised, but not funded. A review of the State's balance sheet determined only \$1.1 million of these liabilities are reported. This means 26% of the State's liabilities are not reported on the State's balance sheet.

THE 33rd WORST STATE

NEVADA IS A SINKHOLE STATE



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Nevada is sinking in debt. The State's \$2.7 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$3,100

Nevada statutes require the legislature to pass a balanced budget. One of the reasons Nevada is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Nevada's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Nevada federal tax filers with a tax liability.



RETIREMENT LIABILITIES ARE MASSIVELY UNDERSTATED

Reported Retirement Liabilities	(\$268,000)
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Actual Retirement Liabilities	\$2,885,378,000
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Truth in Accounting's detailed analysis discovered a total of \$2.9 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$-268000 of these liabilities are reported on Nevada's balance sheet.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Nevada's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$14,679,369,000
Less: Capital Assets	\$7,806,817,000
Restricted Assets	\$2,045,162,000
Assets Available to Pay Bills	\$4,827,390,000
Less: Bills	\$7,494,620,000
Money Needed to Pay Bills	\$2,667,230,000
Each Taxpayer's* Burden	\$3,100

The state of Nevada has \$14.7 billion in assets, but most of these assets are not available to pay State bills.

The \$7.8 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$2 billion of the assets is restricted by law or contract.

That leaves \$4.8 billion of State's assets available to pay \$7.5 billion of bills as they come due.

The \$2.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$3,100

Number of taxpayers is based on the number of Nevada federal tax filers with a tax liability.

Data is derived from the state of Nevada's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$3,778,332,000
Other Liabilities	\$2,800,914,000
Less: Debt Related to Capital Assets	\$1,970,004,000
Unfunded Pension Benefits	\$1,703,890,000
Unfunded Retirees' Health Care Benefits	\$1,181,488,000
Bills	\$7,494,620,000

Despite the balanced budget requirement, the State has accumulated bonds of \$3.8 billion and other liabilities of \$2.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 38% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.7 billion of pension benefits and \$1.2 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	(\$268,000)
Unreported Retirement Liabilities	\$2,885,646,000
Total Retirement Liabilities	\$2,885,378,000

A detailed study of Nevada's actuaries' schedules found retirement benefits totaling \$2.9 billion have been promised, but not funded. A review of the State's balance sheet determined only \$-268,000 of these liabilities are reported. This means 38% of the State's liabilities are not reported on the State's balance sheet.

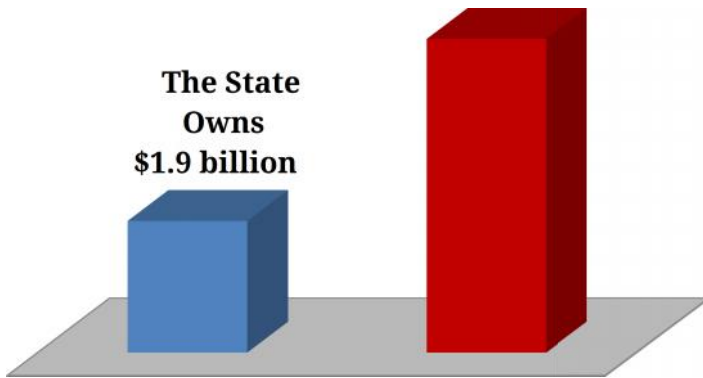
THE 27th WORST STATE

NEW HAMPSHIRE IS A SINKHOLE STATE



The State
Owes
\$4.5 billion

The State
Owns
\$1.9 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of New Hampshire is sinking in debt. The State's \$2.6 billion shortfall represents compensation and other costs that have been pushed into the future.

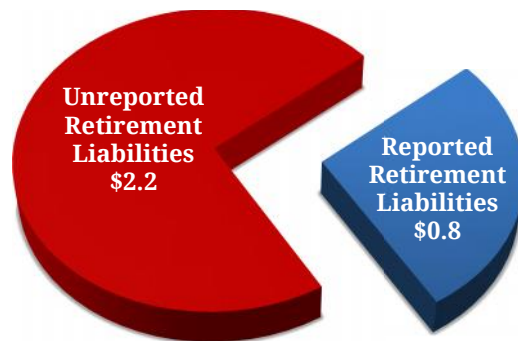
Each Taxpayer's Share of This Financial Burden is \$5,200

New Hampshire statutes require the legislature to pass a balanced budget. One of the reasons New Hampshire is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report New Hampshire's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of New Hampshire federal tax filers with a tax liability.

73% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$3 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$826.2 million of these liabilities are reported on New Hampshire's balance sheet.



(in billions)

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of New Hampshire's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of New Hampshire
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$7,965,153,000
Less: Capital Assets	\$4,750,646,000
Restricted Assets	\$1,335,557,000
Assets Available to Pay Bills	\$1,878,950,000
Less: Bills	\$4,476,082,000
Money Needed to Pay Bills	\$2,597,132,000
Each Taxpayer's* Burden	\$5,200

The state of New Hampshire has \$8 billion in assets, but most of these assets are not available to pay State bills.

The \$4.8 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$1.3 billion of the assets is restricted by law or contract.

That leaves \$1.9 billion of State's assets available to pay \$4.5 billion of bills as they come due.

The \$2.6 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$5,200

Number of taxpayers is based on the number of New Hampshire federal tax filers with a tax liability.

Data is derived from the state of New Hampshire's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$2,092,537,000
Other Liabilities	\$959,082,000
Less: Debt Related to Capital Assets	\$1,585,989,000
Unfunded Pension Benefits	\$957,275,000
Unfunded Retirees' Health Care Benefits	\$2,053,177,000
Bills	\$4,476,082,000

Despite the balanced budget requirement, the State has accumulated bonds of \$2.1 billion and other liabilities of \$959.1 million. The calculation of assets available to pay bills does not include capital assets, so \$1.6 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 67% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$957.3 million of pension benefits and \$2.1 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$826,230,000
Unreported Retirement Liabilities	\$2,184,222,000
Total Retirement Liabilities	\$3,010,452,000

A detailed study of New Hampshire's actuaries' schedules found retirement benefits totaling \$3 billion have been promised, but not funded. A review of the State's balance sheet determined only \$826.2 million of these liabilities are reported. This means the State does not report \$2.2 billion of retirement liabilities on its balance sheet.

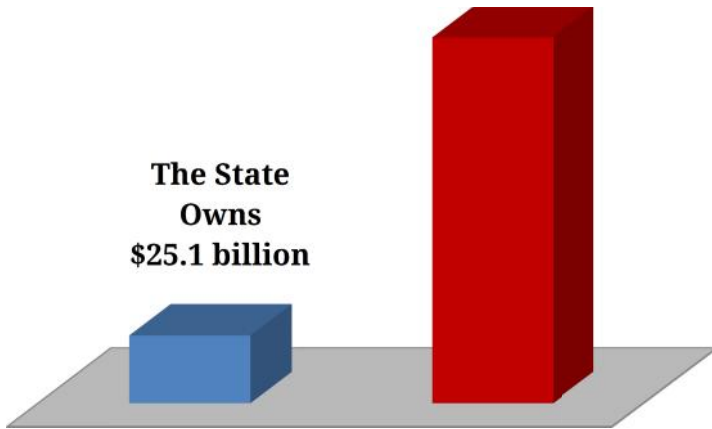
THE 3rd WORST STATE

NEW JERSEY IS A SINKHOLE STATE



The State
Owes
\$135.4 billion

The State
Owns
\$25.1 billion



**THE STATE'S BILLS
EXCEED ITS ASSETS**

The state of New Jersey is sinking in debt. The State's \$110.3 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$36,000

New Jersey statutes require the legislature to pass a balanced budget. One of the reasons New Jersey is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report New Jersey's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

61% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$91.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$35.6 billion of these liabilities are reported on New Jersey's balance sheet.



(in billions)

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
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Number of taxpayers is based on the number of New Jersey federal tax filers with a tax liability.

Data is derived from the state of New Jersey's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of New Jersey
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$84,324,704,000
Less: Capital Assets	\$48,539,683,000
Restricted Assets	\$10,690,758,000
Assets Available to Pay Bills	\$25,094,263,000
Less: Bills	\$135,419,877,000
Money Needed to Pay Bills	\$110,325,614,000
Each Taxpayer's* Burden	\$36,000

The state of New Jersey has \$84.3 billion in assets, but most of these assets are not available to pay State bills.

The \$48.5 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$10.7 billion of the assets is restricted by law or contract.

That leaves \$25.1 billion of State's assets available to pay \$135.4 billion of bills as they come due.

The \$110.3 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$36,000

Number of taxpayers is based on the number of New Jersey federal tax filers with a tax liability.

Data is derived from the state of New Jersey's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$21,735,400,000
Other Liabilities	\$54,197,733,000
Less: Debt Related to Capital Assets	\$31,650,114,000
Unfunded Pension Benefits	\$37,629,413,000
Unfunded Retirees' Health Care Benefits	\$53,507,445,000
Bills	\$135,419,877,000

Despite the balanced budget requirement, the State has accumulated bonds of \$21.7 billion and other liabilities of \$54.2 billion. The calculation of assets available to pay bills does not include capital assets, so \$31.7 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 67% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$37.6 billion of pension benefits and \$53.5 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

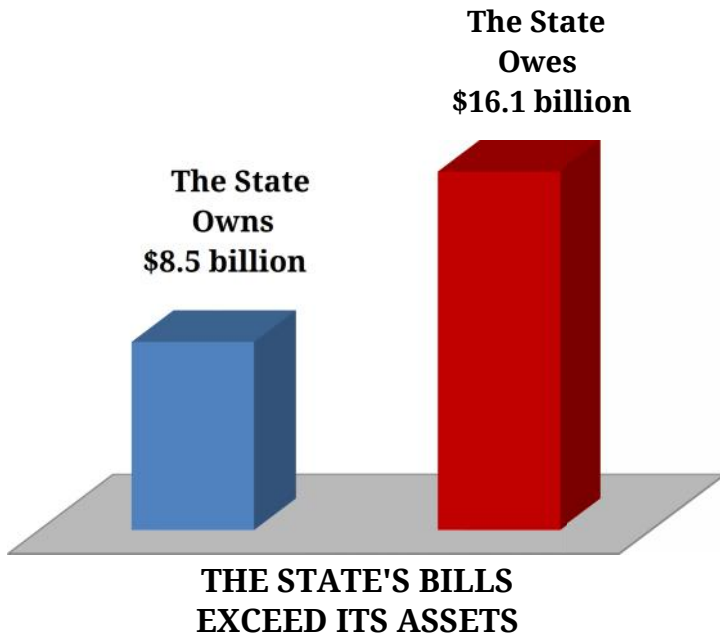
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$35,586,482,000
Unreported Retirement Liabilities	\$55,550,376,000
Total Retirement Liabilities	\$91,136,858,000

A detailed study of New Jersey's actuaries' schedules found retirement benefits totaling \$91.1 billion have been promised, but not funded. A review of the State's balance sheet determined only \$35.6 billion of these liabilities are reported. This means the State does not report \$55.6 billion of retirement liabilities on its balance sheet.

THE 18th WORST STATE

NEW MEXICO IS A SINKHOLE STATE



The state of New Mexico is sinking in debt. The State's \$7.7 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$13,600

New Mexico statutes require the legislature to pass a balanced budget. One of the reasons New Mexico is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report New Mexico's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of New Mexico federal tax filers with a tax liability.

THE STATE REPORTED NO RETIREMENT LIABILITIES

Reported Retirement Liability	\$0
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Actual Retirement Liabilities	\$9,788,257,000
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Truth in Accounting's detailed analysis discovered a total of \$9.8 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, none of these liabilities are reported on New Mexico's balance sheet.

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
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Data is derived from the state of New Mexico's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of New Mexico
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$27,082,383,000
Less: Capital Assets	\$10,851,704,000
Restricted Assets	\$7,778,466,000
Assets Available to Pay Bills	\$8,452,213,000
Less: Bills	\$16,108,655,000
Money Needed to Pay Bills	\$7,656,442,000
Each Taxpayer's* Burden	\$13,600

The state of New Mexico has \$27.1 billion in assets, but most of these assets are not available to pay State bills.

The \$10.9 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$7.8 billion of the assets is restricted by law or contract.

That leaves \$8.5 billion of State's assets available to pay \$16.1 billion of bills as they come due.

The \$7.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$13,600

Number of taxpayers is based on the number of New Mexico federal tax filers with a tax liability.

Data is derived from the state of New Mexico's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$6,288,094,000
Other Liabilities	\$2,838,387,000
Less: Debt Related to Capital Assets	\$2,806,083,000
Unfunded Pension Benefits	\$7,280,671,000
Unfunded Retirees' Health Care Benefits	\$2,507,586,000
Bills	\$16,108,655,000

Despite the balanced budget requirement, the State has accumulated bonds of \$6.3 billion and other liabilities of \$2.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$2.8 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 61% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$7.3 billion of pension benefits and \$2.5 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

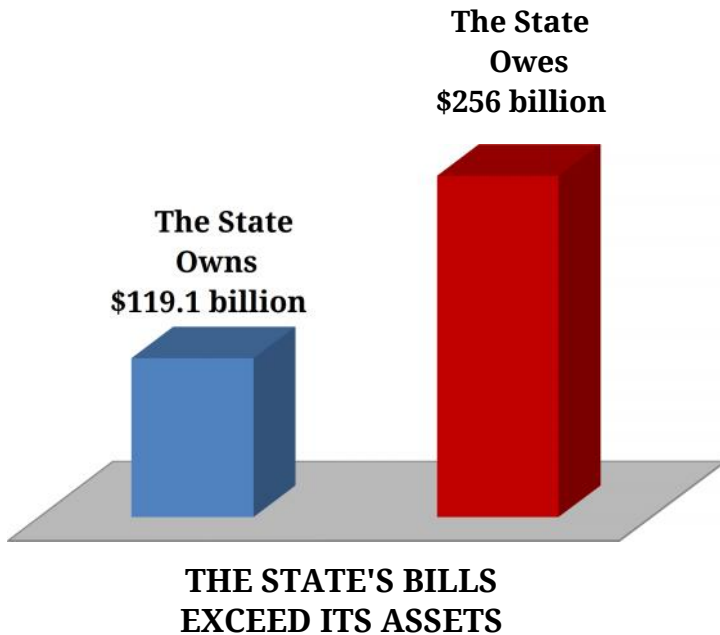
No Retirement Liabilities Are Reported on the State's Balance Sheet

Reported Retirement Liabilities	\$0
Total Retirement Liabilities	\$9,788,257,000

A detailed study of New Mexico's actuaries' schedules found retirement benefits totaling \$9.8 billion have been promised, but not funded. A review of the State's balance sheet determined none of these liabilities are reported. This means 61% of the State's liabilities are not reported on the New Mexico's balance sheet.

THE 7th WORST STATE

NEW YORK IS A SINKHOLE STATE



The state of New York is sinking in debt. The State's \$136.9 billion shortfall represents compensation and other costs that have been pushed into the future.

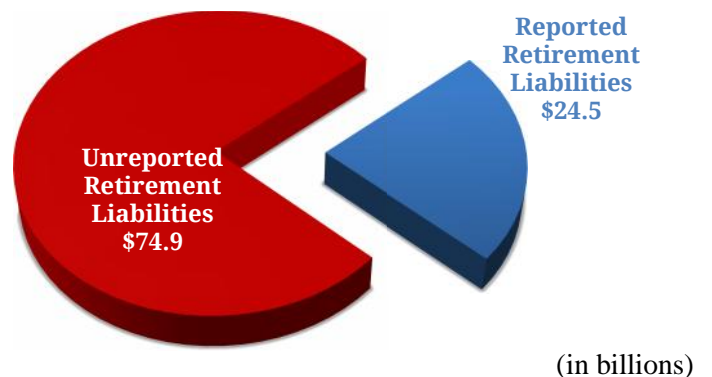
Each Taxpayer's Share of This Financial Burden is \$21,700

New York statutes require the legislature to pass a balanced budget. One of the reasons New York is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report New York's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of New York federal tax filers with a tax liability.

77% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$108.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$24.5 billion of these liabilities are reported on New York's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of New York's March 31, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of New York
As of March 31, 2013

The State's Bills Exceed Its Assets

Assets	\$310,380,600,000
Less: Capital Assets	\$172,136,000,000
Restricted Assets	\$19,130,000,000
Assets Available to Pay Bills	\$119,114,600,000
Less: Bills	\$255,985,789,000
Money Needed to Pay Bills	\$136,871,189,000
Each Taxpayer's* Burden	\$21,700

The state of New York has \$310.4 billion in assets, but most of these assets are not available to pay State bills.

The \$172.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$19.1 billion of the assets is restricted by law or contract.

That leaves \$119.1 billion of State's assets available to pay \$256 billion of bills as they come due.

The \$136.9 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$21,700

Number of taxpayers is based on the number of New York federal tax filers with a tax liability.

Data is derived from the state of New York's March 31, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$84,471,000,000
Other Liabilities	\$138,701,324,000
Less: Debt Related to Capital Assets	\$75,272,000,000
Unfunded Pension Benefits	\$16,990,789,000
Unfunded Retirees' Health Care Benefits	\$91,094,676,000
Bills	\$255,985,789,000

Despite the balanced budget requirement, the State has accumulated bonds of \$84.5 billion and other liabilities of \$138.7 billion. The calculation of assets available to pay bills does not include capital assets, so \$75.3 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 42% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$17 billion of pension benefits and \$91.1 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$24,483,276,000
Unreported Retirement Liabilities	\$83,602,189,000
Total Retirement Liabilities	\$108,085,465,000

A detailed study of New York's actuaries' schedules found retirement benefits totaling \$108.1 billion have been promised, but not funded. A review of the State's balance sheet determined only \$24.5 billion of these liabilities are reported. This means the State does not report \$83.6 billion of retirement liabilities on its balance sheet.

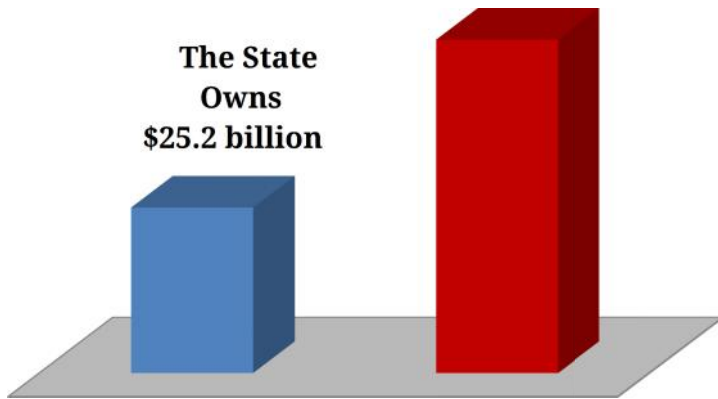
THE 21st WORST STATE

NORTH CAROLINA IS A SINKHOLE STATE



The State
Owes
\$50.8 billion

The State
Owns
\$25.2 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of North Carolina is sinking in debt. The State's \$25.6 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$9,400

North Carolina statutes require the legislature to pass a balanced budget. One of the reasons North Carolina is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report North Carolina's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of North Carolina federal tax filers with a tax liability.

THE STATE REPORTS RETIREMENT ASSETS INSTEAD OF RETIREMENT LIABILITIES

Reported Retirement Assets **\$3,604,000**

Actual Retirement Liabilities **\$3,837,758,000**

Truth in Accounting's detailed analysis discovered a total of \$3.8 billion of pension benefits have been promised but not funded. Because of the confusing way the State does its accounting, a pension asset of \$3.6 million is reported on North Carolina's balance sheet.

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
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Data is derived from the state of North Carolina's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of North Carolina
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$91,512,612,000
Less: Capital Assets	\$59,273,206,000
Restricted Assets	\$7,036,493,000
Assets Available to Pay Bills	\$25,202,913,000
Less: Bills	\$50,775,459,000
Money Needed to Pay Bills	\$25,572,546,000
Each Taxpayer's* Burden	\$9,400

The state of North Carolina has \$91.5 billion in assets, but most of these assets are not available to pay State bills.

The \$59.3 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$7 billion of the assets is restricted by law or contract.

That leaves \$25.2 billion of State's assets available to pay \$50.8 billion of bills as they come due.

The \$25.6 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$9,400

Number of taxpayers is based on the number of North Carolina federal tax filers with a tax liability.

Data is derived from the state of North Carolina's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$12,761,036,000
Other Liabilities	\$18,449,182,000
Less: Debt Related to Capital Assets	\$7,460,321,000
Unfunded Pension Benefits	\$3,837,758,000
Unfunded Retirees' Health Care Benefits	\$23,187,804,000
Bills	\$50,775,459,000

Despite the balanced budget requirement, the State has accumulated bonds of \$12.8 billion and other liabilities of \$18.4 billion. The calculation of assets available to pay bills does not include capital assets, so \$7.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 53% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$3.8 billion of pension benefits and \$23.2 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

The State Reports Retirement Assets Instead of the True Liability

Reported Retirement Assets	\$3,604,000
Unfunded Pension Benefits	\$3,837,758,000
Unfunded Retirees' Health Care Benefits	\$23,187,804,000
Retirement Plans' Liabilities	\$27,025,562,000

A detailed study of North Carolina's actuaries' schedules found retirement benefits totaling \$27 billion have been promised, but not funded. A review of the State's balance sheet determined no liability is reported, instead a net pension asset of \$3.6 million is reported.

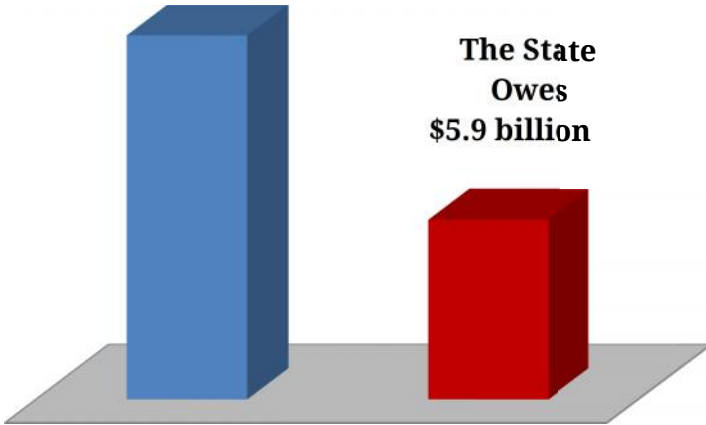
THE 2nd BEST STATE

NORTH DAKOTA IS A SUNSHINE STATE



The State
Owns
\$11.9 billion

The State
Owes
\$5.9 billion



THE STATE'S ASSETS EXCEED ITS BILLS

The state of North Dakota is a sunshine state because it has assets above its outstanding bills. The State has a \$6 billion financial surplus.

Each Taxpayer's Share of This Financial Surplus is \$22,300

Unlike most states, North Dakota has the money needed to fund State employees' retirement benefits and other outstanding bills. North Dakota is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.

RETIREMENT LIABILITIES ARE MASSIVELY UNDERSTATED

Reported Retirement Liabilities **\$212,000**

Actual Retirement Plans' Liabilities **\$614,509,000**

Truth in Accounting's detailed analysis discovered a total of \$614.5 million of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, a net retirement asset of \$212,000 is reported on North Dakota's balance sheet.

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of North Dakota federal tax filers with a tax liability.

Data is derived from the state of North Dakota's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of North Dakota
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$20,245,114,000
Less: Capital Assets	\$3,542,762,000
Restricted Assets	\$4,821,784,000
Assets Available to Pay Bills	\$11,880,568,000
Less: Bills	\$5,861,091,000
Money Available to Pay Bills	\$6,019,477,000
Each Taxpayer's Surplus	\$22,300

The state of North Dakota has \$20.2 billion in assets, but most of these assets are not available to pay State bills.

The \$3.5 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$4.8 billion of the assets is restricted by law or contract.

That leaves \$11.9 billion of State's assets available to pay \$5.9 billion of bills as they come due.

North Dakota's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$22,300

Number of taxpayers is based on the number of North Dakota federal tax filers with a tax liability.

Data is derived from the state of North Dakota's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$1,402,506,000
Other Liabilities	\$4,263,538,000
Less: Debt Related to Capital Assets	\$419,462,000
Unfunded Pension Benefits	\$550,020,000
Unfunded Retirees' Health Care Benefits	\$64,489,000
Bills	\$5,861,091,000

The State has accumulated bonds of \$1.4 billion and other liabilities of \$4.3 billion. The calculation of assets available to pay bills does not include capital assets, so \$419.5 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 10% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$550 million of pension benefits and \$64.5 million of retirees' health care benefits. Unlike most states, North Dakota has the assets needed to pay these liabilities.

North Dakota elected officials seem to promise only what they can afford.

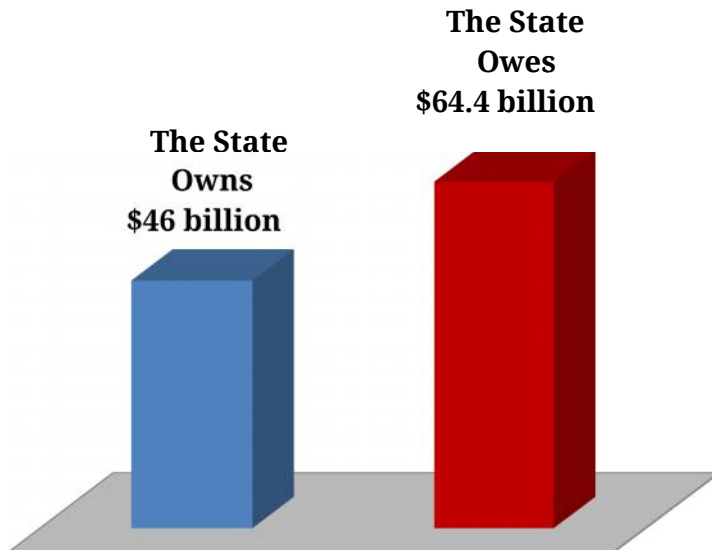
The State Reports A Retirement Plan Asset Instead of the True Liability

Reported Retirement Plan Asset	(\$212,000)
Unfunded Pension Benefits	\$550,020,000
Unfunded Retirees' Health Care Benefits	\$64,489,000
Retirement Plans' Liabilities	\$614,509,000

A detailed study of North Dakota's actuaries' schedules found retirement benefits totaling \$614.5 million have been promised, but not funded. A review of the State's balance sheet determined a net asset related to the State's retirement plans of \$212,000 is reported.

THE 29th WORST STATE

OHIO IS A SINKHOLE STATE



THE STATE'S BILLS EXCEED ITS ASSETS

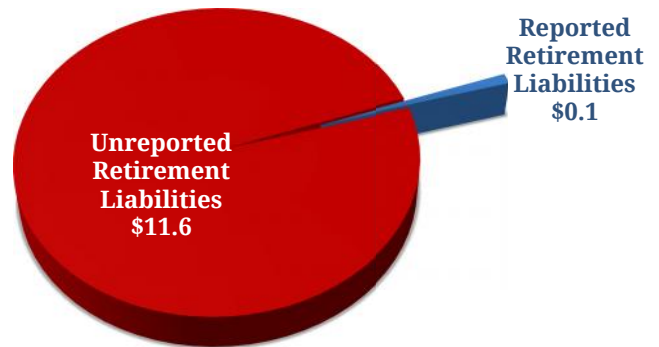
The state of Ohio is sinking in debt. The State's \$18.4 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$4,900

Ohio statutes require the legislature to pass a balanced budget. One of the reasons Ohio is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Ohio's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Ohio federal tax filers with a tax liability.

RETIREMENT LIABILITIES ARE MASSIVELY UNDERSTATED



Truth in Accounting's detailed analysis discovered a total of \$ of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$ of these liabilities are reported on Ohio's balance sheet.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Ohio's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Ohio
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$100,723,703,000
Less: Capital Assets	\$37,557,149,000
Restricted Assets	\$17,181,411,000
Assets Available to Pay Bills	\$45,985,143,000
Less: Bills	\$64,366,175,000
Money Needed to Pay Bills	\$18,381,032,000
Each Taxpayer's* Burden	\$4,900

The state of Ohio has \$100.7 billion in assets, but most of these assets are not available to pay State bills.

The \$37.6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$17.2 billion of the assets is restricted by law or contract.

That leaves \$46 billion of State's assets available to pay \$64.4 billion of bills as they come due.

The \$18.4 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$4,900

Number of taxpayers is based on the number of Ohio federal tax filers with a tax liability.

Data is derived from the state of Ohio's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$19,741,563,000
Other Liabilities	\$41,494,160,000
Less: Debt Related to Capital Assets	\$8,561,402,000
Unfunded Pension Benefits	\$8,935,992,000
Unfunded Retirees' Health Care Benefits	\$2,755,862,000
Bills	\$64,366,175,000

Despite the balanced budget requirement, the State has accumulated bonds of \$19.7 billion and other liabilities of \$41.5 billion. The calculation of assets available to pay bills does not include capital assets, so \$8.6 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 18% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$8.9 billion of pension benefits and \$2.8 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

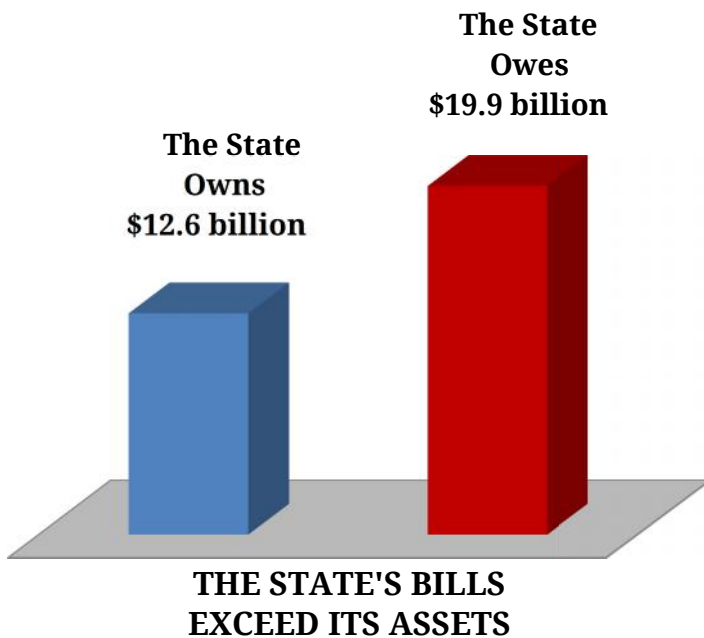
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$121,992,000
Unreported Retirement Liabilities	\$11,569,862,000
Total Retirement Liabilities	\$11,691,854,000

A detailed study of Ohio's actuaries' schedules found retirement benefits totaling \$11.7 billion have been promised, but not funded. A review of the State's balance sheet determined only \$122 million of these liabilities are reported. This means 18% of the State's liabilities are not reported on the State's balance sheet.

THE 25th WORST STATE

OKLAHOMA IS A SINKHOLE STATE



The state of Oklahoma is sinking in debt. The State's \$7.3 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$6,900

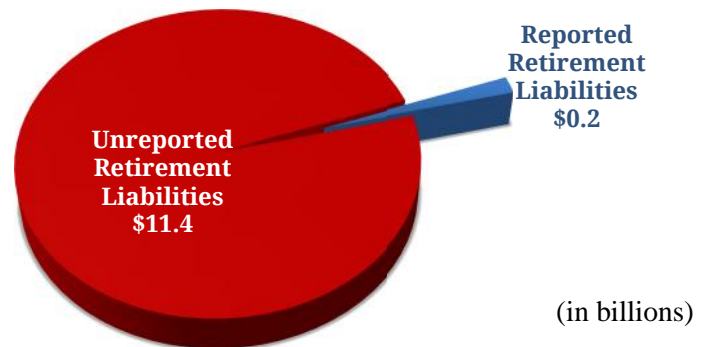
Oklahoma statutes require the legislature to pass a balanced budget. One of the reasons Oklahoma is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Oklahoma's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Oklahoma federal tax filers with a tax liability.



98% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$11.6 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$201 million of these liabilities are reported on Oklahoma's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Oklahoma's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Oklahoma
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$39,659,548,000
Less: Capital Assets	\$18,114,245,000
Restricted Assets	\$8,895,910,000
Assets Available to Pay Bills	\$12,649,393,000
Less: Bills	\$19,931,966,000
Money Needed to Pay Bills	\$7,282,573,000
Each Taxpayer's* Burden	\$6,900

The state of Oklahoma has \$39.7 billion in assets, but most of these assets are not available to pay State bills.

The \$18.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$8.9 billion of the assets is restricted by law or contract.

That leaves \$12.6 billion of State's assets available to pay \$19.9 billion of bills as they come due.

The \$7.3 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$6,900

Number of taxpayers is based on the number of Oklahoma federal tax filers with a tax liability.

Data is derived from the state of Oklahoma's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$7,720,157,000
Other Liabilities	\$5,894,364,000
Less: Debt Related to Capital Assets	\$5,326,105,000
Unfunded Pension Benefits	\$11,427,220,000
Unfunded Retirees' Health Care Benefits	\$216,330,000
Bills	\$19,931,966,000

Despite the balanced budget requirement, the State has accumulated bonds of \$7.7 billion and other liabilities of \$5.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$5.3 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 58% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$11.4 billion of pension benefits and \$216.3 million of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$200,996,000
Unreported Retirement Liabilities	\$11,442,554,000
Total Retirement Liabilities	\$11,643,550,000

A detailed study of Oklahoma's actuaries' schedules found retirement benefits totaling \$11.6 billion have been promised, but not funded. A review of the State's balance sheet determined only \$201 million of these liabilities are reported. This means the State does not report \$11.4 billion of retirement liabilities on its balance sheet.

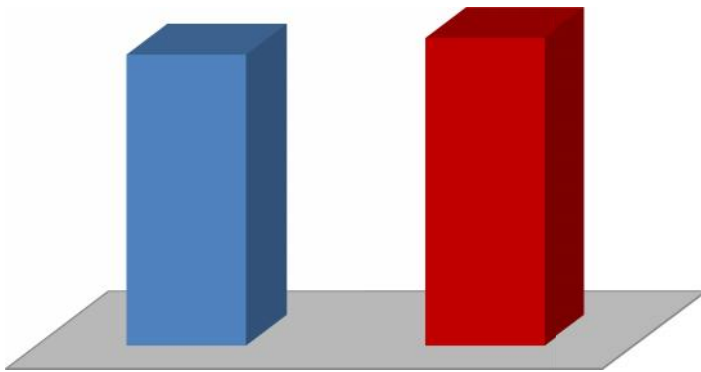
THE 10th BEST STATE

OREGON IS A SINKHOLE STATE



The State
Owns
\$16.8 billion

The State
Owes
\$17.8 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Oregon is sinking in debt. The State's \$959.4 million shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$800

Oregon statutes require the legislature to pass a balanced budget. One of the reasons Oregon is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Oregon's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Oregon federal tax filers with a tax liability.

THE STATE REPORTS RETIREMENT ASSETS INSTEAD OF RETIREMENT LIABILITIES

Reported Retirement Assets **\$1,446,839,000**

Actual Retirement Liabilities **\$1,630,119,000**

Truth in Accounting's detailed analysis discovered a total of \$1.6 billion of pension benefits have been promised but not funded. Because of the confusing way the State does its accounting, a pension asset of \$1.4 billion is reported on Oregon's balance sheet.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Oregon's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Oregon
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$40,905,796,000
Less: Capital Assets	\$17,260,684,000
Restricted Assets	\$6,802,303,000
Assets Available to Pay Bills	\$16,842,809,000
Less: Bills	\$17,802,230,000
Money Needed to Pay Bills	\$959,421,000
Each Taxpayer's* Burden	\$800

The state of Oregon has \$40.9 billion in assets, but most of these assets are not available to pay State bills.

The \$17.3 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$6.8 billion of the assets is restricted by law or contract.

That leaves \$16.8 billion of State's assets available to pay \$17.8 billion of bills as they come due.

The \$959.4 million shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$800

Number of taxpayers is based on the number of Oregon federal tax filers with a tax liability.

Data is derived from the state of Oregon's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$11,599,308,000
Other Liabilities	\$8,759,578,000
Less: Debt Related to Capital Assets	\$4,503,046,000
Unfunded Pension Benefits	\$1,630,119,000
Unfunded Retirees' Health Care Benefits	\$316,271,000
Bills	\$17,802,230,000

Despite the balanced budget requirement, the State has accumulated bonds of \$11.6 billion and other liabilities of \$8.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 11% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.6 billion of pension benefits and \$316.3 million of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

The State Reports Retirement Assets Instead of the True Liability

Reported Retirement Assets	\$1,446,839,000
Unfunded Pension Benefits	\$1,630,119,000
Unfunded Retirees' Health Care Benefits	\$316,271,000
Retirement Plans' Liabilities	\$1,946,390,000

A detailed study of Oregon's actuaries' schedules found retirement benefits totaling \$316.3 million have been promised, but not funded. A review of the State's balance sheet determined only \$1.6 billion of these liabilities are reported. A pension asset of \$1.4 billion is also reported on the balance sheet.

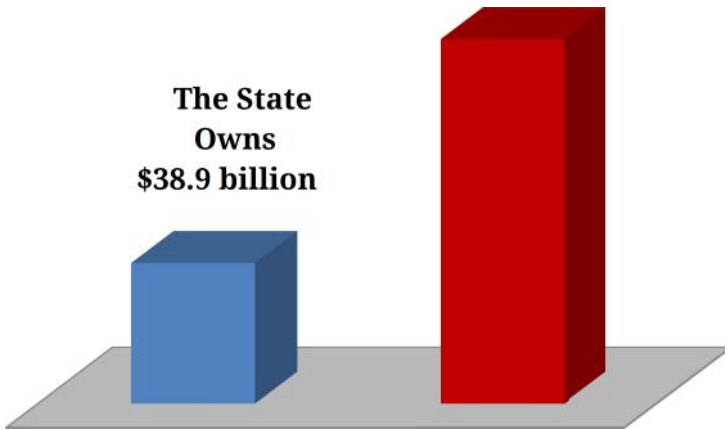
THE 13th WORST STATE

PENNSYLVANIA IS A SINKHOLE STATE



The State
Owes
\$100.9 billion

The State
Owns
\$38.9 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Pennsylvania is sinking in debt. The State's \$62 billion shortfall represents compensation and other costs that have been pushed into the future.

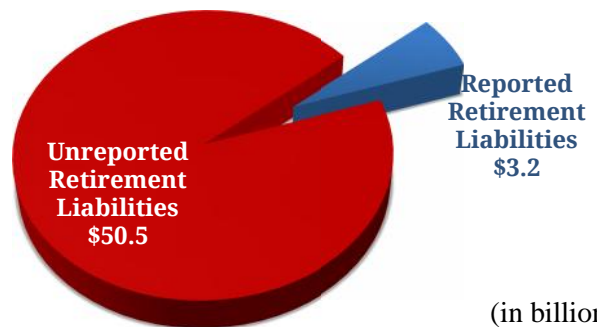
Each Taxpayer's Share of This Financial Burden is \$14,500

Pennsylvania statutes require the legislature to pass a balanced budget. One of the reasons Pennsylvania is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Pennsylvania's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Pennsylvania federal tax filers with a tax liability.

94% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$53.8 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$3.2 billion of these liabilities are reported on Pennsylvania's balance sheet.



- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Pennsylvania's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Pennsylvania
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$89,740,920,000
Less: Capital Assets	\$41,923,708,000
Restricted Assets	\$8,892,773,000
Assets Available to Pay Bills	\$38,924,439,000
Less: Bills	\$100,939,492,000
Money Needed to Pay Bills	\$62,015,053,000
Each Taxpayer's* Burden	\$14,500

The state of Pennsylvania has \$89.7 billion in assets, but most of these assets are not available to pay State bills.

The \$41.9 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$8.9 billion of the assets is restricted by law or contract.

That leaves \$38.9 billion of State's assets available to pay \$100.9 billion of bills as they come due.

The \$62 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$14,500

Number of taxpayers is based on the number of Pennsylvania federal tax filers with a tax liability.

Data is derived from the state of Pennsylvania's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$27,669,832,000
Other Liabilities	\$31,218,762,000
Less: Debt Related to Capital Assets	\$11,728,949,000
Unfunded Pension Benefits	\$34,015,589,000
Unfunded Retirees' Health Care Benefits	\$19,764,258,000
Bills	\$100,939,492,000

Despite the balanced budget requirement, the State has accumulated bonds of \$27.7 billion and other liabilities of \$31.2 billion. The calculation of assets available to pay bills does not include capital assets, so \$11.7 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 53% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$34 billion of pension benefits and \$19.8 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

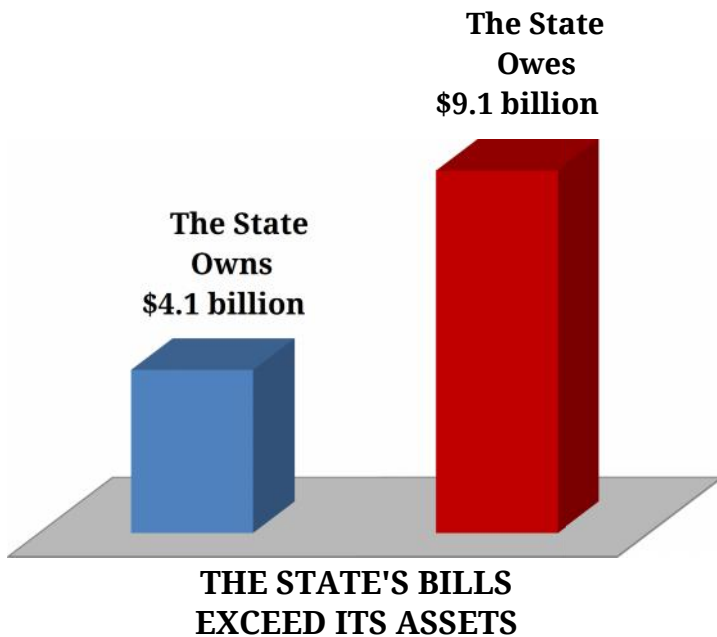
**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$3,242,315,000
Unreported Retirement Liabilities	\$50,537,532,000
Total Retirement Liabilities	\$53,779,847,000

A detailed study of Pennsylvania's actuaries' schedules found retirement benefits totaling \$53.8 billion have been promised, but not funded. A review of the State's balance sheet determined only \$3.2 billion of these liabilities are reported. This means the State does not report \$50.5 billion of retirement liabilities on its balance sheet.

THE 16th WORST STATE

RHODE ISLAND IS A SINKHOLE STATE



The state of Rhode Island is sinking in debt. The State's \$5 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$14,000

Rhode Island statutes require the legislature to pass a balanced budget. One of the reasons Rhode Island is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Rhode Island's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.



RETIREMENT LIABILITIES ARE MASSIVELY UNDERSTATED

Reported Retirement Liabilities \$61,362,000

Actual Retirement Plans' Liabilities \$3,918,754,000

Truth in Accounting's detailed analysis discovered a total of \$3.9 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, a net retirement asset of \$61.4 million is reported on Rhode Island's balance sheet.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of Rhode Island federal tax filers with a tax liability.

Data is derived from the state of Rhode Island's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Rhode Island
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$10,810,055,000
Less: Capital Assets	\$5,495,409,000
Restricted Assets	\$1,204,664,000
Assets Available to Pay Bills	\$4,109,982,000
Less: Bills	\$9,130,930,000
Money Needed to Pay Bills	\$5,020,948,000
Each Taxpayer's* Burden	\$14,000

The state of Rhode Island has \$10.8 billion in assets, but most of these assets are not available to pay State bills.

The \$5.5 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$1.2 billion of the assets is restricted by law or contract.

That leaves \$4.1 billion of State's assets available to pay \$9.1 billion of bills as they come due.

The \$5 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$14,000

Number of taxpayers is based on the number of Rhode Island federal tax filers with a tax liability.

Data is derived from the state of Rhode Island's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$4,912,591,000
Other Liabilities	\$2,251,513,000
Less: Debt Related to Capital Assets	\$1,951,928,000
Unfunded Pension Benefits	\$2,976,873,000
Unfunded Retirees' Health Care Benefits	\$941,881,000
Bills	\$9,130,930,000

Despite the balanced budget requirement, the State has accumulated bonds of \$4.9 billion and other liabilities of \$2.3 billion. The calculation of assets available to pay bills does not include capital assets, so \$2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 43% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$3 billion of pension benefits and \$941.9 million of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

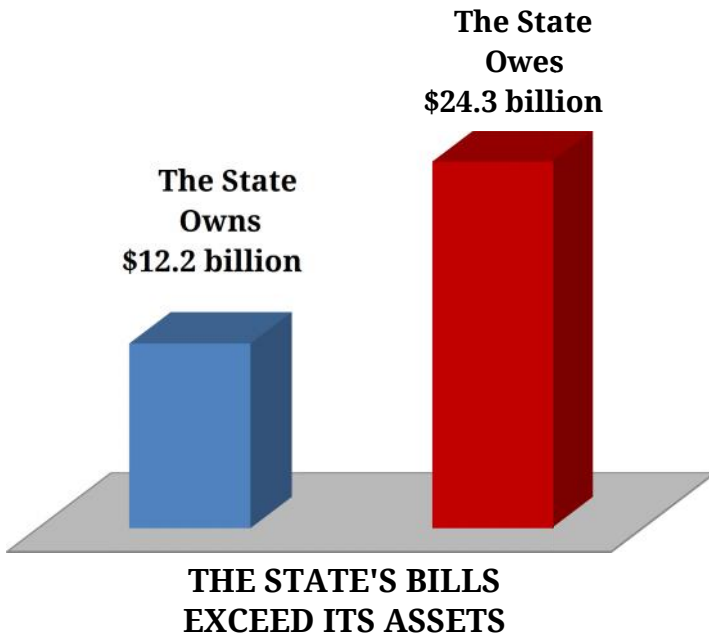
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$61,362,000
Unreported Retirement Liabilities	\$3,857,392,000
Total Retirement Liabilities	\$3,918,754,000

A detailed study of Rhode Island's actuaries' schedules found retirement benefits totaling \$3.9 billion have been promised, but not funded. A review of the State's balance sheet determined only \$61.4 million of these liabilities are reported. This means the State does not report \$3.9 billion of retirement liabilities on its balance sheet.

THE 22nd WORST STATE

SOUTH CAROLINA IS A SINKHOLE STATE



The state of South Carolina is sinking in debt. The State's \$12 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$9,100

South Carolina statutes require the legislature to pass a balanced budget. One of the reasons South Carolina is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report South Carolina's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of South Carolina federal tax filers with a tax liability.

RETIREMENT LIABILITIES ARE MASSIVELY UNDERSTATED

Reported Retirement Liabilities **\$14,974,000**

Actual Retirement Liabilities **\$15,062,803,000**

Truth in Accounting's detailed analysis discovered a total of \$15.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$15 million of these liabilities are reported on South Carolina's balance sheet.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of South Carolina's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of South Carolina
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$47,190,791,000
Less: Capital Assets	\$26,765,185,000
Restricted Assets	\$8,202,965,000
Assets Available to Pay Bills	\$12,222,641,000
Less: Bills	\$24,254,743,000
Money Needed to Pay Bills	\$12,032,102,000
Each Taxpayer's* Burden	\$9,100

The state of South Carolina has \$47.2 billion in assets, but most of these assets are not available to pay State bills.

The \$26.8 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$8.2 billion of the assets is restricted by law or contract.

That leaves \$12.2 billion of State's assets available to pay \$24.3 billion of bills as they come due.

The \$12 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$9,100

Number of taxpayers is based on the number of South Carolina federal tax filers with a tax liability.

Data is derived from the state of South Carolina's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$11,084,228,000
Other Liabilities	\$8,742,784,000
Less: Debt Related to Capital Assets	\$10,635,072,000
Unfunded Pension Benefits	\$5,300,457,000
Unfunded Retirees' Health Care Benefits	\$9,762,346,000
Bills	\$24,254,743,000

Despite the balanced budget requirement, the State has accumulated bonds of \$11.1 billion and other liabilities of \$8.7 billion. The calculation of assets available to pay bills does not include capital assets, so \$10.6 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 62% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$5.3 billion of pension benefits and \$9.8 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$14,974,000
Unreported Retirement Liabilities	\$15,047,829,000
Total Retirement Liabilities	\$15,062,803,000

A detailed study of South Carolina's actuaries' schedules found retirement benefits totaling \$15.1 billion have been promised, but not funded. A review of the State's balance sheet determined only \$15 million of these liabilities are reported. This means 62% of the State's liabilities are not reported on the State's balance sheet.

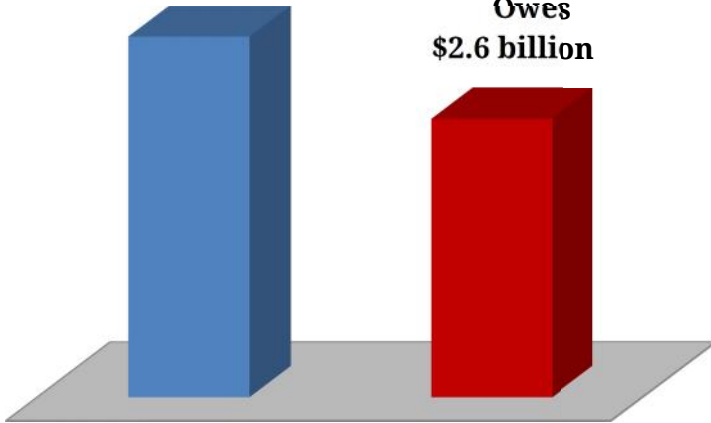
THE 4th BEST STATE

SOUTH DAKOTA IS A SUNSHINE STATE



The State
Owns
\$3.4 billion

The State
Owes
\$2.6 billion



THE STATE'S ASSETS EXCEED ITS BILLS

The state of South Dakota is a sunshine state because it has assets above its outstanding bills. The State has a \$764.5 million financial surplus.

Each Taxpayer's Share of This Financial Surplus is \$2,700

Unlike most states, South Dakota has the money needed to fund State employees' retirement benefits and other outstanding bills. South Dakota is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.

Number of taxpayers is based on the number of South Dakota federal tax filers with a tax liability.

63% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$74.5 million of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$27.5 million of these liabilities are reported on South Dakota's balance sheet.



(in millions)

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of South Dakota's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of South Dakota
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$10,229,880,000
Less: Capital Assets	\$4,637,319,000
Restricted Assets	\$2,239,374,000
Assets Available to Pay Bills	\$3,353,187,000
Less: Bills	\$2,588,664,000
Money Available to Pay Bills	\$764,523,000
Each Taxpayer's Surplus	\$2,700

The state of South Dakota has \$10.2 billion in assets, but most of these assets are not available to pay State bills.

The \$4.6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$2.2 billion of the assets is restricted by law or contract.

That leaves \$3.4 billion of State's assets available to pay \$2.6 billion of bills as they come due.

South Dakota's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$2,700

Number of taxpayers is based on the number of South Dakota federal tax filers with a tax liability.

Data is derived from the state of South Dakota's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$2,271,514,000
Other Liabilities	\$791,782,000
Less: Debt Related to Capital Assets	\$549,128,000
Unfunded Pension Benefits	\$6,722,000
Unfunded Retirees' Health Care Benefits	\$67,774,000
Bills	\$2,588,664,000

The State has accumulated bonds of \$2.3 billion and other liabilities of \$791.8 million. The calculation of assets available to pay bills does not include capital assets, so \$549.1 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 03% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$6.7 million of pension benefits and \$67.8 million of retirees' health care benefits. Unlike most states, South Dakota has the assets needed to pay these liabilities.

South Dakota elected officials seem to promise only what they can afford.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$27,530,000
Unreported Retirement Liabilities	\$46,966,000
Total Retirement Liabilities	\$74,496,000

A detailed study of South Dakota's actuaries' schedules found retirement benefits totaling \$74.5 million have been promised, but not funded. A review of the State's balance sheet determined only \$27.5 million of these liabilities are reported. This means the State does not report \$47 million of retirement liabilities on its balance sheet.

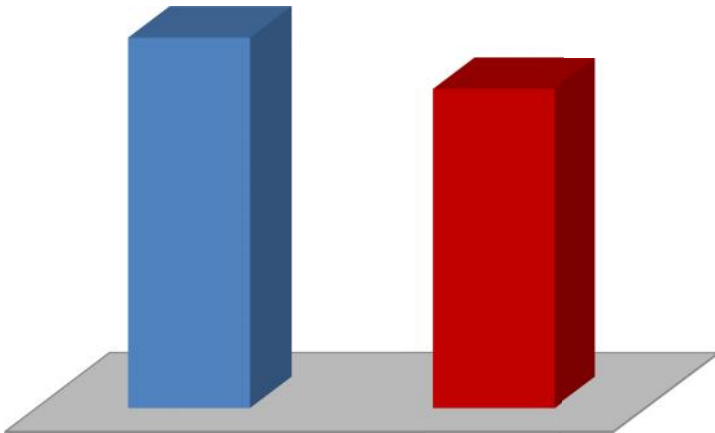
THE 8th BEST STATE

TENNESSEE IS A SUNSHINE STATE



The State
Owns
\$15.1 billion

The State
Owes
\$13 billion



THE STATE'S ASSETS EXCEED ITS BILLS

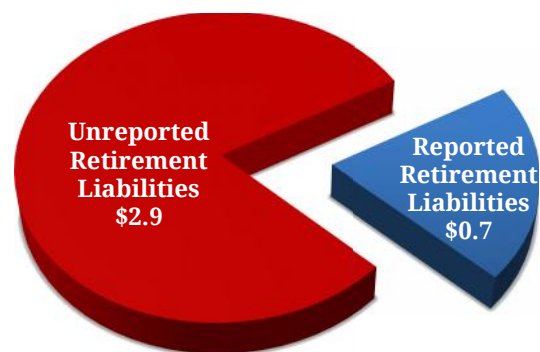
The state of Tennessee is a sunshine state because it has assets above its outstanding bills. The State has a \$2.1 billion financial surplus.

Each Taxpayer's Share of This Financial Surplus is \$1,100

Unlike most states, Tennessee has the money needed to fund State employees' retirement benefits and other outstanding bills. Tennessee is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.

80% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$3.6 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$734.4 million of these liabilities are reported on Tennessee's balance sheet.



(in billions)

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Number of taxpayers is based on the number of Tennessee federal tax filers with a tax liability.

Data is derived from the state of Tennessee's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Tennessee
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$49,840,597,000
Less: Capital Assets	\$31,374,907,000
Restricted Assets	\$3,370,728,000
Assets Available to Pay Bills	\$15,094,962,000
Less: Bills	\$13,005,633,000
Money Available to Pay Bills	\$2,089,329,000
Each Taxpayer's Surplus	\$1,100

The state of Tennessee has \$49.8 billion in assets, but most of these assets are not available to pay State bills.

The \$31.4 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3.4 billion of the assets is restricted by law or contract.

That leaves \$15.1 billion of State's assets available to pay \$13 billion of bills as they come due.

Tennessee's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$1,100

Number of taxpayers is based on the number of Tennessee federal tax filers with a tax liability.

Data is derived from the state of Tennessee's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$7,738,434,000
Other Liabilities	\$3,574,699,000
Less: Debt Related to Capital Assets	\$1,937,780,000
Unfunded Pension Benefits	\$1,553,668,000
Unfunded Retirees' Health Care Benefits	\$2,076,612,000
Bills	\$13,005,633,000

The State has accumulated bonds of \$7.7 billion and other liabilities of \$3.6 billion. The calculation of assets available to pay bills does not include capital assets, so \$1.9 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 28% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.6 billion of pension benefits and \$2.1 billion of retirees' health care benefits. Unlike most states, Tennessee has the assets needed to pay these liabilities.

Tennessee elected officials seem to promise only what they can afford.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$734,438,000
Unreported Retirement Liabilities	\$2,895,842,000
Total Retirement Liabilities	\$3,630,280,000

A detailed study of Tennessee's actuaries' schedules found retirement benefits totaling \$3.6 billion have been promised, but not funded. A review of the State's balance sheet determined only \$734.4 million of these liabilities are reported. This means the State does not report \$2.9 billion of retirement liabilities on its balance sheet.

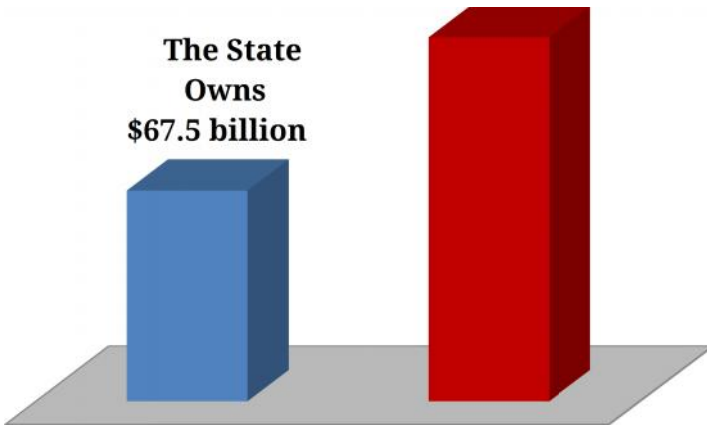
THE 26th WORST STATE

TEXAS IS A SINKHOLE STATE



The State
Owes
\$116.6 billion

The State
Owns
\$67.5 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Texas is sinking in debt. The State's \$49.1 billion shortfall represents compensation and other costs that have been pushed into the future.

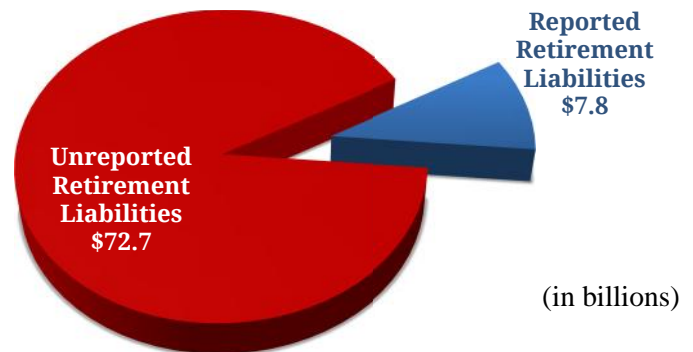
Each Taxpayer's Share of This Financial Burden is \$6,700

Texas statutes require the legislature to pass a balanced budget. One of the reasons Texas is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Texas's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Texas federal tax filers with a tax liability.

90% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$80.5 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$7.8 billion of these liabilities are reported on Texas's balance sheet.



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Data is derived from the state of Texas's August 31, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Texas
As of August 31, 2013

The State's Bills Exceed Its Assets

Assets	\$241,312,246,000
Less: Capital Assets	\$107,881,550,000
Restricted Assets	\$65,947,232,000
Assets Available to Pay Bills	\$67,483,464,000
Less: Bills	\$116,569,146,000
Money Needed to Pay Bills	\$49,085,682,000
Each Taxpayer's* Burden	\$6,700

The state of Texas has \$241.3 billion in assets, but most of these assets are not available to pay State bills.

The \$107.9 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$65.9 billion of the assets is restricted by law or contract.

That leaves \$67.5 billion of State's assets available to pay \$116.6 billion of bills as they come due.

The \$49.1 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$6,700

Number of taxpayers is based on the number of Texas federal tax filers with a tax liability.

Data is derived from the state of Texas's August 31, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$41,017,245,000
Other Liabilities	\$28,421,493,000
Less: Debt Related to Capital Assets	\$33,383,462,000
Unfunded Pension Benefits	\$35,862,359,000
Unfunded Retirees' Health Care Benefits	\$44,651,511,000
Bills	\$116,569,146,000

Despite the balanced budget requirement, the State has accumulated bonds of \$41 billion and other liabilities of \$28.4 billion. The calculation of assets available to pay bills does not include capital assets, so \$33.4 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 69% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$35.9 billion of pension benefits and \$44.7 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$7,814,095,000
Unreported Retirement Liabilities	\$72,699,775,000
Total Retirement Liabilities	\$80,513,870,000

A detailed study of Texas's actuaries' schedules found retirement benefits totaling \$80.5 billion have been promised, but not funded. A review of the State's balance sheet determined only \$7.8 billion of these liabilities are reported. This means the State does not report \$72.7 billion of retirement liabilities on its balance sheet.

THE 5th BEST STATE

UTAH IS A SUNSHINE STATE



The State
Owns
\$9.5 billion



The State
Owes
\$7.4 billion



THE STATE'S ASSETS EXCEED ITS BILLS

THE STATE REPORTS RETIREMENT PLAN ASSET, INSTEAD OF ITS RETIREMENT PLANS' LIABILITIES

Reported Retirement Plan Asset **\$841,000**

Actual Retirement Plans' Liabilities **\$2,130,805,000**

Truth in Accounting's detailed analysis discovered a total of \$2.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, a net retirement asset of \$841,000 is reported on Utah's balance sheet.

The state of Utah is a sunshine state because its has assets above its outstanding bills. The State has a \$2 billion financial surplus.

Each Taxpayer's Share of This Financial Surplus is \$2,700

Unlike most states, Utah has the money needed to fund State employees' retirement benefits and other outstanding bills. Utah is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.

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Number of taxpayers is based on the number of Utah federal tax filers with a tax liability.

Data is derived from the state of Utah's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Utah
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$37,324,986,000
Less: Capital Assets	\$21,196,412,000
Restricted Assets	\$6,654,470,000
Assets Available to Pay Bills	\$9,474,104,000
Less: Bills	\$7,436,382,000
Money Available to Pay Bills	\$2,037,722,000
Each Taxpayer's Surplus	\$2,700

The state of Utah has \$37.3 billion in assets, but most of these assets are not available to pay State bills.

The \$21.2 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$6.7 billion of the assets is restricted by law or contract.

That leaves \$9.5 billion of State's assets available to pay \$7.4 billion of bills as they come due.

Utah's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$2,700

Number of taxpayers is based on the number of Utah federal tax filers with a tax liability.

Data is derived from the state of Utah's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$6,836,044,000
Other Liabilities	\$2,849,278,000
Less: Debt Related to Capital Assets	\$4,379,745,000
Unfunded Pension Benefits	\$1,860,094,000
Unfunded Retirees' Health Care Benefits	\$270,711,000
Bills	\$7,436,382,000

The State has accumulated bonds of \$6.8 billion and other liabilities of \$2.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.4 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 29% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.9 billion of pension benefits and \$270.7 million of retirees' health care benefits. Unlike most states, Utah has the assets needed to pay these liabilities.

Utah elected officials seem to promise only what they can afford.

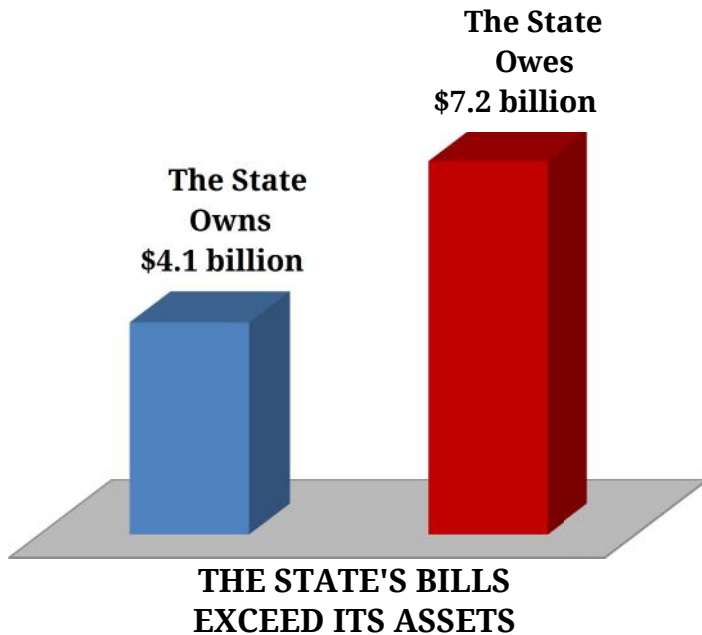
The State Reports A Retirement Plan Asset Instead of the True Liability

Reported Retirement Plan Asset	\$841,000
Unfunded Pension Benefits	\$1,860,094,000
Unfunded Retirees' Health Care Benefits	\$270,711,000
Retirement Plans' Liabilities	\$2,130,805,000

A detailed study of Utah's actuaries' schedules found retirement benefits totaling \$2.1 billion have been promised, but not funded. A review of the State's balance sheet determined a net asset related to the State's retirees' health care plan of \$841,000 is reported.

THE 15th WORST STATE

VERMONT IS A SINKHOLE STATE



The state of Vermont is sinking in debt. The State's \$3.1 billion shortfall represents compensation and other costs that have been pushed into the future.

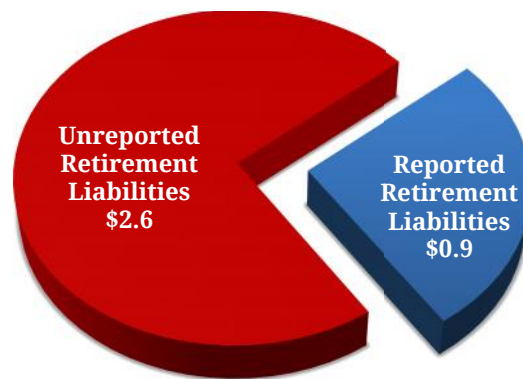
Each Taxpayer's Share of This Financial Burden is \$14,000

One of the reasons Vermont is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Vermont's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating budgets.

Number of taxpayers is based on the number of Vermont federal tax filers with a tax liability.

73% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$3.5 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$938.6 million of these liabilities are reported on Vermont's balance sheet.



(in billions)

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Data is derived from the state of Vermont's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$8,333,874,000
Less: Capital Assets	\$2,780,834,000
Restricted Assets	\$1,442,619,000
Assets Available to Pay Bills	\$4,110,421,000
Less: Bills	\$7,235,998,000
Money Needed to Pay Bills	\$3,125,577,000
Each Taxpayer's* Burden	\$14,000

The state of Vermont has \$8.3 billion in assets, but most of these assets are not available to pay State bills.

The \$2.8 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$1.4 billion of the assets is restricted by law or contract.

That leaves \$4.1 billion of State's assets available to pay \$7.2 billion of bills as they come due.

The \$3.1 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$14,000

Number of taxpayers is based on the number of Vermont federal tax filers with a tax liability.

Data is derived from the state of Vermont's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$3,562,106,000
Other Liabilities	\$977,541,000
Less: Debt Related to Capital Assets	\$825,754,000
Unfunded Pension Benefits	\$1,459,040,000
Unfunded Retirees' Health Care Benefits	\$2,063,065,000
Bills	\$7,235,998,000

The State has accumulated bonds of \$3.6 billion and other liabilities of \$977.5 million. The calculation of assets available to pay bills does not include capital assets, so \$825.8 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 49% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$1.5 billion of pension benefits and \$2.1 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

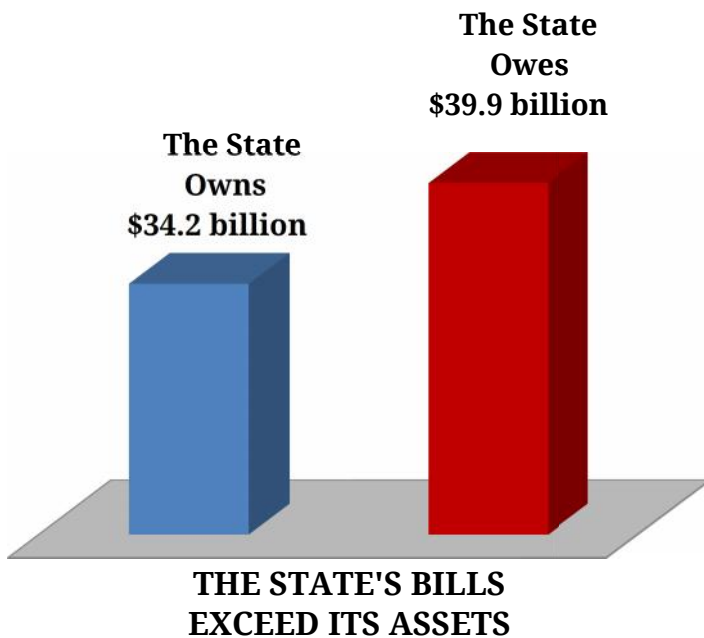
All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$938,645,000
Unreported Retirement Liabilities	\$2,583,460,000
Total Retirement Liabilities	\$3,522,105,000

A detailed study of Vermont's actuaries' schedules found retirement benefits totaling \$3.5 billion have been promised, but not funded. A review of the State's balance sheet determined only \$938.6 million of these liabilities are reported. This means the State does not report \$2.6 billion of retirement liabilities on its balance sheet.

THE 37th WORST STATE

VIRGINIA IS A SINKHOLE STATE



The state of Virginia is sinking in debt. The State's \$5.7 billion shortfall represents compensation and other costs that have been pushed into the future.

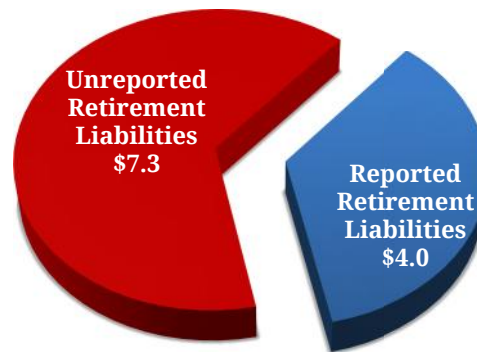
Each Taxpayer's Share of This Financial Burden is \$2,100

Virginia statutes require the legislature to pass a balanced budget. One of the reasons Virginia is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Virginia's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Virginia federal tax filers with a tax liability.

64% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$11.3 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$4 billion of these liabilities are reported on Virginia's balance sheet.



(in billions)

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Data is derived from the state of Virginia's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$90,791,304,000
Less: Capital Assets	\$42,696,596,000
Restricted Assets	\$13,874,190,000
Assets Available to Pay Bills	\$34,220,518,000
Less: Bills	\$39,932,692,000
Money Needed to Pay Bills	\$5,712,174,000
Each Taxpayer's* Burden	\$2,100

The state of Virginia has \$90.8 billion in assets, but most of these assets are not available to pay State bills.

The \$42.7 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$13.9 billion of the assets is restricted by law or contract.

That leaves \$34.2 billion of State's assets available to pay \$39.9 billion of bills as they come due.

The \$5.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$2,100

Number of taxpayers is based on the number of Virginia federal tax filers with a tax liability.

Data is derived from the state of Virginia's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$26,697,905,000
Other Liabilities	\$15,133,564,000
Less: Debt Related to Capital Assets	\$13,246,498,000
Unfunded Pension Benefits	\$8,460,890,000
Unfunded Retirees' Health Care Benefits	\$2,886,831,000
Bills	\$39,932,692,000

Despite the balanced budget requirement, the State has accumulated bonds of \$26.7 billion and other liabilities of \$15.1 billion. The calculation of assets available to pay bills does not include capital assets, so \$13.2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 28% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$8.5 billion of pension benefits and \$2.9 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$4,031,653,000
Unreported Retirement Liabilities	\$7,316,068,000
Total Retirement Liabilities	\$11,347,721,000

A detailed study of Virginia's actuaries' schedules found retirement benefits totaling \$11.3 billion have been promised, but not funded. A review of the State's balance sheet determined only \$4 billion of these liabilities are reported. This means the State does not report \$7.3 billion of retirement liabilities on its balance sheet.

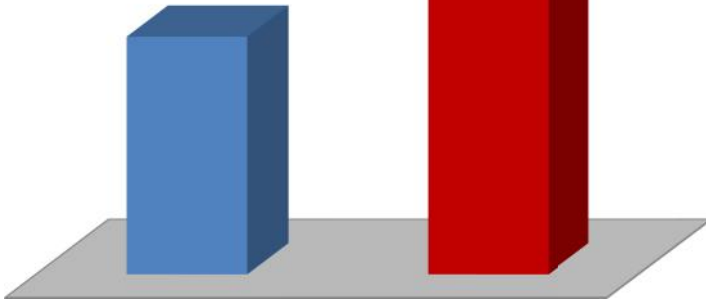
THE 24th WORST STATE

WASHINGTON IS A SINKHOLE STATE



The State
Owes
\$49.2 billion

The State
Owns
\$32.3 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Washington is sinking in debt. The State's \$16.9 billion shortfall represents compensation and other costs that have been pushed into the future.

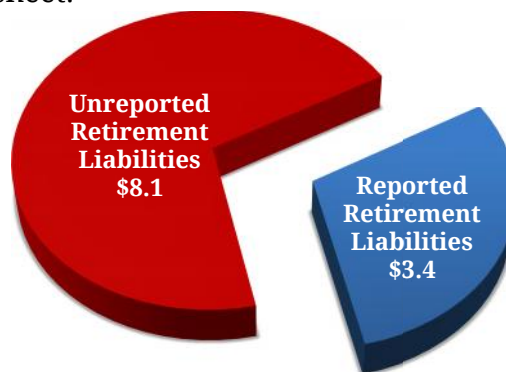
Each Taxpayer's Share of This Financial Burden is \$7,200

Washington statutes require the legislature to pass a balanced budget. One of the reasons Washington is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Washington's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Washington federal tax filers with a tax liability.

70% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$11.5 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$3.4 billion of these liabilities are reported on Washington's balance sheet.



(in billions)

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Washington's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The State's Bills Exceed Its Assets

Assets	\$80,844,333,000
Less: Capital Assets	\$38,532,659,000
Restricted Assets	\$10,006,502,000
Assets Available to Pay Bills	\$32,305,172,000
Less: Bills	\$49,198,157,000
Money Needed to Pay Bills	\$16,892,985,000
Each Taxpayer's* Burden	\$7,200

The state of Washington has \$80.8 billion in assets, but most of these assets are not available to pay State bills.

The \$38.5 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$10 billion of the assets is restricted by law or contract.

That leaves \$32.3 billion of State's assets available to pay \$49.2 billion of bills as they come due.

The \$16.9 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$7,200

Number of taxpayers is based on the number of Washington federal tax filers with a tax liability.

Data is derived from the state of Washington's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$22,386,229,000
Other Liabilities	\$33,108,787,000
Less: Debt Related to Capital Assets	\$17,766,437,000
Unfunded Pension Benefits	\$4,429,500,000
Unfunded Retirees' Health Care Benefits	\$7,040,078,000
Bills	\$49,198,157,000

Despite the balanced budget requirement, the State has accumulated bonds of \$22.4 billion and other liabilities of \$33.1 billion. The calculation of assets available to pay bills does not include capital assets, so \$17.8 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 23% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$4.4 billion of pension benefits and \$7 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$3,417,729,000
Unreported Retirement Liabilities	\$8,051,849,000
Total Retirement Liabilities	\$11,469,578,000

A detailed study of Washington's actuaries' schedules found retirement benefits totaling \$11.5 billion have been promised, but not funded. A review of the State's balance sheet determined only \$3.4 billion of these liabilities are reported. This means the State does not report \$8.1 billion of retirement liabilities on its balance sheet.

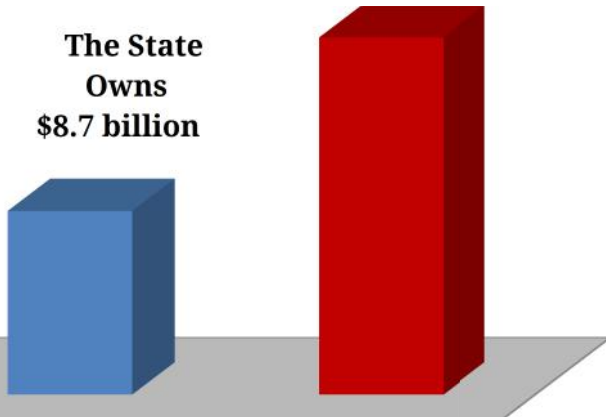
THE 11th WORST STATE

WEST VIRGINIA IS A SINKHOLE STATE



The State
Owns
\$8.7 billion

The State
Owes
\$16.9 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of West Virginia is sinking in debt. The State's \$8.2 billion shortfall represents compensation and other costs that have been pushed into the future.

Each Taxpayer's Share of This Financial Burden is \$15,500

West Virginia statutes require the legislature to pass a balanced budget. One of the reasons West Virginia is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report West Virginia's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of West Virginia federal tax filers with a tax liability.

THE STATE REPORTS A PENSION ASSET INSTEAD OF PENSION LIABILITY

Reported Net Pension Asset **\$785,130,000**

Actual Pension Liabilities **\$5,149,721,000**

Truth in Accounting's detailed analysis discovered a total of \$5.1 billion of pension benefits have been promised but not funded. Because of the confusing way the State does its accounting, a pension asset of \$785.1 million is reported on West Virginia's balance sheet.

- ⇒ Truth in Accounting is committed to compelling governments to provide citizens with truthful and transparent financial information.
- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of West Virginia's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of West Virginia
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$24,585,639,000
Less: Capital Assets	\$12,639,440,000
Restricted Assets	\$3,261,142,000
Assets Available to Pay Bills	\$8,685,057,000
Less: Bills	\$16,891,800,000
Money Needed to Pay Bills	\$8,206,743,000
Each Taxpayer's* Burden	\$15,500

The state of West Virginia has \$24.6 billion in assets, but most of these assets are not available to pay State bills.

The \$12.6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3.3 billion of the assets is restricted by law or contract.

That leaves \$8.7 billion of State's assets available to pay \$16.9 billion of bills as they come due.

The \$8.2 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$15,500

Number of taxpayers is based on the number of West Virginia federal tax filers with a tax liability.

Data is derived from the state of West Virginia's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$4,703,220,000
Other Liabilities	\$6,787,593,000
Less: Debt Related to Capital Assets	\$1,842,700,000
Unfunded Pension Benefits	\$5,149,721,000
Unfunded Retirees' Health Care Benefits	\$2,093,966,000
Bills	\$16,891,800,000

Despite the balanced budget requirement, the State has accumulated bonds of \$4.7 billion and other liabilities of \$6.8 billion. The calculation of assets available to pay bills does not include capital assets, so \$1.8 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 43% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$5.1 billion of pension benefits and \$2.1 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

The State Reports A Pension Asset Instead of Retirement Plans' Liabilities

Reported Net Pension Asset	\$785,130,000
Unfunded Pension Benefits	\$5,149,721,000
Unfunded Retirees' Health Care Benefits	\$2,093,966,000
Retirement Plans' Liabilities	\$7,243,687,000

A detailed study of West Virginia's actuaries' schedules found retirement benefits totaling \$7.2 billion have been promised, but not funded. A review of the State's balance sheet determined no liability is reported, instead a net pension asset of \$785.1 million is reported.

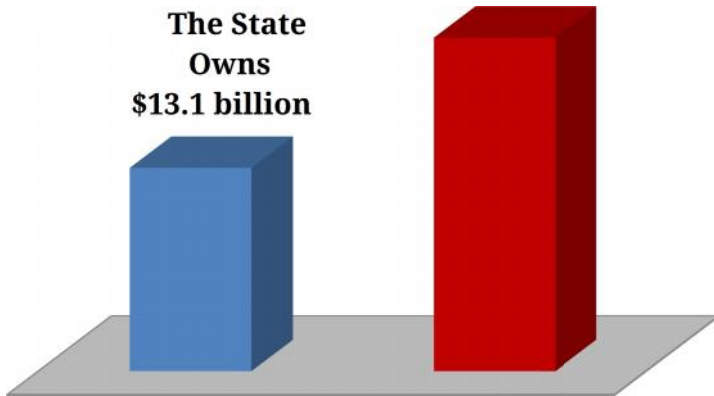
THE 30th WORST STATE

WISCONSIN IS A SINKHOLE STATE



The State
Owes
\$21.5 billion

The State
Owns
\$13.1 billion



THE STATE'S BILLS EXCEED ITS ASSETS

The state of Wisconsin is sinking in debt. The State's \$8.4 billion shortfall represents compensation and other costs that have been pushed into the future.

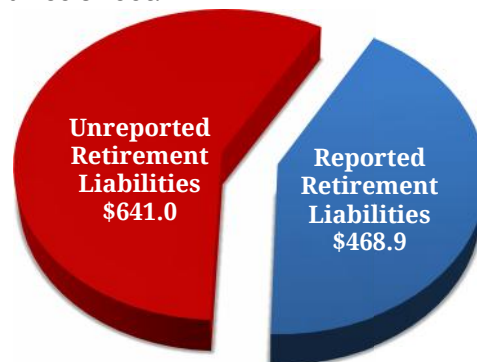
Each Taxpayer's Share of This Financial Burden is \$4,400

Wisconsin statutes require the legislature to pass a balanced budget. One of the reasons Wisconsin is in this precarious financial position is state officials use antiquated budgeting and accounting rules to report Wisconsin's financial condition. Since employee retirement benefits are not immediately payable in cash, the related compensation costs have been ignored when calculating balanced budgets.

Number of taxpayers is based on the number of Wisconsin federal tax filers with a tax liability.

58% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$1.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$468.9 million of these liabilities are reported on Wisconsin's balance sheet.



(in millions)

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- ⇒ We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.
- ⇒ To be knowledgeable participants in their State government and its budget process, citizens need to be provided with truthful and transparent financial information.

Data is derived from the state of Wisconsin's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Wisconsin
As of June 30, 2013

The State's Bills Exceed Its Assets

Assets	\$47,787,746,000
Less: Capital Assets	\$26,738,546,000
Restricted Assets	\$7,934,061,000
Assets Available to Pay Bills	\$13,115,139,000
Less: Bills	\$21,512,500,000
Money Needed to Pay Bills	\$8,397,361,000
Each Taxpayer's* Burden	\$4,400

The state of Wisconsin has \$47.8 billion in assets, but most of these assets are not available to pay State bills.

The \$26.7 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$7.9 billion of the assets is restricted by law or contract.

That leaves \$13.1 billion of State's assets available to pay \$21.5 billion of bills as they come due.

The \$8.4 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes \$4,400

Number of taxpayers is based on the number of Wisconsin federal tax filers with a tax liability.

Data is derived from the state of Wisconsin's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$15,895,650,000
Other Liabilities	\$10,363,004,000
Less: Debt Related to Capital Assets	\$5,856,092,000
Unfunded Pension Benefits	\$8,962,000
Unfunded Retirees' Health Care Benefits	\$1,100,976,000
Bills	\$21,512,500,000

Despite the balanced budget requirement, the State has accumulated bonds of \$15.9 billion and other liabilities of \$10.4 billion. The calculation of assets available to pay bills does not include capital assets, so \$5.9 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 05% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$9 million of pension benefits and \$1.1 billion of retirees' health care benefits, but the State has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

**All Retirement Liabilities
Are Not Clearly Disclosed**

Reported Retirement Liabilities	\$468,929,000
Unreported Retirement Liabilities	\$641,009,000
Total Retirement Liabilities	\$1,109,938,000

A detailed study of Wisconsin's actuaries' schedules found retirement benefits totaling \$1.1 billion have been promised, but not funded. A review of the State's balance sheet determined only \$468.9 million of these liabilities are reported. This means the State does not report \$641 million of retirement liabilities on its balance sheet.

THE 3rd BEST STATE

WYOMING IS A SUNSHINE STATE



The State
Owns
\$11.4 billion



The State
Owes
\$7.1 billion



THE STATE'S ASSETS EXCEED ITS BILLS

The state of Wyoming is a sunshine state because it has assets above its outstanding bills. The State has a \$4.3 billion financial surplus.

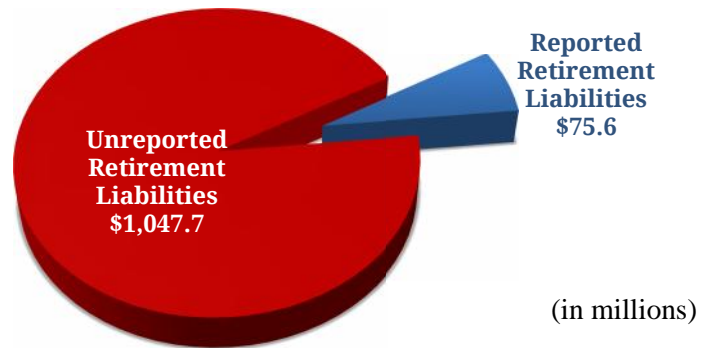
Each Taxpayer's Share of This Financial Surplus is \$20,200

Unlike most states, Wyoming has the money needed to fund State employees' retirement benefits and other outstanding bills. Wyoming is in good financial shape because the legislators and governors have only promised citizens and employees what they can afford to deliver.

Number of taxpayers is based on the number of Wyoming federal tax filers with a tax liability.

93% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED

Truth in Accounting's detailed analysis discovered a total of \$1.1 billion of retirement benefits have been promised but not funded. Because of the confusing way the State does its accounting, only \$75.6 million of these liabilities are reported on Wyoming's balance sheet.



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Data is derived from the state of Wyoming's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

The Financial State of Wyoming
As of June 30, 2013

The State's Assets Exceed Its Bills

Assets	\$30,382,050,000
Less: Capital Assets	\$7,074,149,000
Restricted Assets	\$11,861,220,000
Assets Available to Pay Bills	\$11,446,681,000
Less: Bills	\$7,135,954,000
Money Available to Pay Bills	\$4,310,727,000
Each Taxpayer's Surplus	\$20,200

The state of Wyoming has \$30.4 billion in assets, but most of these assets are not available to pay State bills.

The \$7.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$11.9 billion of the assets is restricted by law or contract.

That leaves \$11.4 billion of State's assets available to pay \$7.1 billion of bills as they come due.

Wyoming's elected officials seem to promise only the amount of benefits they can afford to pay.

Each Taxpayer's Share of the Financial Surplus is \$20,200

Number of taxpayers is based on the number of Wyoming federal tax filers with a tax liability.

Data is derived from the state of Wyoming's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.



The Bills the State Has Accumulated

State Bonds	\$1,022,755,000
Other Liabilities	\$5,115,698,000
Less: Debt Related to Capital Assets	\$125,749,000
Unfunded Pension Benefits	\$880,053,000
Unfunded Retirees' Health Care Benefits	\$243,197,000
Bills	\$7,135,954,000

The State has accumulated bonds of \$1 billion and other liabilities of \$5.1 billion. The calculation of assets available to pay bills does not include capital assets, so \$125.7 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 16% of State bills. These unfunded liabilities have accumulated because State employees have been promised \$880.1 million of pension benefits and \$243.2 million of retirees' health care benefits. Unlike most states, Wyoming has the assets needed to pay these liabilities.

Wyoming elected officials seem to promise only what they can afford.

All Retirement Liabilities Are Not Clearly Disclosed

Reported Retirement Liabilities	\$75,553,000
Unreported Retirement Liabilities	\$1,047,697,000
Total Retirement Liabilities	\$1,123,250,000

A detailed study of Wyoming's actuaries' schedules found retirement benefits totaling \$1.1 billion have been promised, but not funded. A review of the State's balance sheet determined only \$75.6 million of these liabilities are reported. This means the State does not report \$1 billion of retirement liabilities on its balance sheet.