THE 2011 FINANCIAL STATE OF THE STATES

Data for this report was derived from states' 2011 financial reports and related actuarial reports.

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EXECUTIVE SUMMARY

Because of the lack of truth and transparency in budget processes the public has not been aware as states have been accumulating debt. Almost $1.3 trillion of debt has accumulated despite the existence of a balanced budget requirement in 49 of the 50 states. As a result 44 states have dug financial holes for current and future taxpayers.

What now exists is a "Taxpayer Burden" representing the amount each taxpayer would have to send to their state's treasury to fill in their state's financial hole. If state budgets had been truly balanced no Taxpayer Burden would have accumulated. Taxpayer Burdens exist because costs, including those for employees' retirement benefits, were incurred by states in prior years but responsibility for paying these costs has been shifted onto future taxpayers.

The Institute for Truth in Accounting (Truth in Accounting) has identified the bottom five "Sinkhole" states, those that have the highest Taxpayer Burdens. Connecticut's Taxpayer Burden is $50,900, Illinois - $38,500, Hawaii - $38,300, New Jersey - $37,000 and Kentucky - $26,300. In contrast, Truth in Accounting identified the top five "Sunshine" states. Alaska, Wyoming, North Dakota, Utah and Nebraska have a per taxpayer surplus (Taxpayer Surplus) because they have more than adequate assets available to pay their obligations. Data for this report is derived from states' 2011 financial reports and related retirement plans' actuarial reports.

To add context to the Taxpayer Burden and other data included in this report Truth in Accounting now offers State Data Lab (StateDataLab.org). This online tool allows users to view other financial data, as well as demographic and economic data about their state and compare their state to other states. This interactive website provides users with the ability to easily create understandable graphs and charts.

The underlying cause of accumulating Taxpayer Burdens is the outdated accounting policies used to calculate state budgets and financial reports. States are not held to the same accounting standards as most businesses and publicly traded companies therefore states do not have the proper tools to balance their budgets. In fact every year most states go even deeper into debt.

This study found more than $968 billion of promised retirement benefits are not reported on the state balance sheets. States are not properly accounting for these promised benefits over the long-term. Legislators and governors only focus on what is payable in the current year, so setting money aside to pay for future benefits is not required in state budget planning. This pushes current costs onto to future taxpayers.

The lack of truth and transparency in state government budgeting and accounting makes it realistically impossible for even the most sophisticated user of such reporting to independently determine and judge a state's financial condition. The assumptions used to calculate retirement benefits, like the rate of return earned on invested money or how long payments will need to be made to each pension participant, are unrealistic and hide the true financial obligations and contributions that are necessary to pay promised benefits.

This study is the most comprehensive study of state finances. While other organizations have compared the states' unfunded retirement liabilities, this study determined the overall financial condition of every state. This study takes into consideration all assets and all bills, including those related to retirement systems and the assets available to pay those bills. We determined that a comparison of states' unfunded retirement plans' liabilities, without consideration of states' other financial commitments and assets available to pay these, would be incomplete.

To bring truth and greater transparency to state budget processes Truth in Accounting has developed a budgeting system called "Full Accrual Calculations and Techniques". FACT based budgeting would require governors and legislatures to recognize expenses when incurred regardless of when they are paid.

March 15, 2013

SUMMARY OF 2011 FINDINGS

Bottom 5 Sinkhole States

State	Taxpayer Burden 2011	Taxpayer Burden 2010	Increase In Taxpayer Burden
Connecticut	$50,900	$49,000	$1,900
Illinois	$38,500	$34,000	$4,500
Hawaii	$38,300	$32,700	$5,600
New Jersey	$37,000	$35,800	$1,200
Kentucky	$26,300	$23,500	$2,800

- The Connecticut Taxpayer Burden increased and continues to far exceed the other states.
- Hawaii and Illinois experience the highest increase in Taxpayer Burdens due to increases in unfunded retirement liabilities and reported spending deficits.

Top 5 Sunshine States

State	Taxpayer Surplus 2011	Taxpayer Surplus 2010	Increase (Decrease) In Taxpayer Surplus
Alaska	$34,100	$21,200	$12,900
Wyoming	$21,500	$20,200	$1,300
North Dakota	$13,200	$9,500	$3,700
Utah	$2,800	$2,600	$200
Nebraska	$2,100	$2,400	($300)

- Alaska and North Dakota experienced the highest increase in Taxpayer Surpluses due to reported financial surpluses partially attributed to additional oil, gas and coal revenues.
- More than $968 billions of unfunded retirement systems' liabilities are not reported on the face of state balance sheets.

Timeliness of Financial Report Release

Three States Excessively Tardy	Days to Release
New Mexico	356
South Dakota	356
Illinois	337

- The states of New Mexico, South Dakota and Illinois were found to be "excessively tardy" in the release of their financial reports. These states took more than 300 days to issue their financial reports.

See detailed discussions of these findings starting on page 21 of this report.

THE FINANCIAL STATE OF THE STATES

Truth in Accounting

TOP 5
Sunshine States

1 Alaska
Assets Left After Bills Are Funded:
$10,243,692,000
Each Taxpayer's Surplus: $34,100

2 Wyoming
Assets Left After Bills Are Funded:
$4,069,326,000
Each Taxpayer's Surplus: $21,500

3 North Dakota
Assets Left After Bills Are Funded:
$3,041,481,000
Each Taxpayer's Surplus: $13,200

4 Utah
Assets Left After Bills Are Funded:
$1,885,615,000
Each Taxpayer's Surplus: $2,800

5 Nebraska
Assets Left After Bills Are Funded:
$1,196,012,000
Each Taxpayer's Surplus: $2,100

BOTTOM 5
Sinkhole States

46 Kentucky
Money Needed To Pay Bills:
$30,534,375,000
Each Taxpayer's Burden: $26,300

47 New Jersey
Money Needed To Pay Bills:
$109,479,601,000
Each Taxpayer's Burden: $37,000

48 Hawaii
Money Needed To Pay Bills:
$18,578,106,000
Each Taxpayer's Burden: $38,300

49 Illinois
Money Needed To Pay Bills:
$159,160,355,000
Each Taxpayer's Burden: $38,500

50 Connecticut
Money Needed To Pay Bills:
$63,088,330,000
Each Taxpayer's Burden: $50,900

Data derived from states' fiscal year ended 2011 financial reports and related actuarial reports.

50 Sinkhole State

CONNECTICUT

FINANCIAL STATE OF CONNECTICUT AS OF JUNE 30, 2011

Truth in Accounting

CONNECTICUT IS IN THE WORST FINANCIAL POSITION OF ALL 50 STATES

Connecticut has $30.1 billion of assets but most of these assets are not available to meet the State's obligations. $14.8 billion of these assets are infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $4.3 billion of the assets is also restricted by law or contract. Only $10.9 billion of the State's assets are available to pay $74 billion of bills as they come due.

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, most of the related compensation costs have been ignored when calculating balanced budgets. Additional problematic accounting methods include recording loan proceeds as revenues and delaying the payment of current bills.

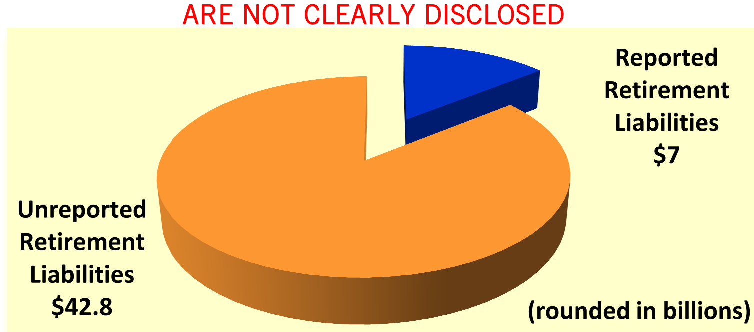
Almost $63.1 billion of State employees' retirement and other costs have been pushed into the future. Each taxpayer's share of this financial burden is $50,900.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE BILLS GREATLY EXCEED ASSETS	
Assets	$30,068,212,000
Less: Capital Assets	$14,809,949,000
Restricted Assets	$4,339,327,000
Assets Available to Pay Bills	**$10,918,936,000**
Less: Bills	$74,007,266,000
Money Needed to Pay Bills	**$63,088,330,000**
Each Taxpayer's* Burden	$50,900

86% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



Truth in Accounting's detailed analysis discovered retirement benefits totaling $49.8 billion have been promised, but not funded. However because of the current way the State does its accounting only $7 billion of these liabilities are reported on Connecticut's balance sheet.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$23,735,376,000
Other Liabilities	$7,316,722,000
Less: Debt Related to Capital Assets	$6,809,485,000
Unfunded Pension Benefits	$20,166,797,000
Unfunded Retirees' Health Care Benefits	$29,597,856,000
Bills	$74,007,266,000

Data is derived from the state of Connecticut's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

49 Sinkhole State

ILLINOIS

FINANCIAL STATE OF ILLINOIS AS OF JUNE 30, 2011

Truth in Accounting

ILLINOIS IS IN THE 49th WORST FINANCIAL POSITION OF ALL 50 STATES

Illinois has $63.6 billion of assets but most of these assets are not available to meet the State's obligations. $31.1 billion of these assets are infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $9.4 billion of the assets is also restricted by law or contract. Only $23.1 billion of the State's assets are available to pay $182.3 billion of bills as they come due.

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' financial condition. Since employee retirement benefits are not immediately payable in cash, most of the related compensation costs have been ignored when calculating balanced budgets. Additional problematic accounting methods include recording loan proceeds as revenues and delaying the payment of current bills.

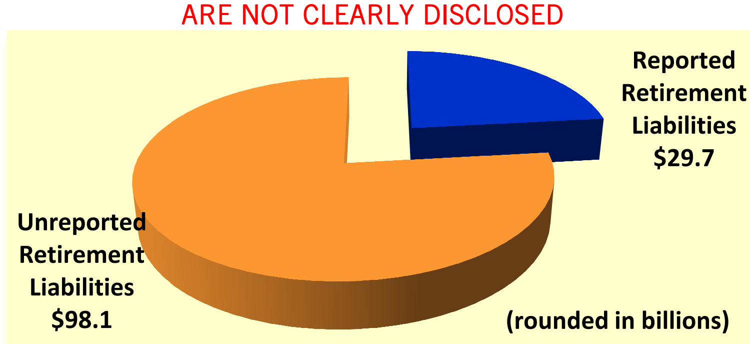
Almost $159.2 billion of State employees' retirement and other costs have been pushed into the future. Each taxpayer's share of this financial burden is $38,500.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE BILLS GREATLY EXCEED ASSETS	
Assets	$63,620,364,000
Less: Capital Assets	$31,130,300,000
Restricted Assets	$9,375,156,000
Assets Available to Pay Bills	**$23,114,908,000**
Less: Bills	$182,275,263,000
Money Needed to Pay Bills	**$159,160,355,000**
Each Taxpayer's* Burden	$38,500

77% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



Truth in Accounting's detailed analysis discovered retirement benefits totaling $127.8 billion have been promised, but not funded. However because of the current way the State does its accounting only $29.7 billion of these liabilities are reported on Illinois' balance sheet.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$39,842,834,000
Other Liabilities	$26,526,801,000
Less: Debt Related to Capital Assets	$11,890,950,000
Unfunded Pension Benefits	$82,907,009,000
Unfunded Retirees' Health Care Benefits	$44,889,569,000
Bills	$182,275,263,000

Data is derived from the state of Illinois' June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

48 HAWAII

Sinkhole State

FINANCIAL STATE OF HAWAII AS OF JUNE 30, 2011

Truth in Accounting

HAWAII IS IN THE 48th WORST FINANCIAL POSITION OF ALL 50 STATES

Hawaii has $20.8 billion of assets but most of these assets are not available to meet the State's obligations. $13.8 billion of these assets are infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $3 billion of the assets is also restricted by law or contract. Only $4 billion of the State's assets are available to pay $22.6 billion of bills as they come due.

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, most of the related compensation costs have been ignored when calculating balanced budgets. Additional problematic accounting methods include recording loan proceeds as revenues and delaying the payment of current bills.

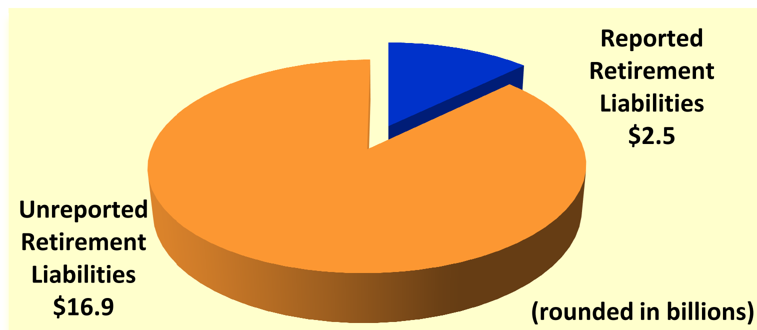
Almost $18.6 billion of State employees' retirement and other costs have been pushed into the future. Each taxpayer's share of this financial burden is $38,300.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE BILLS GREATLY EXCEED ASSETS	
Assets	$20,822,006,000
Less: Capital Assets	$13,828,222,000
Restricted Assets	$2,985,242,000
Assets Available to Pay Bills	**$4,008,542,000**
Less: Bills	$22,586,648,000
Money Needed to Pay Bills	**$18,578,106,000**
Each Taxpayer's* Burden	$38,300

87% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



Truth in Accounting's detailed analysis discovered retirement benefits totaling $19.4 billion have been promised, but not funded. However because of the current way the State does its accounting only $2.5 billion of these liabilities are reported on Hawaii's balance sheet.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$7,918,988,000
Other Liabilities	$2,344,831,000
Less: Debt Related to Capital Assets	$7,114,995,000
Unfunded Pension Benefits	$5,871,024,000
Unfunded Retirees' Health Care Benefits	$13,566,800,000
Bills	$22,586,648,000

Data is derived from the state of Hawaii's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

47

Sinkhole State

NEW JERSEY

FINANCIAL STATE OF NEW JERSEY AS OF JUNE 30, 2011

Truth in Accounting

NEW JERSEY IS IN THE 47th WORST FINANCIAL POSITION OF ALL 50 STATES

New Jersey has $82.7 billion of assets but most of these assets are not available to meet the State's obligations. $44.3 billion of these assets are infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $9.8 billion of the assets is also restricted by law or contract. Only $28.6 billion of the State's assets are available to pay $138.1 billion of bills as they come due.

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, most of the related compensation costs have been ignored when calculating balanced budgets. Additional problematic accounting methods include recording loan proceeds as revenues and delaying the payment of current bills.

Almost $109.5 billion of State employees' retirement and other costs have been pushed into the future. Each taxpayer's share of this financial burden is $37,000.

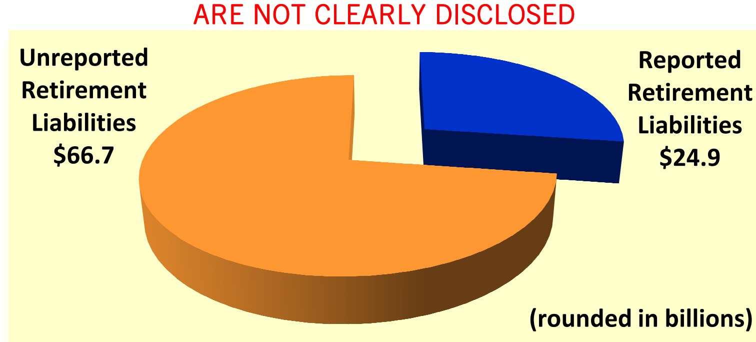
To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE BILLS GREATLY EXCEED ASSETS

Assets	$82,712,852,000
Less: Capital Assets	$44,260,003,000
Restricted Assets	$9,810,915,000
Assets Available to Pay Bills	**$28,641,934,000**
Less: Bills	$138,121,535,000
Money Needed to Pay Bills	**$109,479,601,000**
Each Taxpayer's* Burden	**$37,000**

73% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



Truth in Accounting's detailed analysis discovered retirement benefits totaling $91.6 billion have been promised, but not funded. However because of the current way the State does its accounting only $24.9 billion of these liabilities are reported on New Jersey's balance sheet.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$43,634,688,000
Other Liabilities	$31,050,328,000
Less: Debt Related to Capital Assets	$28,204,912,000
Unfunded Pension Benefits	$30,321,347,000
Unfunded Retirees' Health Care Benefits	$61,320,084,000
Bills	**$138,121,535,000**

Data is derived from the state of New Jersey's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

46 KENTUCKY

Sinkhole State

FINANCIAL STATE OF KENTUCKY AS OF JUNE 30, 2011

Institute for Truth in Accounting

KENTUCKY IS IN THE 46th WORST FINANCIAL POSITION OF ALL 50 STATES

Kentucky has $45.2 billion of assets but most of these assets are not available to meet the State's obligations. $27.7 billion of these assets is infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $4.7 billion of the assets is also restricted by law or contract. Only $12.8 billion of the State's assets are available to pay $43.3 billion of bills as they come due.

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. Additional problematic accounting methods include recording loan proceeds as revenues and delaying the payment of current bills.

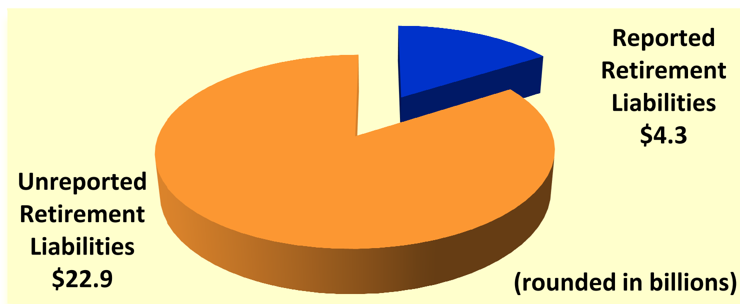
More than $30.5 billion of State employees' retirement and other costs have been pushed into the future. Each taxpayer's share of this financial burden is $26,300.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

THE STATE'S BILLS GREATLY EXCEED ITS ASSETS	
Assets	$45,157,646,000
Less: Capital Assets	$27,650,436,000
Restricted Assets	$4,747,523,000
Assets Available to Pay Bills	**$12,759,687,000**
Less: Bills	$43,294,062,000
Money Needed to Pay Bills	**$30,534,375,000**
Each Taxpayer's* Burden	$26,300

84% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



Truth in Accounting's detailed analysis discovered retirement benefits totaling $27.2 billion have been promised, but not funded. However because of the current way the State does its accounting only $4.3 billion of these liabilities are reported on Kentucky's balance sheet.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$10,200,576,000
Other Liabilities	$10,300,316,000
Less: Debt Related to Capital Assets	$4,368,811,000
Unfunded Pension Benefits	$19,236,217,000
Unfunded Retirees' Health Care Benefits	$7,925,764,000
Bills	$43,294,062,000

Data is derived from the state of Kentucky's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

01 ALASKA

Sunshine State

FINANCIAL STATE OF ALASKA AS OF JUNE 30, 2011

Truth in Accounting

ALASKA IS IN THE BEST FINANCIAL POSITION OF ALL 50 STATES

Alaska has $85.8 billion of assets but most of these assets are not available to meet the State's obligations. $9.9 billion of these assets are infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $41.1 billion of the assets is also restricted by law or contract. The State has $34.7 billion in assets available to pay $24.5 billion of bills as they come due. This leaves Alaska with $10.2 billion after its bills are paid.

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

During these tough economic times, citizens need to be vigilant to make sure legislators do not use budgeting tactics that have put other states in financial crisis. These tactics include: borrowing money to pay current bills, charging current bills to the State's "credit card" by delaying payment, and hiding current payroll costs by offering State employees retirement benefits without providing adequate funding.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE ASSETS EXCEED ITS BILLS	
Assets	$85,814,344,000
Less: Capital Assets	$9,927,595,000
Restricted Assets	$41,140,371,000
Assets Available to Pay Bills	**$34,746,378,000**
Less: Bills	$24,502,686,000
Assets Left After Bills Are Funded	**$10,243,692,000**
Each Taxpayer's* Surplus	$34,100

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED	
Total Retirement Liabilities	$13,170,750,000
Reported Retirement Liabilities	$3,354,000
Unreported Retirement Liabilities	$13,167,396,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $13.2 billion have been promised, but not funded. However because of the current way the State does its accounting only $3.4 million of these liabilities are reported on Alaska's balance sheet.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$6,097,881,000
Other Liabilities	$7,314,862,000
Less: Debt Related to Capital Assets	$2,080,807,000
Unfunded Pension Benefits	$7,089,227,000
Unfunded Retirees' Health Care Benefits	$6,081,523,000
Bills	$24,502,686,000

Data is derived from the state of Alaska's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

02 WYOMING

Sunshine State

FINANCIAL STATE OF WYOMING AS OF JUNE 30, 2011

Truth in Accounting

WYOMING IS IN THE SECOND BEST FINANCIAL POSITION OF ALL 50 STATES

Wyoming has $28.9 billion of assets but most of these assets are not available to meet the State's obligations. $6.8 billion of these assets is infrastructure like roads, bridges and parks, which prudently should not be used pay current bills. The use of $9.9 billion of the assets is also restricted by law or contract. The State has $12.2 billion in assets available to pay $8.1 billion of bills as they come due. This leaves Wyoming with $4.1 billion after its bills are paid.

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

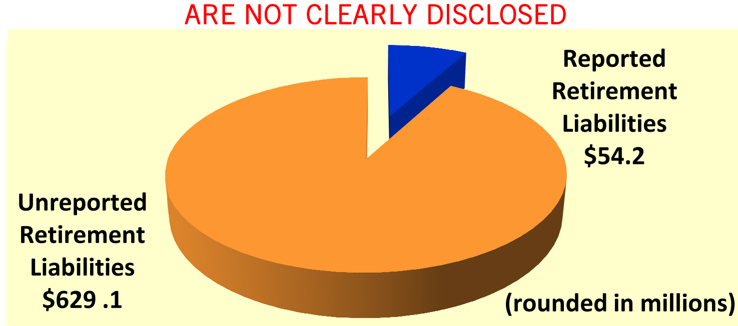
During these tough economic times, citizens need to be vigilant to make sure legislators do not use budgeting tactics that have put other states in financial crisis. These tactics include: borrowing money to pay current bills, charging current bills to the State's "credit card" by delaying payment, and hiding current payroll costs by offering State employees retirement benefits without providing adequate funding.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE ASSETS EXCEED ITS BILLS	
Assets	$28,866,043,000
Less: Capital Assets	$6,803,537,000
Restricted Assets	$9,883,613,000
Assets Available to Pay Bills	**$12,178,893,000**
Less: Bills	$8,109,567,000
Assets Left After Bills Are Funded	**$4,069,326,000**
Each Taxpayer's* Surplus	**$21,500**

92% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



Truth in Accounting's detailed analysis discovered retirement benefits totaling $683.3 million have been promised, but not funded. However because of the current way the State does its accounting only $54.2 million of these liabilities are reported on Wyoming's balance sheet.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$1,364,404,000
Other Liabilities	$6,152,916,000
Less: Debt Related to Capital Assets	$91,044,000
Unfunded Pension Benefits	$421,746,000
Unfunded Retirees' Health Care Benefits	$261,545,000
Bills	**$8,109,567,000**

Data is derived from the state of Wyoming's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

03 Sunshine State

NORTH DAKOTA

FINANCIAL STATE OF NORTH DAKOTA AS OF JUNE 30, 2011

Truth in Accounting

NORTH DAKOTA IS IN THE THIRD BEST FINANCIAL POSITION OF ALL 50 STATES

North Dakota has $16.1 billion of assets but most of these assets are not available to meet the state’s obligations. $2.8 billion of these assets are infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $3.2 billion of the assets is also restricted by law or contract. The State has $10 billion in assets available to pay $7 billion of bills as they come due. This leaves North Dakota with $3 billion after its bills are paid.

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

During these tough economic times, citizens need to be vigilant to make sure legislators do not use budgeting tactics that have put other states in financial crisis. These tactics include: borrowing money to pay current bills, charging current bills to the State's "credit card" by delaying payment, and hiding current payroll costs by offering State employees retirement benefits without providing adequate funding.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE ASSETS EXCEED ITS BILLS	
Assets	$16,084,273,000
Less: Capital Assets	$2,795,499,000
Restricted Assets	$3,239,818,000
Assets Available to Pay Bills	**$10,048,956,000**
Less: Bills	$7,007,475,000
Assets Left After Bills Are Funded	**$3,041,481,000**
Each Taxpayer's* Surplus	$13,200

RETIREMENT LIABILITIES ARE NOT REPORTED	
Total Retirement Liabilities	$439,164,000
Reported Retirement Assets	$1,398,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $439.2 million have been promised, but not funded. However because of the current way the State does its accounting no liabilities are reported on North Dakota’s balance sheet. Instead $1.4 million of retirement assets are reported.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$1,660,982,000
Other Liabilities	$5,356,287,000
Less: Debt Related to Capital Assets	$448,958,000
Unfunded Pension Benefits	$376,282,000
Unfunded Retirees' Health Care Benefits	$62,882,000
Bills	$7,007,475,000

Data is derived from the state of North Dakota's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

04 UTAH

Sunshine State

FINANCIAL STATE OF UTAH AS OF JUNE 30, 2011

Institute for Truth in Accounting

UTAH IS IN THE FOURTH BEST FINANCIAL POSITION OF ALL 50 STATES

Utah has $34.7 billion of assets but most of these assets are not available to meet the state's obligations. $19 billion of these assets are infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $5.5 of the assets is also restricted by law or contract. The State has $10.2 billion in assets available to pay $8.3 billion of bills as they come due. This leaves Utah with $1.9 billion after its bills are paid.

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

During these tough economic times, citizens need to be vigilant to make sure legislators do not use the budgeting tactics that have put other states in financial crisis. These tactics include: borrowing money to pay current bills, charging current bills to the State's "credit card" by delaying payment, and hiding current payroll costs by offering State employees retirement benefits without providing adequate funding.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE ASSETS EXCEED ITS BILLS

Assets	$34,725,238,000
Less: Capital Assets	$19,006,982,000
Restricted Assets	$5,521,388,000
Assets Available to Pay Bills	**$10,196,868,000**
Less: Bills	$8,311,253,000
Assets Left After Bills Are Funded	**$1,885,615,000**
Each Taxpayer's* Surplus	$2,800

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED

Total Retirement Liabilities	$1,715,885,000
Reported Retirement Liabilities	$7,142,000
Unreported Retirement Liabilities	$1,708,743,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $1.7 billion have been promised, but not funded. However because of the current way the State does its accounting only $7.1 million of these liabilities are reported on Utah's balance sheet.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$7,081,424,000
Other Liabilities	$3,297,278,000
Less: Debt Related to Capital Assets	$3,783,334,000
Unfunded Pension Benefits	$1,316,536,000
Unfunded Retirees' Health Care Benefits	$399,349,000
Bills	$8,311,253,000

Data is derived from the state of Utah's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

05 NEBRASKA

Sunshine State

FINANCIAL STATE OF NEBRASKA AS OF JUNE 30, 2011

Truth in Accounting

NEBRASKA IS IN THE FIFTH BEST FINANCIAL POSITION OF ALL 50 STATES

Nebraska has $18.2 billion of assets but most of these assets are not available to meet the state's obligations. $10 billion of these assets are infrastructure like roads, bridges and parks, which prudently should not be used to pay current bills. The use of $4.5 billion of the assets is also restricted by law or contract. The State has $3.7 billion in assets available to pay $2.5 billion of bills as they come due. This leaves Nebraska with $1.2 billion after its bills are paid.

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

During these tough economic times, citizens need to be vigilant to make sure legislators do not use the budgeting tactics that have put other states in financial crisis. These tactics include: borrowing money to pay current bills, charging current bills to the State's "credit card" by delaying payment and hiding current payroll costs by offering State employees retirement benefits without providing adequate funding.

To be knowledgeable participants in the State's budget process, citizens need to be provided with truthful and transparent financial information.

StateDataLab.org

STATE ASSETS EXCEED ITS BILLS	
Assets	$18,172,882,000
Less: Capital Assets	$9,971,862,000
Restricted Assets	$4,504,108,000
Assets Available to Pay Bills	**$3,696,912,000**
Less: Bills	$2,500,900,000
Assets Left After Bills Are Funded	**$1,196,012,000**
Each Taxpayer's* Surplus	$2,100

RETIREMENT LIABILITIES ARE NOT REPORTED

Total Retirement Liabilities	$519,600,000
Reported Retirement Liabilities	$0
Unreported Retirement Liabilities	**$519,600,000**

Truth in Accounting's detailed analysis discovered retirement benefits totaling $519.6 million have been promised, but not funded. However because of the current way the State does its accounting no liability is reported on Nebraska's balance sheet.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$727,510,000
Other Liabilities	$2,072,172,000
Less: Debt Related to Capital Assets	$818,382,000
Unfunded Pension Benefits	$519,600,000
Bills	$2,500,900,000

Data is derived from the state of Nebraska's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

*Based on the number of federal tax filers with a tax liability.

INTRODUCTION AND BACKGROUND

The Institute for Truth in Accounting (Truth in Accounting) was formed in 2002 to encourage the federal government to issue financial information in a manner that allows the public and elected officials to make informed and knowledgeable policy decisions. Truth in Accounting determined that recognizing the short term and long term financial consequences of public decisions would lead to a more sustainable government.

In 2005 Truth in Accounting supporters encouraged the organization to analyze the budgeting and accounting practices in its home state of Illinois. Despite the state's constitutional requirement to balance the budget this study exposed a reported cumulative spending deficit of $20 billion. Truth in Accounting researchers also discovered Illinois does not report all liabilities for public employees' pension and other post-employment benefits[i], including retirees' health care benefits. When those liabilities were included Truth in Accounting's analysis showed the state was really more than $70 billion in the hole. To make matters worse, Illinois was continually delaying the issuance of its year-end financial report until after the next fiscal year's budget process had been completed. This prevented citizens and public officials from having current information resulting in uninformed public policy decisions.

These findings called for a similar study of all 50 states' budgeting and accounting practices. This project investigated both the methods that states use to calculate their budgets and the accounting principles they use to create their Comprehensive Annual Financial Reports (CAFRs). Results from this study were published in February 2009 in "The Truth about Balanced Budgets – A Fifty State Study". Truth in Accounting researchers determined every state except Vermont has a balanced budget requirement, but almost all run annual deficits in the millions and some cases billions of dollars.

Truth in Accounting researchers found deficient budgetary and accounting rules which in general overstated revenues and understated expenses. States systematically ignored some costs that were incurred in the current budget year but will not be paid until a later date. It was also determined the accounting principles available to states allowed omission of some direct liabilities from their balance sheets.[ii]

Among the catalog of questionable budgeting and accounting techniques was the treatment of pensions and retirees' health care benefits. Budgets, and the associated

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[i] Other post-employment benefits, may include benefits for retirees' health, dental and vision care as well as prescriptions and life insurance premiums. Because retirees' health care is the majority of these benefits, other post-employment benefits in this report are referred to as retirees' health care benefits.

[ii] In state government accounting a "balance sheet" is called a "Statement of Net Assets."

financial accounting, actively ignored the true costs of compensating public sector workers. The reason these costs were not considered or reported in the states' primary accounting statements is because state officials use antiquated accounting principles to calculate state budgets and financial reports. Truth in Accounting's study found under these principles states report balanced budgets while accumulating large debts and deferred liabilities.

All levels of government derive their just powers from the consent of the governed. This imposes a special duty on government officials to report on their actions and the results of those actions in ways that are truthful and understandable by the electorate. Providing accurate, useful and timely information to citizens, the news media and other governmental officials is an essential part of governmental responsibility.

The opaqueness of the financial information reported in state budgets and financial reports make it difficult for state governments to meet this responsibility. Our state projects which include research done for "The Truth about Balanced Budgets" and this study have validated that view and confirmed the necessity of further investigation and analysis of the states' fiscal conditions.

Our desire for transparency in governmental budgeting and financial reporting in concert with the need for governmental accountability are the motivation and foundation of Truth in Accounting's mission. This mission is to compel, in a non-partisan manner, governments to produce financial reports that are understandable, reliable, transparent and correct. Truth in Accounting is a non-profit, politically unaffiliated organization composed of business, governmental and academic leaders interested in improving public and private sector financial reporting. Truth in Accounting makes no policy recommendations beyond improvements to budgeting and accounting practices that will enhance the public's understanding of their government's financial matters.

FINDINGS

2011 FINDINGS

The Connecticut Taxpayer Burden Is by Far the Highest

The Connecticut Taxpayer[iii] Burden is $50,900 which is $12,400 higher than the Illinois Taxpayer Burden. Illinois is the next worst state.

Connecticut needs $63.1 billion to pay its bills[iv] after considering available assets.[v] The majority of the bills are unfunded retirement liabilities. The state's pension plans are underfunded by $20.2 billion and the retirees' health care plans are underfunded by $29.6 billion.

Included in these totals are amounts as of June 30, 2010 for the Teachers' Retirement System and the retirees' health care plans. This untimely information is from the most recent actuarial valuations, which are not done on an annual basis.

Hawaii's and Illinois' Taxpayer Burdens Increase the Most

The Hawaii Taxpayer Burden Increases by $5,600 to $38,300

Like last year the Hawaii Taxpayer Burden jumped dramatically due to significant increases in the unfunded state retirees' healthcare liabilities. Between June 30, 2009 and June 30, 2011 the state's share of the unfunded liability for Employer-Union Health Benefits Trust Fund increased by $4.2 billion. This is on top of a $2.1 billion increase from 2007 to 2009. The total unfunded retirees' health care liability is now $13.6 billion.

[iii] *Based on the number of each state's federal tax filers with a tax liability.(1)

[iv] Debt related to capital assets is not included in bills.

[v] Capital assets are not included in available assets, because it is not financial prudent to sell capital assets to pay current liabilities.

In 2011 the state of Hawaii's share of the Employees' Retirement System unfunded pension liability also increased by $732 million. This is in addition to the $1.2 billion increase from 2008 to 2010. The total unfunded pension liability is now $5.9 billion.

The Illinois Taxpayer Burden Increases by $4,500 to $38,500

A major reason for the increase in the Illinois Taxpayer Burden is the 2011 income statement[vi] reported a $5 billion spending deficit despite the state's balanced budget requirement. This follows an **unprecedented spending deficit of $10 billion** in 2010.

Another reason for the increase in the Illinois Taxpayer Burden is an increase in accrued pension benefits. During 2010 and 2011 the accrued benefits increased by $12.4 billion and $7.7 billion, respectively. In those years the value of the assets in Illinois' pension plans remained relatively constant. The state's total unfunded pension liability is now $82.9 billion.

Between 2009 and 2011 the unfunded liability for state retirees' healthcare benefits increased by $6.2 billion. This follows a $3.2 billion increase in unfunded liability between 2007 and 2009. The total unfunded liability for this plan now equals $33.2 billion.

On April 3, 2012 through a Freedom of Information Act request the Illinois Policy Institute obtained the actuarial valuation report of the Illinois State Employees Group Insurance Program. [(2)] This report includes the unfunded liabilities for two retirees' healthcare plans that had not been included in our prior analyses. Because of this disclosure our 2011 analysis includes the state's share of the unfunded liabilities related to Teachers Retirement Insurance Program and the College Insurance Program of $10.6 billion and $1 billion, respectively.

As a result of the discovery of these additional unfunded liabilities we restated Illinois' 2009 and 2010 amounts. The 2009 Taxpayer Burden, which was originally reported as $26,800, was revised to $29,100. The 2010 Taxpayer Burden, which was originally reported as $31,600, was revised to $34,000.

Now Illinois needs $159 billion to pay its bills, making it the second worst state in the country with a Taxpayer Burden of $38,500.

[vi] In government accounting the income statement is called the Statement of Activities.

Two Sunshine States' Taxpayer Surpluses Increase Significantly

The Alaska Taxpayer Surplus Increased by $12,900 to $34,100

In 2011 the Alaska Taxpayer Surplus increased due to a reported $10.5 billion surplus. The state's financial report indicated the surplus is "primarily attributable to petroleum related income and, interest and investment gains." (3)

In 2010 the state of Alaska catapulted to number one in Truth in Accounting ranking due to a change in the actuarial assumptions used to value unfunded retirees' healthcare liabilities.

In prior years Alaska's Public Employees' Retirement Systems (PERS) and Teachers' Retirement System (TRS) unfunded retirees' health care liabilities were valued using a discount rate of 4.5%. In 2010 the state changed the rates to 7.48% for PERS and 8% for TRS. As a result the amounts of unfunded liabilities were reduced dramatically. The PERS unfunded retirees' health care liability as of June 30, 2009 was reported to be $8.6 billion. In 2010 the PERS unfunded retirees' health care liability decreased by $4 billion to $4.6 billion. The TRS unfunded retirees' health care liability decreased from $3.2 billion to $1.6 billion.

The North Dakota Taxpayer Surplus Increased by $3,700 to $13,200

The North Dakota Taxpayer Surplus increased due to a reported $1.7 billion surplus. The state's financial report explains, "Revenues rose 20%, with the largest dollar increase in the State's revenues for fiscal year 2011 coming from oil, gas and coal tax revenues, an increase of $426 million. This increase is due to the increased level of oil and gas production in the state and higher world oil prices." (4)

State Data Lab Adds Context to Taxpayer Burden

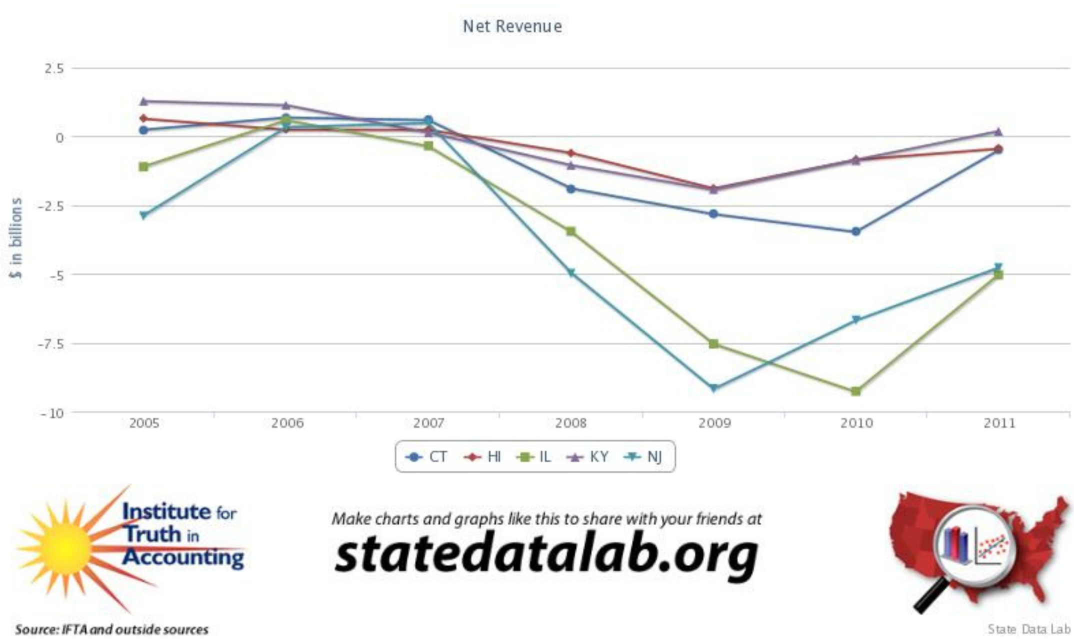
While Truth in Accounting ranks the states' financial conditions with a measure of the Taxpayer Burden or Surplus, those figures become more meaning when put into context. To better communicate what the Taxpayer Burden or Surplus means in relation to other financial, economic and demographic data Truth in Accounting now offers State Data Lab (StateDataLab.org).

This new online tool allows users to view our analysis alongside additional financial, economic and demographic data. This website gives users the ability to compare states' data points and share their findings with others.

State Data Lab is the best source for updated figures on each state's assets and liabilities, including unfunded pension and retirees' health care obligations. This data cannot be found anywhere else. State Data Lab presents these data points along with data from a number of government and private sources. The comprehensive information on State Data Lab allows citizens to compare states on various measures, provides reporters with valuable data and chart snapshots to include in their articles, and supplies legislators, think tanks and other political decision makers with the knowledge needed to develop policy solutions to address budget and debt issues.

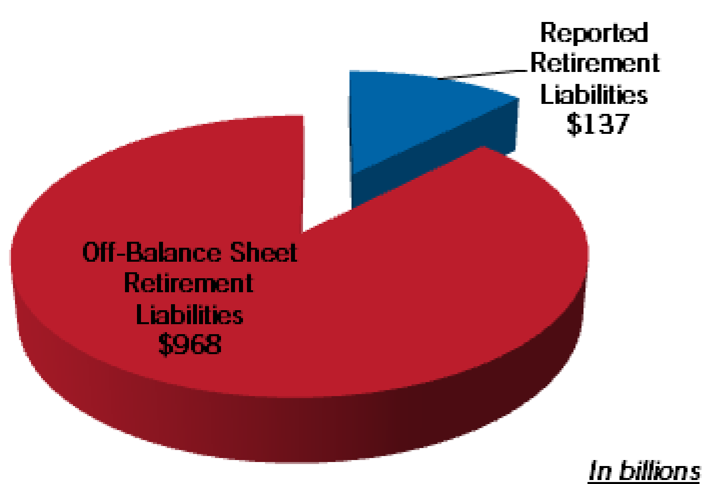
State Data Lab can be utilized to create easy-to-read graphs and charts of financial, economic and demographic data for all 50 states. Additionally, State Data Lab presents weekly charts and commentary, alongside the ability to download raw data in Excel format from sources which include the U.S. Census, Bureau of Economic Affairs, United Van Lines and Truth in Accounting.

Below is an example of the easy to generate graphics users can create on State Data Lab.



Billions of Dollars of Retirement Liabilities Maintained Off-Balance Sheet

Even applying the unrealistic assumptions used by states to calculate their unfunded retirement liabilities, Truth in Accounting researchers found the states have accumulated pension and retirees' health care liabilities totaling more than $1.1 trillion. This study determined only $137 billion of these liabilities are reported on state balance sheets. More than $968 billion of these retirement liabilities are maintained off-balance sheet.[vii] This lack of transparency is due to the reporting requirements established by the Governmental Accounting Standards Board (GASB).[viii]



Truth in Accounting researchers found <u>pension related liabilities of $450 billion do not appear on state balance sheets.</u> This means 90% of the states' unfunded pension liabilities are not reported on their balance sheets.

This study found <u>retirees' health care related liabilities of almost $518 billion do not appear on state balance sheets.</u> This means 85% of the states' retirees' health care liabilities are not reported on their balance sheets.

[vii] See Appendix V – Schedule of Reported Vs. Unreported Retirement Liabilities for detail by state.

[viii] Like Financial Accounting Standards Board (FASB) does for corporations, GASB sets Generally Accepted Accounting Principles for state and local governments.

The reasons why these retirement liabilities are not reported on state balance sheets are detailed in our prior reports, which are available on our website, StateDataLab.org.

For the most part, states have not set aside money to pay promised retirees' health care benefits, relying on a "pay-as-you-go" system. Truth in Accounting's analysis of all 50 states found **less than 7% of the promised retirees' healthcare benefits have assets set aside to cover them.**

Soon the Full Pension Liability Will Be on State Balance Sheets

As a result of the testimony of Truth in Accounting's CEO and founder, Sheila Weinberg, and others on June 25, 2012 GASB approved amendments to accounting for pensions by employers. Soon states will be required to report their total "Net Pension Liability" on their balance sheets. The Net Pension Liability (NPL) will equal the total amount of accrued benefits net of the fair market value of the pension plans' assets. States are required to implement these amendments in their 2014 fiscal year financial statements.

States have the option of adopting these statements earlier. Truth in Accounting urges the implementation of these amendments as soon as possible.

The amendments are based upon the principle that "[P]ensions are a form of compensation, like salaries, which governments provide in return for work." (5) GASB concluded from that observation that pension obligations should be recorded when earned, not when paid.

In the past most studies of states' unfunded retirement liabilities and financial conditions have allocated to each state all of the liabilities related to multi-employer, cost-sharing plans. GASB's amendments follow Truth in Accounting's lead of requiring states to calculate and put on their balance sheets only their share of the liabilities related to these plans. Like our studies have done, states will also be required to report on their balance sheets the liabilities related to all of their component units' pension plans. A discussion of component units can be found in our prior years' reports, which are on StateDataLab.org.

As noted above the NPL will be based upon the fair market value of the pension plans' assets. Some people are concerned that the NPL will be volatile because of the fluctuation of the market value of plans' assets from year to year. This will provide citizens and policy makers with information about the risks involved in financial markets and instruments used to fund their retirement plans.

Previously many states determined their contributions based upon the annual required contributions calculated according to GASB's pension standard. And people judged whether states were adequately funding their pension plans if the states contributed the annual required contributions.

Under the amended standards no annual required contribution will be disclosed. The pension expense will not be an annual contribution or funding amount, rather a change in the NPL recognized from one year to the next. This provision will further highlight market risks.

The following are additional requirements of these amendments: [6]

- The use of *The American Academy of Actuarial Standards of Practice* which will mostly likely mandate the use of more realistic discount rates to calculate pension plans' accrued benefits.
- The choice of methods to calculate accrued benefits would be standardized.
- A lower discount rate, based on a portfolio rate of municipal securities, should be used for the unfunded portion of the Net Pension Liability.
- A more realistic approach to the amortization of prior service costs that relates these costs to the expected remaining tenure of the employees concerned.
- Incorporation and recognition of accrued benefit changes and likely cost of living benefit increases at the time they are created.

Financial Data Is Not Released in a Timely Manner

Despite the need for timely information during decision making processes, such as the budget process, most states issue their financial reports long after their fiscal year ends. A complete ranking of the timeliness of the release of state financial reports can be found in Appendix VII-Schedule of Timeliness of Financial Report Release.

Illinois, New Mexico and South Dakota are classified as "excessively tardy" because their financial reports were issued more than nine months after their fiscal year ends. The last two states to report their June 30, 2011 CAFR were New Mexico and South Dakota. Their financial reports were issued on June 20, 2012, 356 days after their fiscal year ends.

Three States Excessively Tardy	Days to Release
Illinois	337
New Mexico	356
South Dakota	356

Six Most Timely States	Days to Release
Utah	**120**
Washington	145
New York	154
Michigan	161
North Carolina	161
South Carolina	161

As indicated in Appendix VII –Timeliness of Financial Report Release schedule, 24 states are classified as "tardy" because their reports were issued after 180 days. Twenty three states issued their financial reports within 180 days of their fiscal year end. As discussed in detail in our prior years' reports in governmental accounting 180 days is usually considered "timely".

The timeliest issued financial report was Utah that issued its 2011 report 120 days after its fiscal year end.

Our previous studies identified the following four main factors that are predictive of a timely CAFR:

- Commitment of governmental officials;
- Capacity of accounting systems;
- Adequate resources, including personnel; and
- The desire to receive the Government Finance Officers Association certificate.

You can find detailed discussions of each item in last year's report, which is available on our website, StateDataLab.org.

Actuarial Data Is Not Released in a Timely Manner

The most important information included in the CAFRs is the financial conditions of retirement plans because the related unfunded liabilities are, in most states, their largest obligations. The calculations of these retirement plans' unfunded liabilities are based on actuarial valuations that are usually even more severely out of date than financial reports. Many states, like Connecticut and Hawaii, do not obtain annual actuarial valuations of their retirement plans. GASB standard permits states to obtain an actuarial valuation of their retirees' health care plans every other year.

Some pension plans use what is called "smoothing" to calculate the value of plan assets. Smoothing calculates the value of a retirement plan's assets at the average market value over a period of time, usually 5 years, attempting to adjust for severe market gains and losses. Because of the recent market crash, this method may result in assets being valued in excess of current market values.

In today's volatile marketplace the use of outdated retirement plan actuarial data and asset valuations using smoothing techniques is potentially very harmful. Because current funding requirements are based on overly optimistic unfunded liabilities estimates, contributions will most likely be insufficient to cover future promises.

A Comprehensive Approach to Analyzing State Finances

To determine a state's financial condition Truth in Accounting researchers used a thorough, detailed approach comparing all of a state's bills, including those related to retirement systems, to all of a state's assets available to pay these liabilities. The results of that comparison are presented in Appendix VIII: Roll-Out of the States.[ix]

Capital assets are not included in the Truth in Accounting analysis because it is not financially prudent to sell long term assets to pay current liabilities. Because capital assets are not included in our analysis, the debt related to capital assets is also not included.

Other studies have reported dramatic unfunded pension and OPEB liabilities, and related funding ratios. Others have reported sensationally high total state debt amounts per capita.

Appendix VI – Rankings Comparison Schedule of this report includes rankings according to the Truth in Accounting Taxpayer Burden (Surplus), Total State Debt Per Taxpayer and Pension Percent Funded.

Truth in Accounting determined that a comparison of a state's unfunded retirement plans' liabilities without consideration of other liabilities and obligations, and the assets available to fund all liabilities is incomplete.

[ix] The electronic version of this document does not include each state's detailed Financial State of the State. These can be found at: StateDataLab.org.

Assessing a state's unfunded pension liabilities without considering other debt does not provide an accurate analysis because some states have issued pension bonds and other debt to fund plans' contributions. In those cases funding of the pension plans improves, but this improvement is offset by increases in other state debt.

Such is the case with Washington state. As indicated in Appendix VI – Rankings Comparison Schedule the state, ranks 8th best if ranked by just percentage of pension funded, but ranks 26th in our Taxpayer Burden ranking. This is because the Taxpayer Burden ranking takes into account all non-capital related debt. Washington state issued debt to partially fund their pension plans. As a result Washington state has more bonded debt, but less unfunded retirement liabilities when compared to other states. This is evident by the fact that only 19% of Washington State's debt is related to its unfunded retirement liabilities, but 43% of all of the 50 states' debt is related to unfunded retirement liabilities.

Evaluating a state's unfunded pension and retirees' health care liabilities without analyzing the state's other liabilities is similar to judging a person's finances by only looking at one credit card with a $1,000 balance without consideration the person used $10,000 from a second credit card to reduce the $11,000 balance on the first credit card.

Analyses of total state debt have been done by other organizations. Total state debt in this case included state liabilities, bonds and unfunded retirement obligations. Inclusive in the analysis of total state debt is debt related to capital assets. This analysis implies states should not issue debt to acquire long term assets. This is like saying an individual should not take out a mortgage to buy a house. Such an analysis does not recognize the value of the assets purchased with the related debt. While future taxpayers will be paying taxes to cover the payment of long term debt related to capital assets, those taxpayers will most likely receive benefits from those capital assets.

Furthermore analyzing debt without consideration of the non-capital assets the state has available to pay that debt is like judging a person's finances only looking at their $5,000 credit card balance without consideration they have more than $20,000 in the bank to pay off this balance.

As indicated in Appendix VI our study ranks Alaska as the best in Taxpayer Surplus, but the state ranks the worst if only debt is considered. The difference is Alaska has $37.4 billion of non-capital assets available to pay $24.5 billion of bills.
Connecticut and Illinois have the dubious distinction of ranking in the bottom five in the ranking of Taxpayer Burden, total state debt per taxpayer and percentage of unfunded pension liabilities.

Ongoing Issues

A detailed discussion of the following ongoing issues can be found in last year's report, which is posted on StateDataLab.org.

- Accounting rules have not kept up with growing state missions and associated costs.
- Antiquated budgeting rules and accounting standards are used to calculate budgets result in artificially balanced budgets.
- The accounting standard requiring states to disclose their amount of contributions into multi-employer, cost-sharing pension plans; which include state and local governments, is being interpreted differently in various states.
- Current compensation costs are shifted to future taxpayers.
- The use of unrealistic assumptions results in the understatement of retirement systems' liabilities and the contributions needed to fund promised benefits.
- The financial information for state organizations, known as "component units", is not clearly disclosed in the financial reports of states.

RESULTS

CRITICAL DECISIONS ARE BEING MADE WITH INADEQUATE DATA

Truth in Accounting's research determined states make critical financial decisions using data that is woefully inadequate in two ways:

- The data in state financial reports and budgets does not accurately recognize all the costs and liabilities associated with pensions and retirees' health care benefits. This means citizens cannot independently judge their state's true financial condition and elected officials' balanced budget claims.
- Prior year financial results are often reported too late to be used in current budget cycles. This study found twenty seven states' annual reports were not published until more than six months after the fiscal year end. Three states published annual financial reports more than 300 days after after their fiscal year ends.

BALANCED BUDGETS RESULT IN BILLS IN EXCESS OF ASSETS TOTALING ALMOST $1.3 TRILLION

This study determined as of the 2011 fiscal year end states did not have the assets necessary to pay $1.3 trillion of their bills as they come due. As Appendix III indicates states have less than $1 trillion of assets available to pay nearly $2.3 trillion of bills as they come due.

A detailed review of actuarial reports and other documents revealed the states' unfunded retirement liabilities total $1.1 trillion with more than $968 billion of these liabilities being maintained off-balance sheet.

TAXPAYER BURDENS EXIST IN FORTY FOUR STATES

A major intention of balanced budget laws is that state governments should not be able to shift the burden of paying for current-year services and benefits to future-year taxpayers. This is a significant part of accountability because it reduces the state's ability to incur costs without having an impact on the state's current budget calculations. Yet Truth in Accounting's study found forty four states have created financial burdens that future taxpayers will be responsible to pay.

The main reason for these Taxpayers Burdens is that all compensation costs, especially related to earned retirement benefits, have not been included in prior budgets and the money that should have been put aside to provide for these costs was spent elsewhere. As a consequence, future taxpayers will have to pay taxes for services and benefits that were received by prior taxpayers.

Evidence of these practices is illuminated in state annual financial reports. As indicated in Appendix IV we identified $499 billion of unfunded pension and $606 billion of unfunded retirees' health care liabilities. But as indicated in Appendix V only $137 billion of these liabilities are reported on the face of state balance sheets. Collectively more than $968 billion of the costs of pension and health care benefits earned and promised have not been included in prior state budgets and financial statements.[x] Future taxpayers are responsible for ***all unfunded liabilities*** whether they appear on their state's balance sheet or not.

Taxpayers are also ultimately responsible for unfunded promises on the part of the federal and local governments. For citizens in Bridgeport, Connecticut our calculations show that amount to be $629,300 per taxpayer. Bridgeport taxpayers would have to write a check to their city for $28,400, to their state for $50,900 and to the U.S. Treasury for $550,000 [(7)] to cover compensation and other costs already incurred.

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[x] See Appendix IV - Schedule of Accumulated Bills and Appendix V - Schedule of Reported Vs. Unreported Retirement Liabilities for detail by state.

TOP 5 SUNSHINE STATES AND BOTTOM 5 SINKHOLE STATES IDENTIFIED

Truth in Accounting has identified the "Top 5 Sunshine States": Alaska, Wyoming, North Dakota, Utah and Nebraska. "Sunshine States" are identified as such because these states have a Taxpayer Surplus which represents each taxpayer's share of the assets their state has available to cover its bills, including unfunded retirement benefits.

Truth in Accounting also identified the "Bottom 5 Sinkhole States": Connecticut, Illinois, Hawaii, New Jersey and Kentucky. These states are sinking in debt as summarized by Taxpayer Burden, the money required from each taxpayer to pay the state's bills, including retirement obligations.

All of the state's detailed Financial State of the State is located in Appendix VIII-Roll-Out of the States.[xi]

[xi] The electronic version of this document does not include each state's detailed Financial State of the State. These can be found at: StateDataLab.org.

RECOMMENDATIONS

To be informed participants in their governments, citizens must be provided with truthful and transparent information. States' efforts to begin digging out from their current financial holes must start with an honest accounting of their true fiscal conditions. Only then can alternatives to place each state on solid financial footing start to be developed and debated.

RECOMMENDATIONS TO ELECTED OFFICIALS

Responsible budgeting requires accurate and timely data. Truthful budgetary accounting must incorporate all current compensation costs, including the portion of retirement benefits employees earn every year. Accurate accounting requires all real and certain expenses be reported in the state's budget and financial statements when incurred not when paid. Therefore as elected officials you should:

- Use StateDataLab.org to develop a better understanding of your state's finances and to create graphs and charts to assist in the education of your constituents.
- Require the early implementation of the GASB amendments to the pension standards. These amendments require the inclusion of the state's unfunded pension liabilities on the face of its balance sheet.
- Take the first step to sound financial planning: determine the true financial condition of your state. We have demonstrated how to do this in each state's "Financial State of the State". See Appendix VIII-Roll-Out of the States.[xii]
- Start to follow the intent of your state's balanced budget requirement. Balanced budget requirements exist in state constitutions and/or statutes to prevent current legislatures and governors from passing current period costs onto future period taxpayers. This is a matter of equity; it is simply not fair for one generation to burden a future generation with costs for which no services or benefits are received.
- Recognize that responsible budgeting requires truthful data based upon sound accounting principles.
- Institute Full Accrual Accounting Calculations and Techniques (FACT) based budgeting which would include all costs when incurred not when paid. See the features of FACT based budgeting in last year's report, which can be found on StateDataLab.org.

[xii] The electronic version of this document does not include each state's detailed Financial State of the State. These can be found at: StateDataLab.org.

- Include in budget calculations the costs and obligations associated with pensions and retirees' health care benefits which, like salaries, are a form of current compensation.
- Leave actuarial assumptions to professional actuaries.
- To live up to the intent of your state's balanced budget requirement create no additional Taxpayer Burden and reduce the burden you have inherited as quickly as possible.
- Mandate the issuance of the state CAFR no more than 180 days after fiscal year end.
- Provide the resources, including a centralized computer system and the personnel needed to prepare the CAFR within 180 days.
- Require pension and retirees' health care plans' actuarial valuations be prepared using the same fiscal year end as the state CAFR and issued annually in time, so the unfunded liabilities and other valuation information can be included in the state CAFR.
- For states that participate in multi-employer, cost-sharing plans require the plans' actuaries to calculate and disclose each employer's share of the Unfunded Actuarially Accrued Liabilities and mandate the state CAFR preparer to include this information in the financial report's notes. The CAFR of the Wisconsin Department of Employee Trust Funds for the year ended December 31, 2009 provides a good example of such a disclosure. [8]

RECOMMENDATIONS TO STATE FINANCIAL REPORT PREPARERS

- Encourage the early implementation of GASB's amendments to the pension standards.
- See additional recommendations in our prior reports, which can be found on StateDataLab.org.

RECOMMENDATIONS TO ACCOUNTING STANDARDS SETTERS

Many of Truth in Accounting's concerns about pension liabilities reporting will be addressed when states implement GASB's amendments to pension reporting. Statements No. 67, Financial Reporting for Pension Plans, and No. 68, Accounting and Financial Reporting for Pensions, will improve the accounting and financial reporting of pension liabilities by state and local governments and pension plans. The provisions of these statements should be extended to Other Post-Employment Benefits liabilities as quickly as possible.

See additional recommendations in our prior reports, which can be found on StateDataLab.org.

RECOMMENDATIONS TO THE PUBLIC AND PUBLIC INTEREST ORGANIZATIONS

- Use StateDataLab.org to create a better understanding of your state's finances and, to create graphs and charts to assist in the education of your fellow citizens.
- Encourage your governor and legislators to follow the intent of your state's balanced budget requirement by truthfully balancing the budget.
- Promote accountability of your elected officials by demanding that your state's financial burden not be increased and be reduced as quickly as possible.
- Encourage the early adoption of GASB's new pension reporting requirements.
- Until those changes are made, keep in mind that the liabilities reported on your state's balance sheet do not necessarily include all of the state's pension and retirees' health care liabilities.
- With that caveat, read your state's Comprehensive Annual Financial Report including all notes about retirement systems. To find a link to your state's financial report click on your state on the map on StateDataLab.org.
- Understand the financial condition of your state by reviewing its Financial State of the State. Your state's 2011 Financial State of the State can found in Appendix VIII and/or on StateDataLab.org. Each state's 2012 Financial State of the State will be available on StateDataLab.org when it is completed.
- Demand that state actuarial reports be readily available to outside analysts. This could be in the form of links in the electronic version of your state's CAFR and a note in the hard copy version. This will increase transparency regarding the assumptions used to calculate your state's retirement plans' unfunded liabilities, contributions and the employees' eligibility requirements.
- Let governmental officials know you expect them to implement the recommendations to CAFR preparers outlined in our prior years' reports which can be found on StateDataLab.org.
- Educate legislators on the value of introducing and obtaining sponsors for an act to require truthful accounting in your state and local governments. A pro forma Truth in Accounting Act for Illinois is included in last year's report.

METHODOLOGY

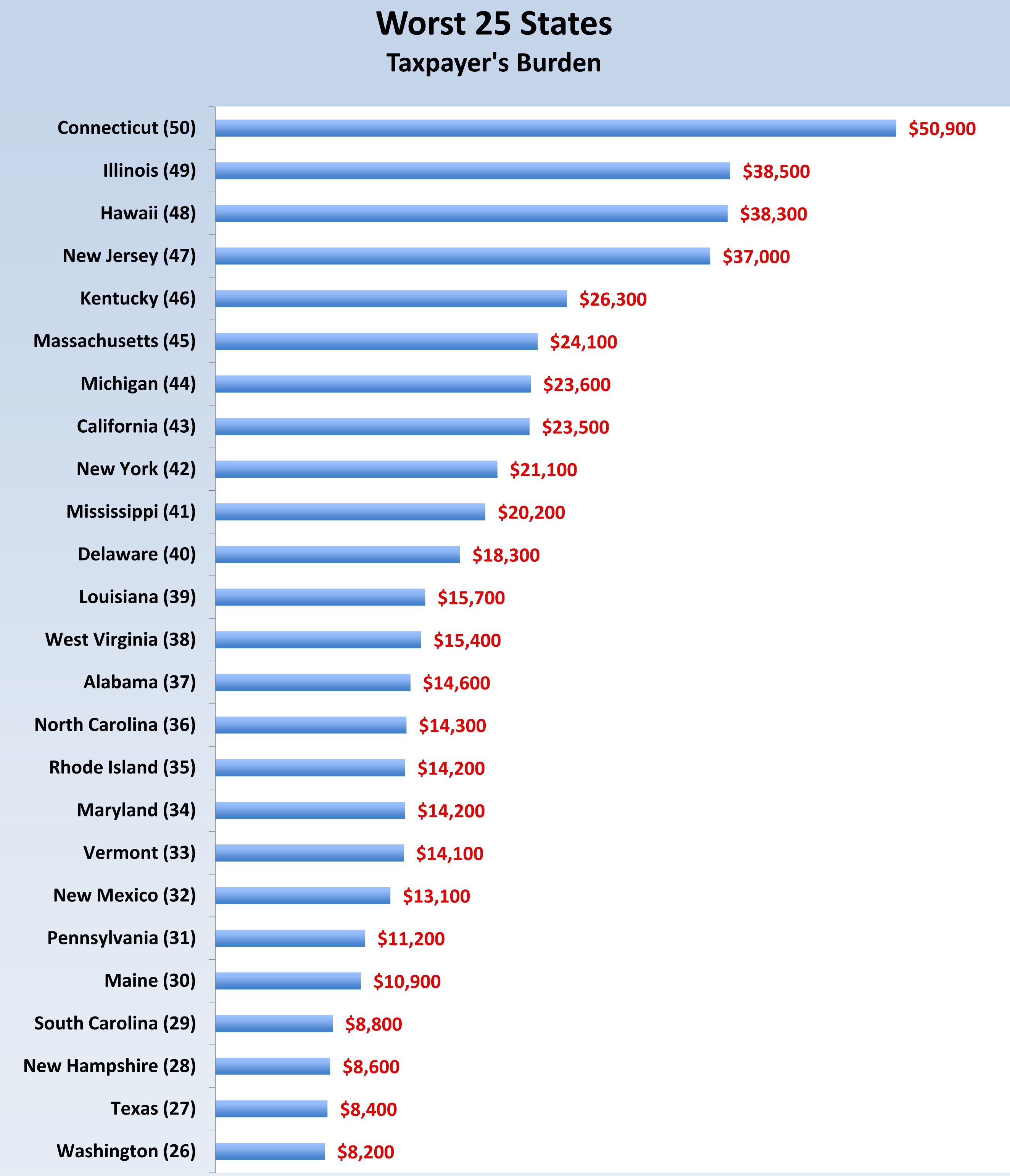
See detailed discussion of methodology in last year's report available at StateDataLab.org.

DESCRIPTION OF EACH STATE'S FINANCIAL STATE OF THE STATE

See detailed description of each state's Financial State of the State in last year's report available at StateDataLab.org.

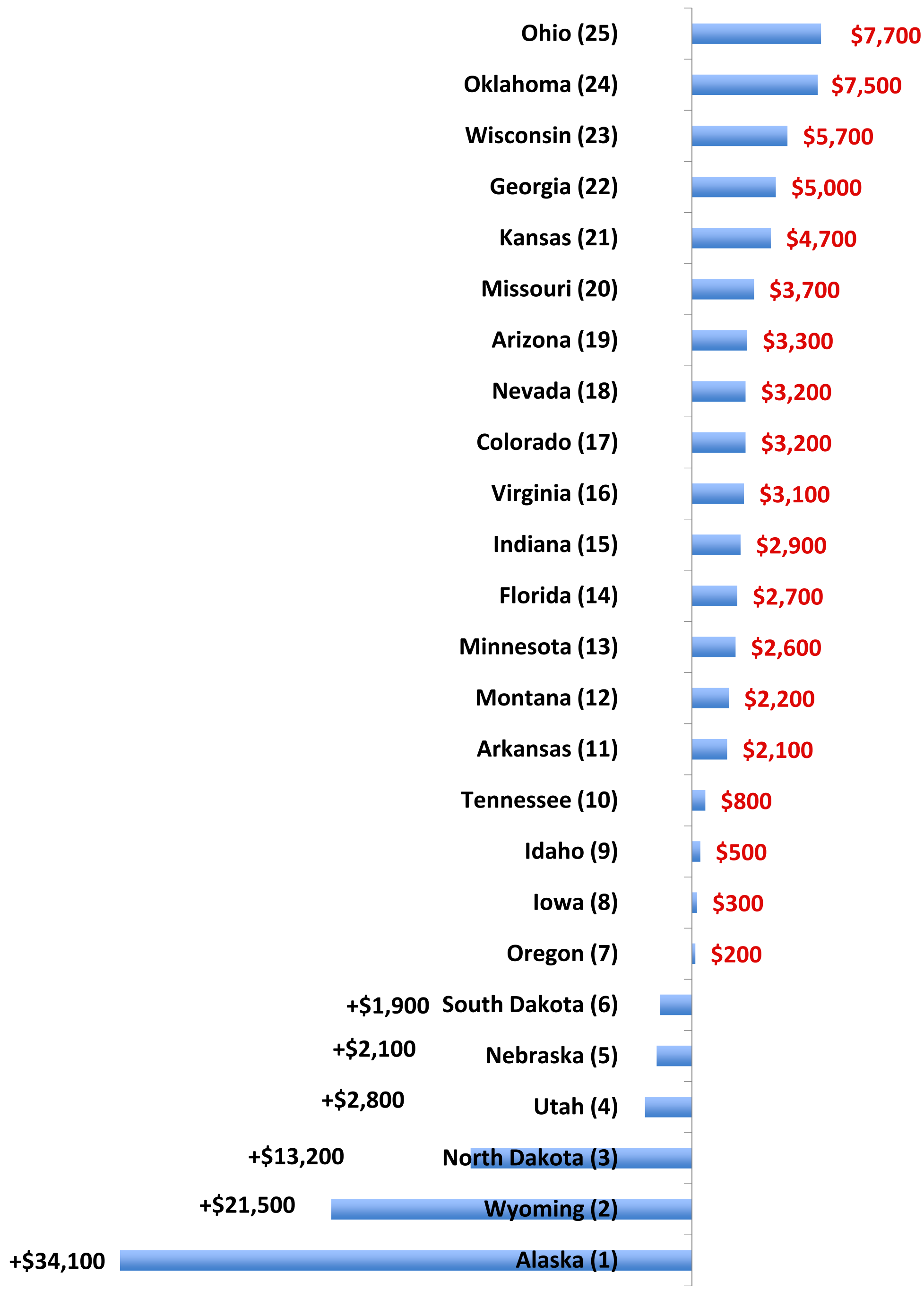
APPENDICES

APPENDIX I


Worst 25 States
Taxpayer's Burden
Connecticut (50)
$50,900
Illinois (49)
$38,500
Hawaii (48)
$38,300
New Jersey (47)
$37,000
Kentucky (46)
$26,300
Massachusetts (45)
$24,100
Michigan (44)
$23,600
California (43)
$23,500
New York (42)
$21,100
Mississippi (41)
$20,200
Delaware (40)
$18,300
Louisiana (39)
$15,700
West Virginia (38)
$15,400
Alabama (37)
$14,600
North Carolina (36)
$14,300
Rhode Island (35)
$14,200
Maryland (34)
$14,200
Vermont (33)
$14,100
New Mexico (32)
$13,100
Pennsylvania (31)
$11,200
Maine (30)
$10,900
South Carolina (29)
$8,800
New Hampshire (28)
$8,600
Texas (27)
$8,400
Washington (26)
$8,200

APPENDIX II

Top 25 States
Taxpayer's Burden / +Surplus



APPENDIX III

THE FINANCIAL STATE OF THE STATES

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	Taxpayer Financial Burden (Surplus)
		(rounded in billions)						
37	Alabama	$45.2	$26.7	$8.0	$10.5	$28.8	$18.3	$14,600
1	Alaska	$85.8	$9.9	$41.1	$34.7	$24.5	($10.2)	($34,100)
19	Arizona	$39.9	$24.4	$6.9	$8.5	$14.5	$6.0	$3,300
11	Arkansas	$22.9	$13.1	$2.2	$7.7	$9.2	$1.6	$2,100
43	California	$289.7	$134.4	$54.0	$101.3	$360.3	$259.0	$23,500
17	Colorado	$34.0	$17.5	$5.5	$11.1	$16.2	$5.1	$3,200
50	Connecticut	$30.1	$14.8	$4.3	$10.9	$74.0	$63.1	$50,900
40	Delaware	$13.1	$8.1	$0.7	$4.3	$10.0	$5.7	$18,300
14	Florida	$171.2	$90.8	$22.4	$58.0	$72.6	$14.5	$2,700
22	Georgia	$54.1	$32.4	$7.9	$13.9	$26.6	$12.7	$5,000
48	Hawaii	$20.8	$13.8	$3.0	$4.0	$22.6	$18.6	$38,300
9	Idaho	$15.3	$7.2	$3.3	$4.8	$5.0	$0.2	$500
49	Illinois	$63.6	$31.1	$9.4	$23.1	$182.3	$159.2	$38,500
15	Indiana	$53.4	$20.4	$6.5	$26.5	$32.3	$5.8	$2,900
8	Iowa	$24.9	$11.0	$5.1	$8.8	$9.1	$0.3	$300
21	Kansas	$22.9	$14.7	$2.4	$5.8	$10.1	$4.3	$4,700
46	Kentucky	$45.2	$27.7	$4.7	$12.8	$43.3	$30.5	$26,300
39	Louisiana	$43.6	$20.6	$7.9	$15.1	$34.8	$19.6	$15,700
30	Maine	$14.9	$5.9	$2.0	$7.0	$11.9	$4.8	$10,900
34	Maryland	$47.8	$29.0	$3.4	$15.3	$44.5	$29.2	$14,200
45	Massachusetts	$67.1	$40.1	$6.0	$21.0	$76.7	$55.7	$24,100
44	Michigan	$54.9	$25.1	$7.7	$22.1	$93.6	$71.4	$23,600
13	Minnesota	$45.5	$19.7	$9.7	$16.1	$21.0	$4.9	$2,600
41	Mississippi	$26.2	$16.4	$5.0	$4.8	$19.5	$14.7	$20,200
20	Missouri	$48.2	$35.1	$5.7	$7.4	$14.2	$6.8	$3,700
12	Montana	$13.6	$5.2	$3.0	$5.3	$6.0	$0.7	$2,200

* Does not Include Reported Pension Assets and OPEB Assets

THE FINANCIAL **STATE OF THE STATES**
(Continued)

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	Taxpayer Financial Burden (Surplus)
		(rounded in billions)						
5	Nebraska	$18.2	$10.0	$4.5	$3.7	$2.5	($1.2)	($2,100)
18	Nevada	$14.3	$7.5	$1.9	$4.8	$7.6	$2.8	$3,200
28	New Hampshire	$7.0	$4.2	$1.0	$1.8	$6.1	$4.3	$8,600
47	New Jersey	$82.7	$44.3	$9.8	$28.6	$138.1	$109.5	$37,000
32	New Mexico	$26.6	$10.8	$8.0	$7.9	$15.1	$7.2	$13,100
42	New York	$298.1	$161.7	$17.4	$119.0	$246.3	$127.2	$21,100
36	North Carolina	$83.7	$53.8	$6.2	$23.7	$60.1	$36.3	$14,300
3	North Dakota	$16.1	$2.8	$3.2	$10.0	$7.0	($3.0)	($13,200)
25	Ohio	$97.6	$36.2	$18.2	$43.2	$71.2	$28.0	$7,700
24	Oklahoma	$35.8	$16.9	$7.3	$11.5	$19.0	$7.5	$7,500
7	Oregon	$39.0	$15.8	$6.3	$16.9	$17.1	$0.2	$200
31	Pennsylvania	$86.8	$38.5	$8.9	$39.5	$85.4	$45.9	$11,200
35	Rhode Island	$12.9	$5.6	$1.5	$5.8	$10.7	$4.9	$14,200
29	South Carolina	$42.3	$24.8	$5.8	$11.8	$22.5	$10.7	$8,800
6	South Dakota	$9.9	$4.2	$2.1	$3.6	$3.1	($0.5)	($1,900)
10	Tennessee	$45.1	$29.0	$4.7	$11.4	$12.8	$1.4	$800
27	Texas	$215.0	$98.9	$56.7	$59.4	$114.3	$54.9	$8,400
4	Utah	$34.7	$19.0	$5.5	$10.2	$8.3	($1.9)	($2,800)
33	Vermont	$8.6	$2.6	$1.3	$4.7	$7.7	$3.0	$14,100
16	Virginia	$81.0	$36.4	$12.0	$32.6	$40.6	$7.9	$3,100
26	Washington	$75.9	$35.3	$8.1	$32.6	$50.6	$18.1	$8,200
38	West Virginia	$23.9	$12.0	$3.1	$8.8	$16.6	$7.8	$15,400
23	Wisconsin	$42.9	$24.1	$7.1	$11.7	$22.2	$10.5	$5,700
2	Wyoming	$28.9	$6.8	$9.9	$12.2	$8.1	($4.1)	($21,500)
	All States	$2,820.7	$1,396.4	$448.3	$976.1	$2,256.2	$1,280.2	

* Does not Include Reported Pension Assets and OPEB Assets

Appendix IV

Accumulated Bills

State	State Bonds	Other Liabilities*	Less Debt Related to Capital Assets	Unfunded Pension Benefits Due	Unfunded Retirees' Health Care Benefits Due	Total Bills
	(rounded in billions)					
Alabama	$8.7	$4.8	$3.8	$4.2	$15.0	**$28.8**
Alaska	$6.1	$7.3	$2.1	$7.1	$6.1	**$24.5**
Arizona	$7.3	$10.8	$6.3	$2.6	$0.2	**$14.5**
Arkansas	$3.6	$3.9	$2.0	$1.9	$1.9	**$9.2**
California	$130.4	$114.6	$35.4	$71.1	$79.6	**$360.3**
Colorado	$6.7	$5.4	$4.5	$7.6	$1.0	**$16.2**
Connecticut	$23.7	$7.3	$6.8	$20.2	$29.6	**$74.0**
Delaware	$4.0	$1.5	$3.0	$0.8	$6.7	**$10.0**
Florida	$41.1	$30.9	$10.7	$6.4	$4.8	**$72.6**
Georgia	$14.9	$11.7	$12.4	$4.6	$7.9	**$26.6**
Hawaii	$7.9	$2.3	$7.1	$5.9	$13.6	**$22.6**
Idaho	$3.1	$2.1	$1.2	$0.9	$0.1	**$5.0**
Illinois	$39.8	$26.5	$11.9	$82.9	$44.9	**$182.3**
Indiana	$12.6	$11.1	$5.1	$12.6	$1.1	**$32.3**
Iowa	$5.0	$3.5	$1.5	$1.4	$0.7	**$9.1**
Kansas	$4.8	$2.9	$4.1	$6.3	$0.2	**$10.1**
Kentucky	$10.2	$10.3	$4.4	$19.2	$7.9	**$43.3**
Louisiana	$11.5	$10.1	$5.1	$8.2	$10.1	**$34.8**
Maine	$2.1	$5.6	$0.9	$2.6	$2.5	**$11.9**
Maryland	$16.7	$8.0	$9.4	$19.0	$10.1	**$44.5**
Massachusetts	$36.8	$17.1	$14.2	$18.8	$18.2	**$76.7**
Michigan	$17.7	$14.2	$5.2	$22.2	$44.6	**$93.6**
Minnesota	$13.1	$10.3	$5.8	$2.2	$1.2	**$21.0**
Mississippi	$4.6	$3.8	$2.0	$12.5	$0.7	**$19.5**
Missouri	$6.5	$5.9	$5.8	$4.4	$3.2	**$14.2**
Montana	$1.4	$2.9	$0.5	$1.3	$1.0	**$6.0**

*Does not include Net Pension and OPEB Obligations.

Accumulated Bills
(Continued)

	(rounded in billions)					
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	$0.8	$0.5	$0.0	**$2.5**
Nevada	$4.4	$2.9	$2.2	$1.5	$1.0	**$7.6**
New Hampshire	$1.9	$1.0	$1.6	$2.2	$2.6	**$6.1**
New Jersey	$43.6	$31.1	$28.2	$30.3	$61.3	**$138.1**
New Mexico	$6.5	$2.7	$2.6	$6.3	$2.3	**$15.1**
New York	$94.4	$120.9	$70.6	$7.4	$94.2	**$246.3**
North Carolina	$14.8	$15.9	$6.4	$2.9	$33.0	**$60.1**
North Dakota	$1.7	$5.4	$0.4	$0.4	$0.1	**$7.0**
Ohio	$23.6	$37.3	$7.2	$10.1	$7.4	**$71.2**
Oklahoma	$7.7	$5.8	$5.4	$10.6	$0.3	**$19.0**
Oregon	$12.3	$8.8	$5.9	$1.6	$0.3	**$17.1**
Pennsylvania	$24.8	$32.4	$11.0	$20.6	$18.6	**$85.4**
Rhode Island	$6.5	$2.8	$2.3	$2.8	$0.9	**$10.7**
South Carolina	$12.2	$7.5	$11.0	$4.6	$9.2	**$22.5**
South Dakota	$2.6	$0.7	$0.5	$0.1	$0.1	**$3.1**
Tennessee	$5.6	$4.3	$1.9	$2.7	$2.1	**$12.8**
Texas	$39.0	$31.5	$27.7	$28.9	$42.6	**$114.3**
Utah	$7.1	$3.3	$3.8	$1.3	$0.4	**$8.3**
Vermont	$3.8	$1.4	$0.8	$1.2	$2.2	**$7.7**
Virginia	$24.1	$15.2	$9.9	$6.0	$5.1	**$40.6**
Washington	$19.3	$35.9	$15.5	$4.3	$6.6	**$50.6**
West Virginia	$4.5	$6.0	$1.9	$5.9	$2.0	**$16.6**
Wisconsin	$15.7	$10.5	$5.5	$0.0	$1.4	**$22.2**
Wyoming	$1.4	$6.2	$0.1	$0.4	$0.3	**$8.1**
All States	**$818.6**	**$726.4**	**$394.4**	**$499.3**	**$606.4**	**$2,256.2**

*Does not include Net Pension and OPEB Obligations

Appendix V

REPORTED VS. UNREPORTED RETIREMENT LIABILITIES

State	Reported Retirement Liabilities*	Unreported Retirement Liabilities	Total Retirement Liabilities
	(rounded in billions)		
Alabama	$0.5	$18.6	$19.1
Alaska	$0.0	$13.2	$13.2
Arizona	$0.0	$2.8	$2.8
Arkansas	$0.6	$3.2	$3.8
California	$17.4	$133.3	$150.7
Colorado	$0.1	$8.5	$8.6
Connecticut	$7.0	$42.8	$49.8
Delaware	$1.4	$6.1	$7.5
Florida	$0.7	$10.5	$11.2
Georgia	$1.0	$11.5	$12.5
Hawaii	$2.5	$16.9	$19.4
Idaho	$0.1	$0.9	$1.0
Illinois	$29.7	$98.1	$127.8
Indiana	$1.1	$12.6	$13.7
Iowa	$0.2	$1.9	$2.1
Kansas	$0.1	$6.5	$6.6
Kentucky	$4.3	$22.9	$27.2
Louisiana	$3.2	$15.1	$18.3
Maine	$0.2	$4.9	$5.1
Maryland	$5.1	$24.0	$29.1
Massachusetts	$4.3	$32.7	$37.0
Michigan	$3.2	$63.6	$66.8
Minnesota	$0.3	$3.1	$3.4
Mississippi	$0.1	$13.0	$13.1
Missouri	$0.6	$7.0	$7.6
Montana	$0.2	$2.1	$2.3

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

REPORTED VS. UNREPORTED RETIREMENT LIABILITIES
(Continued)

	(rounded in billions)		
State	Reported Retirement Liabilities*	Unreported Retirement Liabilities	Total Retirement Liabilities
Nebraska	$0.0	$0.5	$0.5
Nevada	$0.0	$2.5	$2.5
New Hampshire	$0.6	$4.2	$4.8
New Jersey	$24.9	$66.7	$91.6
New Mexico	$0.0	$8.6	$8.6
New York	$17.7	$83.9	$101.6
North Carolina	$0.0	$35.9	$35.9
North Dakota	$0.0	$0.4	$0.4
Ohio	$0.1	$17.4	$17.5
Oklahoma	$0.1	$10.8	$10.9
Oregon	($1.6)	$3.5	$1.9
Pennsylvania	$2.2	$37.0	$39.2
Rhode Island	$0.0	$3.7	$3.7
South Carolina	$0.0	$13.7	$13.7
South Dakota	$0.0	$0.2	$0.2
Tennessee	$0.5	$4.3	$4.8
Texas	$4.1	$67.3	$71.4
Utah	$0.0	$1.7	$1.7
Vermont	$0.7	$2.7	$3.4
Virginia	$2.8	$8.3	$11.1
Washington	$1.3	$9.6	$10.9
West Virginia	($0.8)	$8.7	$7.9
Wisconsin	$0.4	$1.0	$1.4
Wyoming	$0.1	$0.6	$0.7
All States	$137.0	$968.7	$1,105.7

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

Appendix VI

RANKINGS COMPARISON SCHEDULE

State	Taxpayer Burden (Surplus)	Ranking Based on Taxpayer Burden	Total State Debt Per Taxpayer	Ranking Based On Debt Per Taxpayer	Pension Percent Funded	Ranking Based on Percent Funded
Alabama	$14,600	37	$26,000	26	64.9%	35
Alaska	($34,100)	1	$88,400	50	59.4%	42
Arizona	$3,300	19	$11,600	6	74.6%	21
Arkansas	$2,100	11	$14,600	11	74.4%	22
California	$23,500	43	$35,900	37	82.0%	16
Colorado	$3,200	17	$13,000	7	63.4%	37
Connecticut	$50,900	50	$65,200	49	55.1%	47
Delaware	$18,300	40	$41,800	43	90.6%	6
Florida	$2,700	14	$15,400	13	82.5%	14
Georgia	$5,000	22	$15,400	14	82.5%	15
Hawaii	$38,300	48	$61,200	48	59.4%	41
Idaho	$500	9	$14,400	10	90.1%	7
Illinois	$38,500	49	$47,000	45	43.4%	50
Indiana	$2,900	15	$18,500	18	47.6%	49
Iowa	$300	8	$10,400	3	78.3%	18
Kansas	$4,700	21	$15,700	16	60.4%	40
Kentucky	$26,300	46	$41,000	42	50.5%	48
Louisiana	$15,700	39	$31,900	33	57.0%	45
Maine	$10,900	30	$28,800	30	77.5%	19
Maryland	$14,200	34	$26,200	27	63.7%	36
Massachusetts	$24,100	45	$39,400	40	72.0%	26
Michigan	$23,600	44	$32,700	36	71.5%	27
Minnesota	$2,600	13	$14,300	9	82.9%	13
Mississippi	$20,200	41	$29,600	31	62.3%	38
Missouri	$3,700	20	$10,900	4	73.9%	24
Montana	$2,200	12	$20,500	21	68.8%	31

RANKINGS COMPARISON SCHEDULE
(Continued)

State	Taxpayer Burden (Surplus)	Ranking Based on Taxpayer Burden	Total State Debt Per Taxpayer	Ranking Based On Debt Per Taxpayer	Pension Percent Funded	Ranking Based on Percent Funded
Nebraska	($2,100)	5	$5,900	1	84.3%	11
Nevada	$3,200	18	$11,100	5	70.1%	30
New Hampshire	$8,600	28	$15,500	15	57.6%	44
New Jersey	$37,000	47	$56,200	47	61.2%	39
New Mexico	$13,100	32	$32,100	34	66.5%	33
New York	$21,100	42	$52,500	46	89.3%	9
North Carolina	$14,300	36	$26,200	28	95.2%	3
North Dakota	($13,200)	3	$32,200	35	72.6%	25
Ohio	$7,700	25	$21,600	22	74.0%	23
Oklahoma	$7,500	24	$24,500	25	66.6%	32
Oregon	$200	7	$20,400	20	94.2%	4
Pennsylvania	$11,200	31	$23,500	24	75.1%	20
Rhode Island	$14,200	35	$37,500	39	59.1%	43
South Carolina	$8,800	29	$27,500	29	66.5%	34
South Dakota	($1,900)	6	$13,800	8	96.2%	2
Tennessee	$800	10	$8,600	2	90.6%	5
Texas	$8,400	27	$21,700	23	82.9%	12
Utah	($2,800)	4	$17,700	17	81.9%	17
Vermont	$14,100	33	$39,700	41	70.4%	29
Virginia	$3,100	16	$19,500	19	71.0%	28
Washington	$8,200	26	$30,000	32	89.8%	8
West Virginia	$15,400	38	$36,400	38	55.9%	46
Wisconsin	$5,700	23	$15,100	12	99.8%	1
Wyoming	($21,500)	2	$43,300	44	86.2%	10

Appendix VII

TIMELINESS OF FINANCIAL REPORT RELEASE

23 States Timely	Days to Release
Alaska	168
Arkansas	175
Colorado	169
Idaho	176
Iowa	168
Kentucky	169
Maryland	168
Michigan	161
Minnesota	173
Mississippi	172
New York	154
North Carolina	161
North Dakota	173
Pennsylvania	165
Rhode Island	175
South Carolina	161
Texas	176
Utah	120
Vermont	176
Virginia	168
Washington	145
Wisconsin	174
Wyoming	180

24 States Tardy	Days to Release
Alabama	183
Arizona	225
California	267
Connecticut	243
Delaware	221
Florida	209
Georgia	183
Hawaii	231
Indiana	182
Kansas	272
Louisiana	181
Maine	182
Massachusetts	187
Missouri	209
Montana	273
Nebraska	182
Nevada	215
New Hampshire	244
New Jersey	189
Ohio	204
Oklahoma	183
Oregon	202
Tennessee	182
West Virginia	228

Three States Excessively Tardy	Days to Release
Illinois	337
New Mexico	356
South Dakota	356

Appendix VIII – Roll-Out of the States

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

The electronic version of this document does not include each state's detailed Financial State of the State. These can be found at: StateDataLab.org.

The Financial State of Alabama
As of September 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$45,214,037,000
Less: Capital Assets	$26,711,124,000
Restricted Assets	$8,007,826,000
Assets Available to Pay Bills	$10,495,087,000
Less: Bills	$28,822,173,000
Money Needed to Pay Bills	$18,327,086,000
Each Taxpayer's* Burden	$14,600

The state of Alabama has $45.2 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 $8 billion of the assets is restricted by law or contract.

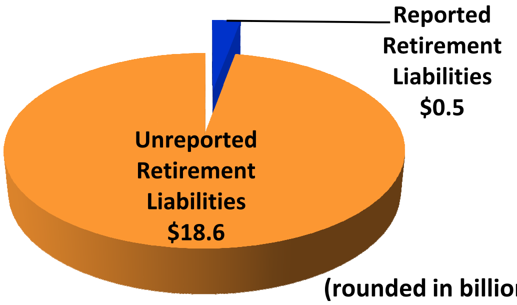
That leaves $10.5 billion of State's assets available to pay $28.8 billion of bills as they come due.

The $18.3 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 $14,600

Truth in Accounting's detailed analysis discovered retirement benefits totaling $19.1 billion have been promised, but not funded. However because of the confusing way the State does its accounting, only $538.1 million of these liabilities are reported Alabama's balance sheet.

97% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when legislators calculate balanced budgets. Furthermore, the State has set aside only 31 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$8,672,383,000
Other Liabilities	$4,817,546,000
Less: Debt Related to Capital Assets	$3,802,608,000
Unfunded Pension Benefits	$4,161,369,000
Unfunded Retirees' Health Care Benefits	$14,973,483,000
Bills	$28,822,173,000

Despite the balanced budget requirement, the State has accumulated bonds of $8.7 billion and other liabilities of $4.8 billion. The calculation of assets available to pay bills does not include capital assets, so $3.8 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 $4.2 billion of pension benefits and $15 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.

Data is derived from the state of Alabama's September 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Alabama federal tax filers with a tax liability.*

The Financial State of Alaska

As of June 30, 2011

STATE ASSETS EXCEED ITS BILLS	
Assets	$85,814,344,000
Less: Capital Assets	$9,927,595,000
Restricted Assets	$41,140,371,000
Assets Available to Pay Bills	**$34,746,378,000**
Less: Bills	$24,502,686,000
Assets Left After Bills Are Funded	**$10,243,692,000**
Each Taxpayer's* Surplus	$34,100

The state of Alaska has $85.8 billion in assets, but most of these assets are not available to pay State bills.

The $9.9 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $41.1 billion of the assets is restricted by law or contract.

That leaves $34.7 billion of State's assets available to pay $24.5 billion of bills as they come due.

The $10.2 billion surplus is available to pay future bills. Unlike most states, Alaska has the money needed to pay State employees' retirement benefits and other costs.

Each Taxpayer's* Share of the Financial Surplus $34,100

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED	
Total Retirement Liabilities	$13,170,750,000
Reported Retirement Liabilities	$3,354,000
Unreported Retirement Liabilities	**$13,167,396,000**

Truth in Accounting's detailed analysis discovered retirement benefits totaling $13.2 billion have been promised, but not funded. Because of the confusing way Alaska does its accounting, only $3.4 million of these liabilities are reported on the State's balance sheet. This means the liabilities reported on its balance sheet are massively understated.

State statutes require the legislature to pass a balanced budget. The Alaska legislatures, unlike those in most other states, have lived up to the intent of these statutes. But during these tough economic times, citizens need to be vigilant to make sure legislators do not start to use the budgeting tactics that other states use.

These budget tactics include:
- Hiding current payroll costs by offering pension and state retirees' health care benefits without providing adequate funding;
- Borrowing money to pay current bills; and
- Charging current bills to the State's "credit card" by delaying the payment of bills.

Truthful budgetary accounting includes the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$6,097,881,000
Other Liabilities	$7,314,862,000
Less: Debt Related to Capital Assets	$2,080,807,000
Unfunded Pension Benefits	$7,089,227,000
Unfunded Retirees' Health Care Benefits	$6,081,523,000
Bills	**$24,502,686,000**

The State has accumulated bonds of $6.1 billion and other liabilities of $7.3 billion. The calculation of assets available to pay bills does not include capital assets, so $2.1 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 54% of State bills. Unfunded pension benefits total $7.1 billion and unfunded retirees' health care benefits total $6.1 billion. Unlike most states, Alaska has assets available to pay these liabilities.

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

Data is derived from the state of Alaska's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Alaska federal tax filers with a tax liability.*

The Financial State of Arizona

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$39,922,529,000
Less: Capital Assets	$24,439,799,000
Restricted Assets	$6,946,768,000
Assets Available to Pay Bills	**$8,535,962,000**
Less: Bills	$14,514,401,000
Money Needed to Pay Bills	**$5,978,439,000**
Each Taxpayer's* Burden	**$3,300**

The state of Arizona has $39.9 billion in assets, but most of these assets are not available to pay State bills.

The $24.4 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $6.9 billion of the assets is restricted by law or contract.

That leaves $8.5 billion of State's assets available to pay $14.5 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 $3,300

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED

Total Retirement Liabilities	$2,751,984,000
Reported Retirement Liabilities	$11,994,000
Unreported Retirement Liabilities	**$2,739,990,000**

Truth in Accounting's detailed analysis discovered retirement benefits totaling $2.7 billion have been promised, but not funded. Because of the confusing way Arizona does its accounting, only $12 million of these liabilities are reported on the State's balance sheet. This means the liabilities reported on its balance sheet are massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 75 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$7,260,399,000
Other Liabilities	$10,836,599,000
Less: Debt Related to Capital Assets	$6,334,581,000
Unfunded Pension Benefits	$2,574,449,000
Unfunded Retirees' Health Care Benefits	$177,535,000
Bills	**$14,514,401,000**

Despite the balanced budget requirement, the State has accumulated bonds of $7.3 billion and other liabilities of $10.8 billion. The calculation of assets available to pay bills does not include capital assets, so $6.3 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 $2.6 billion of pension benefits and $177.5 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.

Data is derived from the state of Arizona's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Arizona federal tax filers with a tax liability.*

The Financial State of Arkansas
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$22,919,270,000
Less: Capital Assets	$13,069,112,000
Restricted Assets	$2,197,684,000
Assets Available to Pay Bills	**$7,652,474,000**
Less: Bills	$9,245,574,000
Money Needed to Pay Bills	**$1,593,100,000**
Each Taxpayer's* Burden	$2,100

The state of Arkansas has $22.9 billion in assets, but most of these assets are not available to pay State bills.

The $13.1 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.

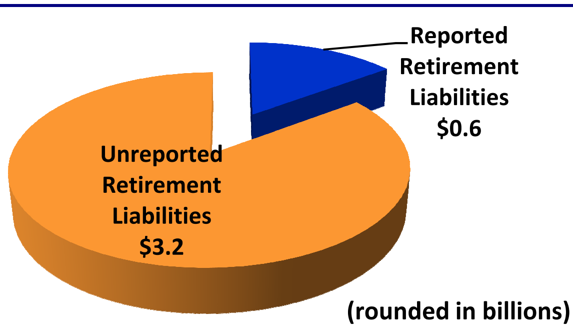
That leaves $7.7 billion of State's assets available to pay $9.2 billion of bills as they come due.

The $1.6 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 $2,100

Truth in Accounting's detailed analysis discovered retirement benefits totaling $3.8 billion have been promised, but not funded. However, because of the confusing way the State does its accounting only $554.6 million of these liabilities are reported on Arkansas' balance sheet.

85% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 60 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$3,612,168,000
Other Liabilities	$3,851,494,000
Less: Debt Related to Capital Assets	$1,971,837,000
Unfunded Pension Benefits	$1,895,562,000
Unfunded Retirees' Health Care Benefits	$1,858,187,000
Bills	**$9,245,574,000**

Despite the balanced budget requirement, the State has accumulated bonds of $3.6 billion and other liabilities of $3.9 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 41% of State bills. These unfunded liabilities have accumulated because State employees have been promised $1.9 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.

Data is derived from the state of Arkansas' June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Arkansas federal tax filers with a tax liability.*

The Financial State of California
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$289,653,580,000
Less: Capital Assets	$134,395,860,000
Restricted Assets	$53,987,008,000
Assets Available to Pay Bills	**$101,270,712,000**
Less: Bills	$360,295,886,000
Money Needed to Pay Bills	**$259,025,174,000**
Each Taxpayer's* Burden	**$23,500**

The state of California has $289.7 billion in assets, but most of these assets are not available to pay State bills.

The $134.4 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $54 billion of the assets is restricted by law or contract.

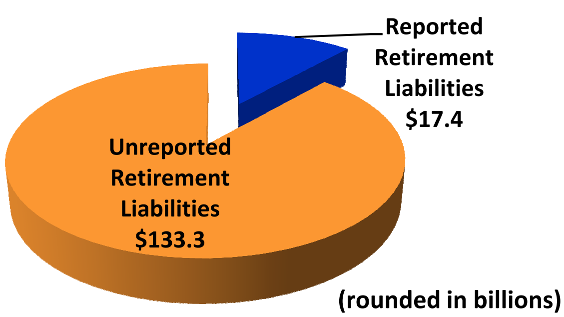
That leaves $101.3 billion of State's assets available to pay $360.3 billion of bills as they come due.

The $259 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 $23,500

Truth in Accounting's detailed analysis discovered retirement benefits totaling $150.7 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $17.4 billion of these liabilities are reported on California's balance sheet.

88% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 69 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$130,421,348,000
Other Liabilities	$114,626,381,000
Less: Debt Related to Capital Assets	$35,423,400,000
Unfunded Pension Benefits	$71,076,311,000
Unfunded Retirees' Health Care Benefits	$79,595,246,000
Bills	**$360,295,886,000**

Despite the balanced budget requirement, the State has accumulated bonds of $130.4 billion and other liabilities of $114.6 billion. The calculation of assets available to pay bills does not include capital assets, so $35.4 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 $71.1 billion of pension benefits and $79.6 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.

Data is derived from the state of California's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of California federal tax filers with a tax liability.*

The Financial State of Colorado

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$34,045,444,000
Less: Capital Assets	$17,521,536,000
Restricted Assets	$5,466,936,000
Assets Available to Pay Bills	**$11,056,972,000**
Less: Bills	$16,193,486,000
Money Needed to Pay Bills	**$5,136,514,000**
Each Taxpayer's* Burden	**$3,200**

The state of Colorado has $34 billion in assets, but most of these assets are not available to pay State bills.

The $17.5 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $5.5 billion of the assets is restricted by law or contract.

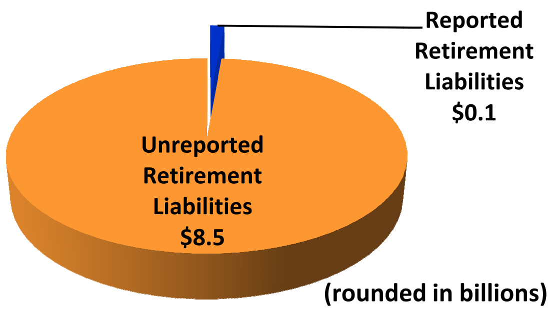
That leaves $11.1 billion of State's assets available to pay $16.2 billion of bills as they come due.

The $5.1 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 $3,200

Truth in Accounting's detailed analysis discovered retirement benefits totaling $8.6 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $118 million of these liabilities are reported on Colorado's balance sheet.

99% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 61 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$6,679,778,000
Other Liabilities	$5,388,211,000
Less: Debt Related to Capital Assets	$4,484,217,000
Unfunded Pension Benefits	$7,640,255,000
Unfunded Retirees' Health Care Benefits	$969,459,000
Bills	**$16,193,486,000**

Despite the balanced budget requirement, the State has accumulated bonds of $6.7 billion and other liabilities of $5.4 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 53% of State bills. These unfunded liabilities have accumulated because State employees have been promised $7.6 billion of pension benefits and $969.5 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.

Data is derived from the state of Colorado's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Colorado federal tax filers with a tax liability.*

The Financial State of Connecticut
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$30,068,212,000
Less: Capital Assets	$14,809,949,000
Restricted Assets	$4,339,327,000
Assets Available to Pay Bills	**$10,918,936,000**
Less: Bills	$74,007,266,000
Money Needed to Pay Bills	**$63,088,330,000**
Each Taxpayer's* Burden	$50,900

The state of Connecticut has $30.1 billion in assets, but most of these assets are not available to pay State bills.

The $14.8 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $4.3 billion of the assets is restricted by law or contract.

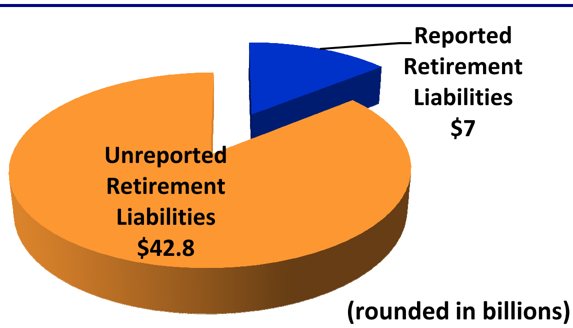
That leaves $10.9 billion of State's assets available to pay $74 billion of bills as they come due.

The $63.1 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 $50,900

Truth in Accounting's detailed analysis discovered retirement benefits totaling $49.8 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $7 billion of these liabilities are reported on Connecticut's balance sheet.

86% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 34 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$23,735,376,000
Other Liabilities	$7,316,722,000
Less: Debt Related to Capital Assets	$6,809,485,000
Unfunded Pension Benefits	$20,166,797,000
Unfunded Retirees' Health Care Benefits	$29,597,856,000
Bills	**$74,007,266,000**

Despite the balanced budget requirement, the State has accumulated bonds of $23.7 billion and other liabilities of $7.3 billion. The calculation of assets available to pay bills does not include capital assets, so $6.8 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 $20.2 billion of pension benefits and $29.6 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.

Data is derived from the state of Connecticut's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Connecticut federal tax filers with a tax liability.*

The Financial State of Delaware
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$13,078,107,000
Less: Capital Assets	$8,055,392,000
Restricted Assets	$702,174,000
Assets Available to Pay Bills	**$4,320,541,000**
Less: Bills	$10,004,921,000
Money Needed to Pay Bills	**$5,684,380,000**
Each Taxpayer's* Burden	$18,300

The state of Delaware has $13.1 billion in assets, but most of these assets are not available to pay State bills.

The $8.1 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $702.2 million of the assets is restricted by law or contract.

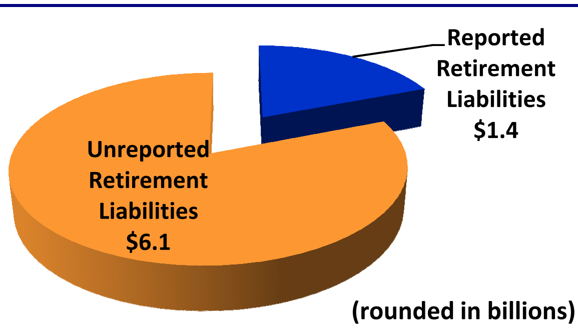
That leaves $4.3 billion of State's assets available to pay $10 billion of bills as they come due.

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 $18,300

Truth in Accounting's detailed analysis discovered retirement benefits totaling $7.5 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $1.4 billion of these liabilities are reported on Delaware's balance sheet.

81% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 51 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$3,957,800,000
Other Liabilities	$1,518,059,000
Less: Debt Related to Capital Assets	$2,993,622,000
Unfunded Pension Benefits	$781,941,000
Unfunded Retirees' Health Care Benefits	$6,740,743,000
Bills	**$10,004,921,000**

Despite the balanced budget requirement, the State has accumulated bonds of $4 billion and other liabilities of $1.5 billion. The calculation of assets available to pay bills does not include capital assets, so $3 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 75% of State bills. These unfunded liabilities have accumulated because State employees have been promised $781.9 million of pension benefits and $6.7 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.

Data is derived from the state of Delaware's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Delaware federal tax filers with a tax liability.*

The Financial State of Florida

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$171,154,025,000
Less: Capital Assets	$90,759,181,000
Restricted Assets	$22,356,358,000
Assets Available to Pay Bills	**$58,038,486,000**
Less: Bills	$72,553,962,000
Money Needed to Pay Bills	**$14,515,476,000**
Each Taxpayer's* Burden	**$2,700**

The state of Florida has $171.2 billion in assets, but most of these assets are not available to pay State bills.

The $90.8 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $22.4 billion of the assets is restricted by law or contract.

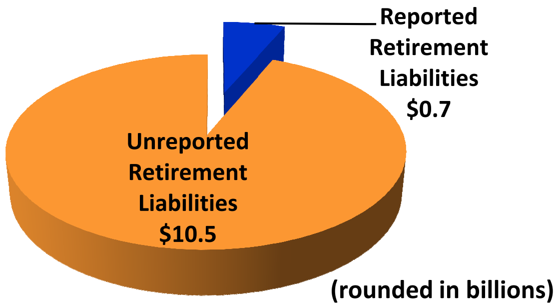
That leaves $58 billion of State's assets available to pay $72.6 billion of bills as they come due.

The $14.5 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 $2,700

Truth in Accounting's detailed analysis discovered retirement benefits totaling $11.2 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $696.7 million of these liabilities are on Florida's balance sheet.

94% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 73 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$41,066,771,000
Other Liabilities	$30,929,445,000
Less: Debt Related to Capital Assets	$10,682,927,000
Unfunded Pension Benefits	$6,429,347,000
Unfunded Retirees' Health Care Benefits	$4,811,326,000
Bills	**$72,553,962,000**

Despite the balanced budget requirement, the State has accumulated bonds of $41.1 billion and other liabilities of $30.9 billion. The calculation of assets available to pay bills does not include capital assets, so $10.7 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 15% of State bills. These unfunded liabilities have accumulated because State employees have been promised $6.4 billion of pension benefits and $4.8 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.

Data is derived from the state of Florida's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Florida federal tax filers with a tax liability.*

STATE LIABILITIES EXCEED ASSETS

Assets	$54,141,620,000
Less: Capital Assets	$32,409,310,000
Restricted Assets	$7,853,035,000
Assets Available to Pay Bills	**$13,879,275,000**
Less: Bills	$26,560,873,000
Money Needed to Pay Bills	**$12,681,598,000**
Each Taxpayer's* Burden	**$5,000**

The state of Georgia has $54.1 billion in assets, but most of these assets are not available to pay State bills.

The $32.4 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.

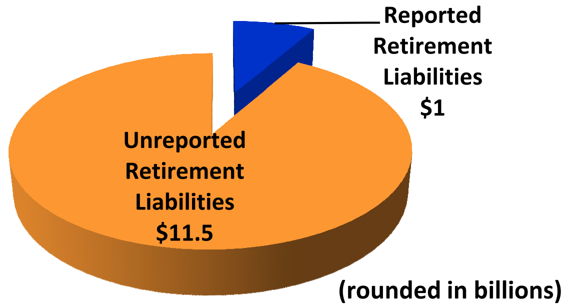
That leaves $13.9 billion of State's assets available to pay $26.6 billion of bills as they come due.

The $12.7 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 $5,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $12.5 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $1 billion of these liabilities are on Georgia's balance sheet.

92% OF RETIREMENT LIABILITIES
ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 65 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$14,868,003,000
Other Liabilities	$11,658,484,000
Less: Debt Related to Capital Assets	$12,420,187,000
Unfunded Pension Benefits	$4,581,636,000
Unfunded Retirees' Health Care Benefits	$7,872,937,000
Bills	**$26,560,873,000**

Despite the balanced budget requirement, the State has accumulated bonds of $14.9 billion and other liabilities of $11.7 billion. The calculation of assets available to pay bills does not include capital assets, so $12.4 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 47% of State bills. These unfunded liabilities have accumulated because State employees have been promised $4.6 billion of pension benefits and $7.9 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.

Data is derived from the state of Georgia's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Georgia federal tax filers with a tax liability.*

The Financial State of Hawaii
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$20,822,006,000
Less: Capital Assets	$13,828,222,000
Restricted Assets	$2,985,242,000
Assets Available to Pay Bills	**$4,008,542,000**
Less: Bills	$22,586,648,000
Money Needed to Pay Bills	**$18,578,106,000**
Each Taxpayer's* Burden	**$38,300**

The state of Hawaii has $20.8 billion in assets, but most of these assets are not available to pay State bills.

The $13.8 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.

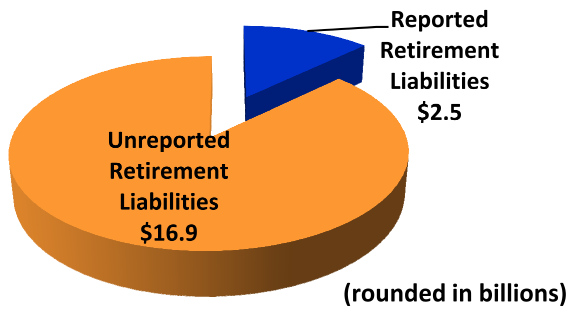
That leaves $4 billion of State's assets available to pay $22.6 billion of bills as they come due.

The $18.6 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 $38,300

Truth in Accounting's detailed analysis discovered retirement benefits totaling $19.4 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $2.5 billion of these liabilities are on Hawaii's balance sheet.

87% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 31 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$7,918,988,000
Other Liabilities	$2,344,831,000
Less: Debt Related to Capital Assets	$7,114,995,000
Unfunded Pension Benefits	$5,871,024,000
Unfunded Retirees' Health Care Benefits	$13,566,800,000
Bills	**$22,586,648,000**

Despite the balanced budget requirement, the State has accumulated bonds of $7.9 billion and other liabilities of $2.3 billion. The calculation of assets available to pay bills does not include capital assets, so $7.1 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 86% of State bills. These unfunded liabilities have accumulated because State employees have been promised $5.9 billion of pension benefits and $13.6 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.

Data is derived from the state of Hawaii's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Hawaii federal tax filers with a tax liability.*

The Financial State of Idaho
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$15,306,792,000
Less: Capital Assets	$7,166,943,000
Restricted Assets	$3,329,576,000
Assets Available to Pay Bills	**$4,810,273,000**
Less: Bills	$5,039,432,000
Money Needed to Pay Bills	**$229,159,000**
Each Taxpayer's* Burden	$500

The state of Idaho has $15.3 billion in assets, but most of these assets are not available to pay State bills.

The $7.2 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.

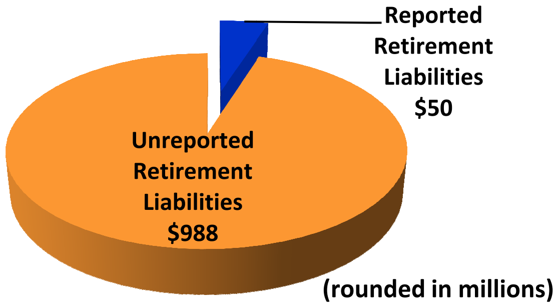
That leaves $4.8 billion of State's assets available to pay $5 billion of bills as they come due.

The $229.2 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 $500

Truth in Accounting's detailed analysis discovered retirement benefits totaling $1 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $50.1 million of these liabilities are on Idaho's balance sheet.

95% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 89 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$3,083,335,000
Other Liabilities	$2,128,302,000
Less: Debt Related to Capital Assets	$1,210,886,000
Unfunded Pension Benefits	$901,560,000
Unfunded Retirees' Health Care Benefits	$137,121,000
Bills	**$5,039,432,000**

Despite the balanced budget requirement, the State has accumulated bonds of $3.1 billion and other liabilities of $2.1 billion. The calculation of assets available to pay bills does not include capital assets, so $1.2 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 $901.6 million of pension benefits and $137.1 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.

Data is derived from the state of Idaho's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Idaho federal tax filers with a tax liability.*

The Financial State of Illinois
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$63,620,364,000
Less: Capital Assets	$31,130,300,000
Restricted Assets	$9,375,156,000
Assets Available to Pay Bills	**$23,114,908,000**
Less: Bills	$182,275,263,000
Money Needed to Pay Bills	**$159,160,355,000**
Each Taxpayer's* Burden	$38,500

The state of Illinois has $63.6 billion in assets, but most of these assets are not available to pay State bills.

The $31.1 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $9.4 billion of the assets is restricted by law or contract.

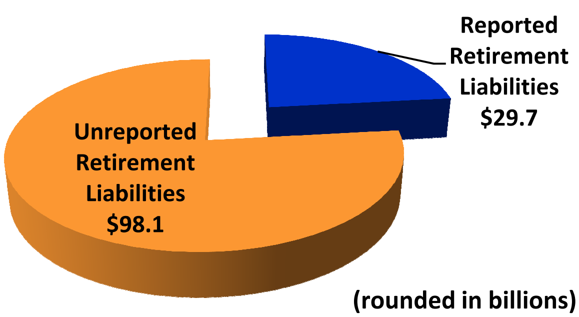
That leaves $23.1 billion of State's assets available to pay $182.3 billion of bills as they come due.

The $159.2 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 $38,500

Truth in Accounting's detailed analysis discovered retirement benefits totaling $127.8 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $29.7 billion of these liabilities are on Illinois' balance sheet.

77% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 34 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$39,842,834,000
Other Liabilities	$26,526,801,000
Less: Debt Related to Capital Assets	$11,890,950,000
Unfunded Pension Benefits	$82,907,009,000
Unfunded Retirees' Health Care Benefits	$44,889,569,000
Bills	**$182,275,263,000**

Despite the balanced budget requirement, the State has accumulated bonds of $39.8 billion and other liabilities of $26.5 billion. The calculation of assets available to pay bills does not include capital assets, so $11.9 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 70% of State bills. These unfunded liabilities have accumulated because State employees have been promised $82.9 billion of pension benefits and $44.9 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.

Data is derived from the state of Illinois' June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Illinois federal tax filers with a tax liability.*

The Financial State of Indiana
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$53,400,952,000
Less: Capital Assets	$20,397,545,000
Restricted Assets	$6,532,650,000
Assets Available to Pay Bills	**$26,470,757,000**
Less: Bills	$32,288,517,000
Money Needed to Pay Bills	**$5,817,760,000**
Each Taxpayer's* Burden	$2,900

The state of Indiana has $53.4 billion in assets, but most of these assets are not available to pay State bills.

The $20.4 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $6.5 billion of the assets is restricted by law or contract.

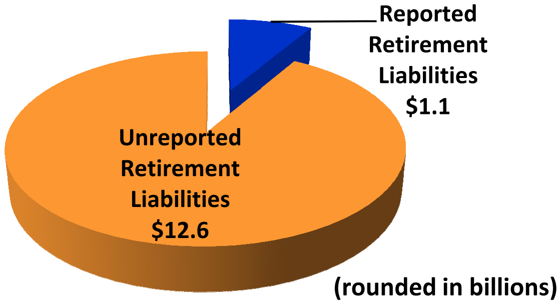
That leaves $26.5 billion of State's assets available to pay $32.3 billion of bills as they come due.

The $5.8 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 $2,900

Truth in Accounting's detailed analysis discovered retirement benefits totaling $13.7 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $1.1 billion of these liabilities are on Indiana's balance sheet.

92% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 47 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$12,633,810,000
Other Liabilities	$11,117,514,000
Less: Debt Related to Capital Assets	$5,135,163,000
Unfunded Pension Benefits	$12,593,227,000
Unfunded Retirees' Health Care Benefits	$1,079,129,000
Bills	**$32,288,517,000**

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 $5.1 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 $12.6 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.

Data is derived from the state of Indiana's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Indiana federal tax filers with a tax liability.*

The Financial State of Iowa
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$24,888,425,000
Less: Capital Assets	$11,010,719,000
Restricted Assets	$5,090,007,000
Assets Available to Pay Bills	$8,787,699,000
Less: Bills	$9,093,182,000
Money Needed to Pay Bills	$305,483,000
Each Taxpayer's* Burden	$300

The state of Iowa has $24.9 billion in assets, but most of these assets are not available to pay State bills.

The $11 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.

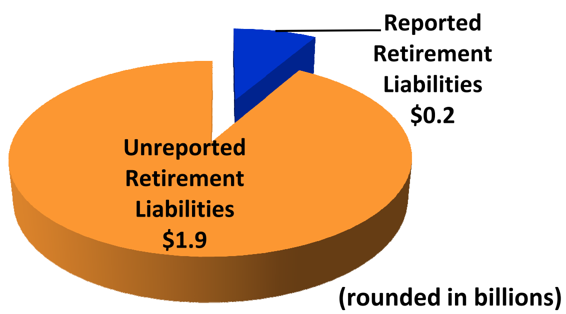
That leaves $8.8 billion of State's assets available to pay $9.1 billion of bills as they come due.

The $305.5 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 $300

Truth in Accounting's detailed analysis discovered retirement benefits totaling $2.1 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $175.1 million of these liabilities are on Iowa's balance sheet.

92% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 70 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$5,029,418,000
Other Liabilities	$3,464,600,000
Less: Debt Related to Capital Assets	$1,514,021,000
Unfunded Pension Benefits	$1,364,097,000
Unfunded Retirees' Health Care Benefits	$749,088,000
Bills	$9,093,182,000

Despite the balanced budget requirement, the State has accumulated bonds of $5 billion and other liabilities of $3.5 billion. The calculation of assets available to pay bills does not include capital assets, so $1.5 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 $1.4 billion of pension benefits and $749.1 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.

Data is derived from the state of Iowa's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Iowa federal tax filers with a tax liability.*

The Financial State of Kansas

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$22,880,122,000
Less: Capital Assets	$14,680,184,000
Restricted Assets	$2,422,501,000
Assets Available to Pay Bills	**$5,777,437,000**
Less: Bills	$10,080,216,000
Money Needed to Pay Bills	**$4,302,779,000**
Each Taxpayer's* Burden	$4,700

The state of Kansas has $22.9 billion in assets, but most of these assets are not available to pay State bills.

The $14.7 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $2.4 billion of the assets is restricted by law or contract.

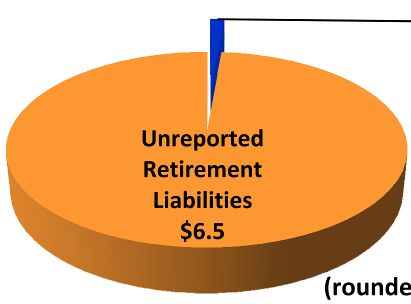
That leaves $5.8 billion of State's assets available to pay $10.1 billion of bills as they come due.

The $4.3 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 $4,700

Truth in Accounting's detailed analysis discovered retirement benefits totaling $6.6 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $89.3 million of these liabilities are on Kansas' balance sheet.

99% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 60 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$4,763,001,000
Other Liabilities	$2,884,018,000
Less: Debt Related to Capital Assets	$4,132,598,000
Unfunded Pension Benefits	$6,330,568,000
Unfunded Retirees' Health Care Benefits	$235,227,000
Bills	**$10,080,216,000**

Despite the balanced budget requirement, the State has accumulated bonds of $4.8 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 65% of State bills. These unfunded liabilities have accumulated because State employees have been promised $6.3 billion of pension benefits and $235.2 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.

Data is derived from the state of Kansas' June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Kansas federal tax filers with a tax liability.*

The Financial State of Kentucky
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$45,157,646,000
Less: Capital Assets	$27,650,436,000
Restricted Assets	$4,747,523,000
Assets Available to Pay Bills	**$12,759,687,000**
Less: Bills	$43,294,062,000
Money Needed to Pay Bills	**$30,534,375,000**
Each Taxpayer's* Burden	$26,300

The state of Kentucky has $45.2 billion in assets, but most of these assets are not available to pay State bills.

The $27.7 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $4.7 billion of the assets is restricted by law or contract.

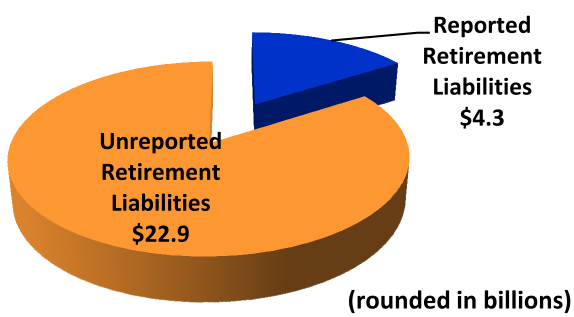
That leaves $12.8 billion of State's assets available to pay $43.3 billion of bills as they come due.

The $30.5 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 $26,300

Truth in Accounting's detailed analysis discovered retirement benefits totaling $27.2 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $4.3 billion of these liabilities are on Kentucky's balance sheet.

84% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 44 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$10,200,576,000
Other Liabilities	$10,300,316,000
Less: Debt Related to Capital Assets	$4,368,811,000
Unfunded Pension Benefits	$19,236,217,000
Unfunded Retirees' Health Care Benefits	$7,925,764,000
Bills	**$43,294,062,000**

Despite the balanced budget requirement, the State has accumulated bonds of $10.2 billion and other liabilities of $10.3 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 63% of State bills. These unfunded liabilities have accumulated because State employees have been promised $19.2 billion of pension benefits and $7.9 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.

Data is derived from the state of Kentucky's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Kentucky federal tax filers with a tax liability.*

The Financial State of Louisiana
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$43,596,105,000
Less: Capital Assets	$20,601,574,000
Restricted Assets	$7,859,327,000
Assets Available to Pay Bills	**$15,135,204,000**
Less: Bills	$34,758,407,000
Money Needed to Pay Bills	**$19,623,203,000**
Each Taxpayer's* Burden	$15,700

The state of Louisiana has $43.6 billion in assets, but most of these assets are not available to pay State bills.

The $20.6 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.

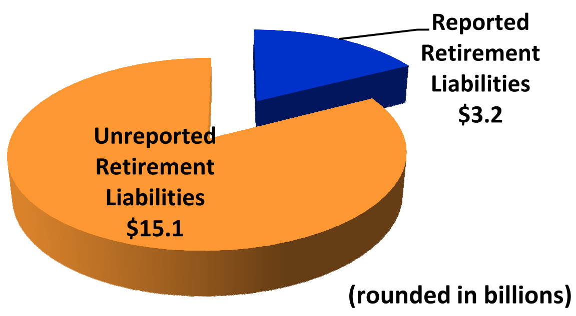
That leaves $15.1 billion of State's assets available to pay $34.8 billion of bills as they come due.

The $19.6 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 $15,700

Truth in Accounting's detailed analysis discovered retirement benefits totaling $18.3 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $3.2 billion of these liabilities are on Louisiana's balance sheet.

83% OF RETIREMENT LIABILITIES
ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 38 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$11,498,919,000
Other Liabilities	$10,081,201,000
Less: Debt Related to Capital Assets	$5,096,701,000
Unfunded Pension Benefits	$8,202,425,000
Unfunded Retirees' Health Care Benefits	$10,072,563,000
Bills	**$34,758,407,000**

Despite the balanced budget requirement, the State has accumulated bonds of $11.5 billion and other liabilities of $10.1 billion. The calculation of assets available to pay bills does not include capital assets, so $5.1 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 $10.1 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.

Data is derived from the state of Louisiana's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Louisiana federal tax filers with a tax liability.*

The Financial State of Maine
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$14,922,004,000
Less: Capital Assets	$5,907,416,000
Restricted Assets	$1,979,590,000
Assets Available to Pay Bills	**$7,034,998,000**
Less: Bills	$11,850,948,000
Money Needed to Pay Bills	**$4,815,950,000**
Each Taxpayer's* Burden	$10,900

The state of Maine has $14.9 billion in assets, but most of these assets are not available to pay State bills.

The $5.9 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.

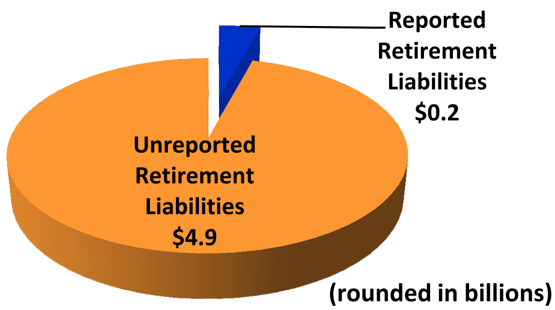
That leaves $7 billion of State's assets available to pay $11.9 billion of bills as they come due.

The $4.8 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 $10,900

Truth in Accounting's detailed analysis discovered retirement benefits totaling $5.1 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $209.2 million of these liabilities are on Maine's balance sheet.

96% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 65 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$2,113,768,000
Other Liabilities	$5,586,612,000
Less: Debt Related to Capital Assets	$920,550,000
Unfunded Pension Benefits	$2,568,685,000
Unfunded Retirees' Health Care Benefits	$2,502,433,000
Bills	**$11,850,948,000**

Despite the balanced budget requirement, the State has accumulated bonds of $2.1 billion and other liabilities of $5.6 billion. The calculation of assets available to pay bills does not include capital assets, so $920.6 million 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 $2.6 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.

Data is derived from the state of Maine's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Maine federal tax filers with a tax liability.*

The Financial State of Maryland
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$47,783,146,000
Less: Capital Assets	$29,037,400,000
Restricted Assets	$3,449,817,000
Assets Available to Pay Bills	**$15,295,929,000**
Less: Bills	$44,452,554,000
Money Needed to Pay Bills	**$29,156,625,000**
Each Taxpayer's* Burden	$14,200

The state of Maryland has $47.8 billion in assets, but most of these assets are not available to pay State bills.

The $29 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.

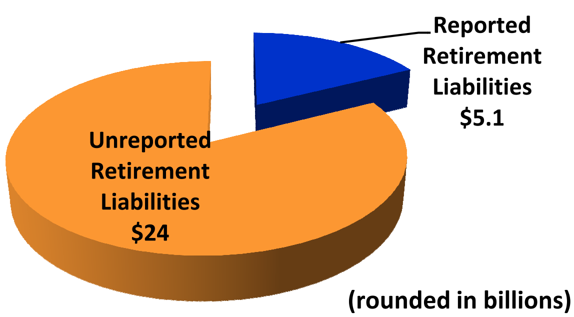
That leaves $15.3 billion of State's assets available to pay $44.5 billion of bills as they come due.

The $29.2 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 $14,200

Truth in Accounting's detailed analysis discovered retirement benefits totaling $29.1 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $5.1 billion of these liabilities are on Maryland's balance sheet.

83% OF RETIREMENT LIABILITIES
ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 54 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$16,677,076,000
Other Liabilities	$8,049,415,000
Less: Debt Related to Capital Assets	$9,359,820,000
Unfunded Pension Benefits	$19,022,069,000
Unfunded Retirees' Health Care Benefits	$10,063,814,000
Bills	**$44,452,554,000**

Despite the balanced budget requirement, the State has accumulated bonds of $16.7 billion and other liabilities of $8 billion. The calculation of assets available to pay bills does not include capital assets, so $9.4 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 $19 billion of pension benefits and $10.1 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.

Data is derived from the state of Maryland's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Maryland federal tax filers with a tax liability.*

The Financial State of Massachusetts
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$67,091,454,000
Less: Capital Assets	$40,091,250,000
Restricted Assets	$5,959,041,000
Assets Available to Pay Bills	**$21,041,163,000**
Less: Bills	$76,712,174,000
Money Needed to Pay Bills	**$55,671,011,000**
Each Taxpayer's* Burden	$24,100

The state of Massachusetts has $67.1 billion in assets, but of most these assets are not available to pay State bills.

The $40.1 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.

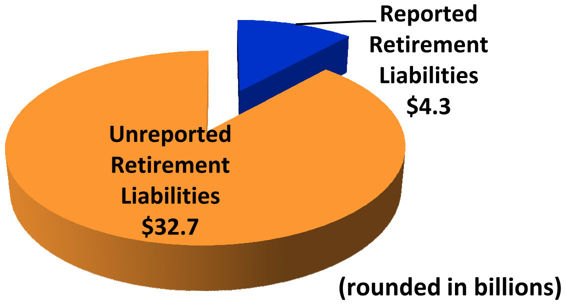
That leaves $21 billion of State's assets available to pay $76.7 billion of bills as they come due.

The $55.7 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 $24,100

Truth in Accounting's detailed analysis discovered retirement benefits totaling $37 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $4.3 billion of these liabilities are on Massachusetts' balance sheet.

88% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 57 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$36,757,587,000
Other Liabilities	$17,124,338,000
Less: Debt Related to Capital Assets	$14,206,629,000
Unfunded Pension Benefits	$18,790,808,000
Unfunded Retirees' Health Care Benefits	$18,246,070,000
Bills	**$76,712,174,000**

Despite the balanced budget requirement, the State has accumulated bonds of $36.8 billion and other liabilities of $17.1 billion. The calculation of assets available to pay bills does not include capital assets, so $14.2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 48% of State bills. These unfunded liabilities have accumulated because State employees have been promised $18.8 billion of pension benefits and $18.2 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.

Data is derived from the state of Massachusetts June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Massachusetts federal tax filers with a tax liability.*

The Financial State of Michigan

As of September 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$54,935,498,000
Less: Capital Assets	$25,080,413,000
Restricted Assets	$7,747,434,000
Assets Available to Pay Bills	**$22,107,651,000**
Less: Bills	$93,550,796,000
Money Needed to Pay Bills	**$71,443,145,000**
Each Taxpayer's* Burden	**$23,600**

The state of Michigan has $54.9 billion in assets, but most of these assets are not available to pay State bills.

The $25.1 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $7.7 billion of the assets is restricted by law or contract.

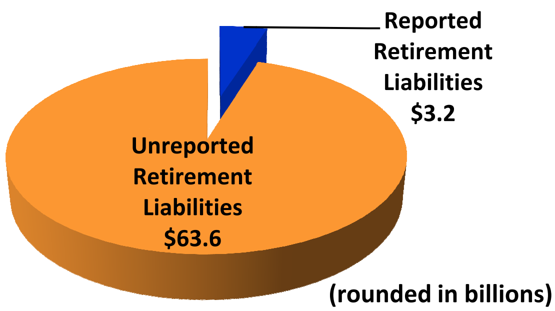
That leaves $22.1 billion of State's assets available to pay $93.6 billion of bills as they come due.

The $71.4 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 $23,600

Truth in Accounting's detailed analysis discovered retirement benefits totaling $66.8 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $3.2 billion of these liabilities are on Michigan's balance sheet.

95% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 46 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$17,737,500,000
Other Liabilities	$14,220,925,000
Less: Debt Related to Capital Assets	$5,168,788,000
Unfunded Pension Benefits	$22,178,900,000
Unfunded Retirees' Health Care Benefits	$44,582,259,000
Bills	**$93,550,796,000**

Despite the balanced budget requirement, the State has accumulated bonds of $17.7 billion and other liabilities of $14.2 billion. The calculation of assets available to pay bills does not include capital assets, so $5.2 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 $22.2 billion of pension benefits and $44.6 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.

Data is derived from the state of Michigan's September 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Michigan federal tax filers with a tax liability.*

STATE LIABILITIES EXCEED ASSETS

Assets	$45,517,638,000
Less: Capital Assets	$19,745,458,000
Restricted Assets	$9,651,478,000
Assets Available to Pay Bills	**$16,120,702,000**
Less: Bills	$21020,663,000
Money Needed to Pay Bills	**$4,899,961,000**
Each Taxpayer's* Burden	$2,600

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

The $19.7 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $9.7 billion of the assets is restricted by law or contract.

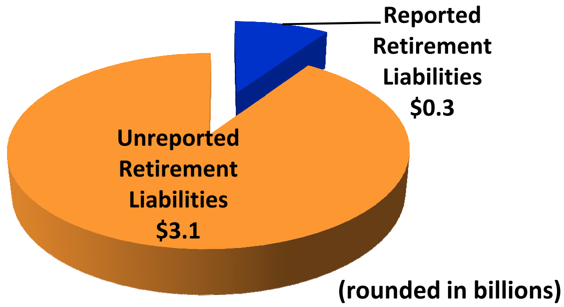
That leaves $16.1 billion of State's assets available to pay $21 billion of bills as they come due.

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

Truth in Accounting's detailed analysis discovered retirement benefits totaling $3.4 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $319.9 million of these liabilities are on Minnesota's balance sheet.

91% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 76 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$13,126,140,000
Other Liabilities	$10,300,182,000
Less: Debt Related to Capital Assets	$5,797,470,000
Unfunded Pension Benefits	$2,164,927,000
Unfunded Retirees' Health Care Benefits	$1,226,884,000
Bills	**$21,020,663,000**

Despite the balanced budget requirement, the State has accumulated bonds of $13.1 billion and other liabilities of $10.3 billion. The calculation of assets available to pay bills does not include capital assets, so $5.8 billion 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 $2.2 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.

Data is derived from the state of Minnesota's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Minnesota federal tax filers with a tax liability.*

The Financial State of Mississippi
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$26,186,676,000
Less: Capital Assets	$16,434,393,000
Restricted Assets	$4,969,067,000
Assets Available to Pay Bills	**$4,783,216,000**
Less: Bills	$19,469,181,000
Money Needed to Pay Bills	**$14,685,965,000**
Each Taxpayer's* Burden	**$20,200**

The state of Mississippi has $26.2 billion in assets, but most of these assets are not available to pay State bills.

The $16.4 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $5 billion of the assets is restricted by law or contract.

That leaves $4.8 billion of State's assets available to pay $19.5 billion of bills as they come due.

The $14.7 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 $20,200

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED	
Total Retirement Liabilities	$13,132,770,000
Reported Retirement Liabilities	$82,212,000
Unreported Retirement Liabilities	**$13,050,558,000**

Truth in Accounting's detailed analysis discovered retirement benefits totaling $13.1 billion have been promised, but not funded. Because of the confusing way Mississippi does its accounting, only $82.2 million of these liabilities are reported on the State's balance sheet. This means the liabilities reported on its balance sheet are massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 62 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$4,593,260,000
Other Liabilities	$3,753,679,000
Less: Debt Related to Capital Assets	$2,010,528,000
Unfunded Pension Benefits	$12,480,466,000
Unfunded Retirees' Health Care Benefits	$652,304,000
Bills	**$19,469,181,000**

Despite the balanced budget requirement, the State has accumulated bonds of $4.6 billion and other liabilities of $3.8 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 67% of State bills. These unfunded liabilities have accumulated because State employees have been promised $12.5 billion of pension benefits and $652.3 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.

Data is derived from the state of Mississippi's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Mississippi federal tax filers with a tax liability.*

The Financial State of Missouri
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$48,196,886,000
Less: Capital Assets	$35,090,538,000
Restricted Assets	$5,730,775,000
Assets Available to Pay Bills	**$7,375,573,000**
Less: Bills	$14,220,666,000
Money Needed to Pay Bills	**$6,845,093,000**
Each Taxpayer's* Burden	$3,700

The state of Missouri has $48.2 billion in assets, but most of these assets are not available to pay State bills.

The $35.1 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $5.7 billion of the assets is restricted by law or contract.

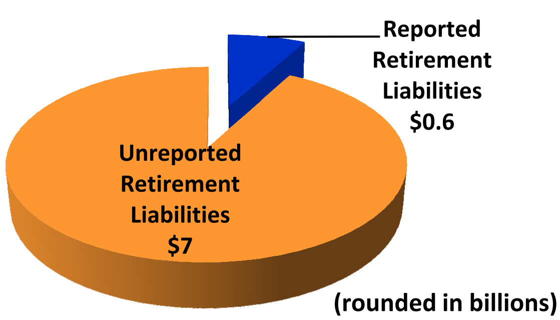
That leaves $7.4 billion of State's assets available to pay $14.2 billion of bills as they come due.

The $6.8 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 $3,700

Truth in Accounting's detailed analysis discovered retirement benefits totaling $7.6 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $589.5 million of these liabilities are on Missouri's balance sheet.

92% OF RETIREMENT LIABILITIES
ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 63 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$6,523,364,000
Other Liabilities	$5,909,529,000
Less: Debt Related to Capital Assets	$5,778,303,000
Unfunded Pension Benefits	$4,375,323,000
Unfunded Retirees' Health Care Benefits	$3,190,753,000
Bills	**$14,220,666,000**

Despite the balanced budget requirement, the State has accumulated bonds of $6.5 billion and other liabilities of $5.9 billion. The calculation of assets available to pay bills does not include capital assets, so $5.8 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 $4.4 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.

Data is derived from the state of Missouri's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Missouri federal tax filers with a tax liability.*

STATE LIABILITIES EXCEED ASSETS

Assets	$13,550,689,000
Less: Capital Assets	$5,234,776,000
Restricted Assets	$2,993,317,000
Assets Available to Pay Bills	**$5,322,596,000**
Less: Bills	$6,039,399,000
Money Needed to Pay Bills	**$716,803,000**
Each Taxpayer's* Burden	$2,200

The state of Montana has $13.6 billion in assets, but most of these assets are not available to pay State bills.

The $5.2 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.

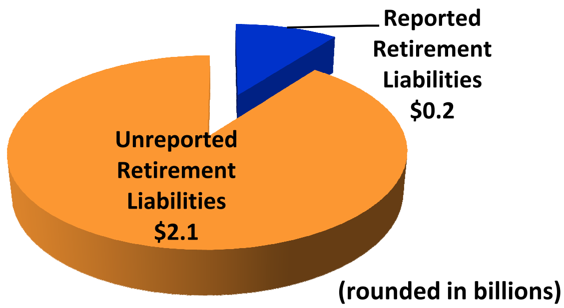
That leaves $5.3 billion of State's assets available to pay $6 billion of bills as they come due.

The $716.8 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 $2,200

Truth in Accounting's detailed analysis discovered retirement benefits totaling $2.3 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $235.5 million of these liabilities are on Montana's balance sheet.

90% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 56 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$1,364,088,000
Other Liabilities	$2,915,745,000
Less: Debt Related to Capital Assets	$533,445,000
Unfunded Pension Benefits	$1,319,689,000
Unfunded Retirees' Health Care Benefits	$973,322,000
Bills	**$6,039,399,000**

Despite the balanced budget requirement, the State has accumulated bonds of $1.4 billion and other liabilities of $2.9 billion. The calculation of assets available to pay bills does not include capital assets, so $533.4 million 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 $1.3 billion of pension benefits and $973.3 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.

Data is derived from the state of Montana's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Montana federal tax filers with a tax liability.*

The Financial State of Nebraska

As of June 30, 2011

STATE ASSETS EXCEED ITS BILLS

Assets	$18,172,882,000
Less: Capital Assets	$9,971,862,000
Restricted Assets	$4,504,108,000
Assets Available to Pay Bills	**$3,696,912,000**
Less: Bills	$2,500,900,000
Assets Left After Bills Are Funded	**$1,196,012,000**
Each Taxpayer's* Surplus	**$2,100**

The state of Nebraska has $18.2 billion in assets, but most of these assets are not available to pay State bills.

The $10 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $4.5 billion of the assets is restricted by law or contract.

That leaves $3.7 billion of State's assets available to pay $2.5 billion of bills as they come due.

The $1.2 billion surplus is available to pay future bills. Unlike most states, Nebraska has the money needed to pay State employees' retirement benefits and other costs.

Each Taxpayer's* Share of the Financial Surplus $2,100

STATE LIABILITIES ARE UNDERSTATED

Total Retirement Liabilities	$519,600,000
Reported Retirement Liabilities	$0

Truth in Accounting's detailed analysis discovered Nebraska has promised $519.6 million in retirement benefits. However, as a result of the confusing way the State does its accounting, no retirement liabilities are reported. This means State liabilities are understated.

State statutes require the legislature to pass a balanced budget. The Nebraska legislatures, unlike those in most other states, have lived up to the intent of these statutes. But during these tough economic times, citizens need to be vigilant to make sure legislators do not start to use the budgeting tactics that other states use.

These budget tactics include:

- Hiding current payroll costs by offering pension and state retirees' health care benefits without providing adequate funding;
- Borrowing money to pay current bills; and
- Charging current bills to the State's "credit card" by delaying the payment of bills.

Truthful budgetary accounting includes the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$727,510,000
Other Liabilities	$2,072,172,000
Less: Debt Related to Capital Assets	$818,382,000
Unfunded Pension Benefits	$519,600,000
Bills	**$2,500,900,000**

The State has accumulated bonds of $727.5 million and other liabilities of $2.1 billion. The calculation of assets available to pay bills does not include capital assets, so $818.4 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 21% of State bills. Unfunded pension benefits total $519.6 million. Unlike most states, Nebraska has assets available to pay these liabilities.

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

Data is derived from the state of Nebraska's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Nebraska federal tax filers with a tax liability.*

The Financial State of Nevada

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$14,270,785,000
Less: Capital Assets	$7,548,900,000
Restricted Assets	$1,944,559,000
Assets Available to Pay Bills	**$4,777,326,000**
Less: Bills	$7,582,919,000
Money Needed to Pay Bills	**$2,805,593,000**
Each Taxpayer's* Burden	$3,200

The state of Nevada has $14.3 billion in assets, but most of these assets are not available to pay State bills.

The $7.5 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $1.9 billion of the assets is restricted by law or contract.

That leaves $4.8 billion of State's assets available to pay $7.6 billion of bills as they come due.

The $2.8 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 $3,200

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED

Total Retirement Liabilities	$2,505,463,000
Reported Retirement Liabilities	$165,000
Unreported Retirement Liabilities	**$2,505,298,000**

Truth in Accounting's detailed analysis discovered retirement benefits totaling $2.5 billion have been promised, but not funded. Because of the confusing way Nevada does its accounting, only $165,000 of these liabilities are reported on the State's balance sheet. This means the liabilities reported on its balance sheet are massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 58 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$4,374,765,000
Other Liabilities	$2,925,700,000
Less: Debt Related to Capital Assets	$2,223,009,000
Unfunded Pension Benefits	$1,463,558,000
Unfunded Retirees' Health Care Benefits	$1,041,905,000
Bills	**$7,582,919,000**

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 $2.2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 33% of State bills. These unfunded liabilities have accumulated because State employees have been promised $1.5 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.

Data is derived from the state of Nevada's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Nevada federal tax filers with a tax liability.*

The Financial State of New Hampshire

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$6,960,196,000
Less: Capital Assets	$4,159,428,000
Restricted Assets	$1,035,676,000
Assets Available to Pay Bills	$1,765,092,000
Less: Bills	$6,060,342,000
Money Needed to Pay Bills	$4,295,250,000
Each Taxpayer's* Burden	$8,600

The state of New Hampshire has $7 billion in assets, but most of these assets are not available to pay State bills.

The $4.2 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $1 billion of the assets is restricted by law or contract.

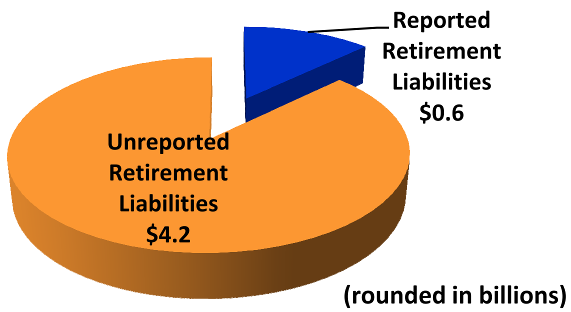
That leaves $1.8 billion of State's assets available to pay $6.1 billion of bills as they come due.

The $4.3 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 $8,600

Truth in Accounting's detailed analysis discovered retirement benefits totaling $4.8 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $610.8 million of these liabilities are on New Hampshire's balance sheet.

87% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 39 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$1,891,573,000
Other Liabilities	$1,030,142,000
Less: Debt Related to Capital Assets	$1,646,526,000
Unfunded Pension Benefits	$2,229,835,000
Unfunded Retirees' Health Care Benefits	$2,555,318,000
Bills	$6,060,342,000

Despite the balanced budget requirement, the State has accumulated bonds of $1.9 billion and other liabilities of $1 billion. 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 79% of State bills. These unfunded liabilities have accumulated because State employees have been promised $2.2 billion of pension benefits and $2.6 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.

Data is derived from the state of New Hampshire's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of New Hampshire federal tax filers with a tax liability.*

The Financial State of New Jersey
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$82,712,852,000
Less: Capital Assets	$44,260,003,000
Restricted Assets	$9,810,915,000
Assets Available to Pay Bills	**$28,641,934,000**
Less: Bills	$138,121,535,000
Money Needed to Pay Bills	**$109,479,601,000**
Each Taxpayer's* Burden	$37,000

The state of New Jersey has $82.7 billion in assets, but most of these assets are not available to pay State bills.

The $44.3 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $9.8 billion of the assets is restricted by law or contract.

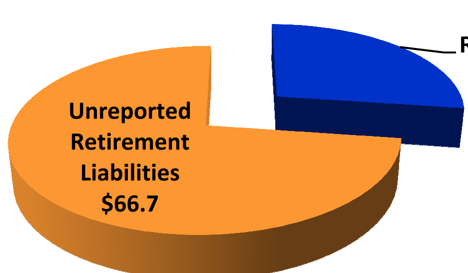
That leaves $28.6 billion of State's assets available to pay $138.1 billion of bills as they come due.

The $109.5 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 $37,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $91.6 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $24.9 billion of these liabilities are on New Jersey's balance sheet.

73% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 35 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$43,634,688,000
Other Liabilities	$31,050,328,000
Less: Debt Related to Capital Assets	$28,204,912,000
Unfunded Pension Benefits	$30,321,347,000
Unfunded Retirees' Health Care Benefits	$61,320,084,000
Bills	**$138,121,535,000**

Despite the balanced budget requirement, the State has accumulated bonds of $43.6 billion and other liabilities of $31.1 billion. The calculation of assets available to pay bills does not include capital assets, so $28.2 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 $30.3 billion of pension benefits and $61.3 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.

Data is derived from the state of New Jersey's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of New Jersey federal tax filers with a tax liability.*

The Financial State of New Mexico
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$26,632,886,000
Less: Capital Assets	$10,752,552,000
Restricted Assets	$8,025,235,000
Assets Available to Pay Bills	**$7,855,099,000**
Less: Bills	$15,083,785,000
Money Needed to Pay Bills	**$7,228,686,000**
Each Taxpayer's* Burden	$13,100

The state of New Mexico has $26.6 billion in assets, but most of these assets are not available to pay State bills.

The $10.8 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $8 billion of the assets is restricted by law or contract.

That leaves $7.9 billion of State's assets available to pay $15.1 billion of bills as they come due.

The $7.2 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 $13,100

STATE LIABILITIES ARE UNDERSTATED

Total Retirement Liabilities	$8,556,268,000
Reported Retirement Liabilities	$0

Truth in Accounting's detailed analysis discovered retirement benefits totaling 8.6 billion have been promised, but not funded. However, as a result of the confusing way New Mexico does its accounting, no liabilities are reported on its balance sheet. This means State liabilities are massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 60 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$6,461,744,000
Other Liabilities	$2,656,113,000
Less: Debt Related to Capital Assets	$2,590,340,000
Unfunded Pension Benefits	$6,280,484,000
Unfunded Retirees' Health Care Benefits	$2,275,784,000
Bills	**$15,083,785,000**

Despite the balanced budget requirement, the State has accumulated bonds of $6.5 billion and other liabilities of $2.7 billion. The calculation of assets available to pay bills does not include capital assets, so $2.6 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 57% of State bills. These unfunded liabilities have accumulated because State employees have been promised $6.3 billion of pension benefits and $2.3 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.

Data is derived from the state of New Mexico's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of New Mexico federal tax filers with a tax liability.*

The Financial State of New York
As of March 31, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$298,129,615,000
Less: Capital Assets	$161,723,000,000
Restricted Assets	$17,365,000,000
Assets Available to Pay Bills	**$119,041,615,000**
Less: Bills	$246,274,224,000
Money Needed to Pay Bills	**$127,232,609,000**
Each Taxpayer's* Burden	$21,100

The state of New York has $298.1 billion in assets, but most of these assets are not available to pay State bills.

The $161.7 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $17.4 billion of the assets is restricted by law or contract.

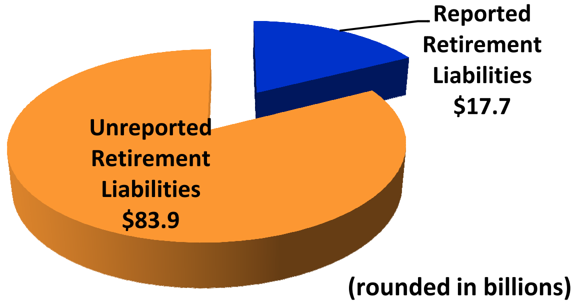
That leaves $119 billion of State's assets available to pay $246.3 billion of bills as they come due.

The $127.2 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 $21,100

Truth in Accounting's detailed analysis discovered retirement benefits totaling $101.6 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $17.7 billion of these liabilities are on New York's balance sheet.

83% OF RETIREMENT LIABILITIES
ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 38 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$94,430,000,000
Other Liabilities	$120,906,783,000
Less: Debt Related to Capital Assets	$70,619,000,000
Unfunded Pension Benefits	$7,376,049,000
Unfunded Retirees' Health Care Benefits	$94,180,392,000
Bills	**$246,274,224,000**

Despite the balanced budget requirement, the State has accumulated bonds of $94.4 billion and other liabilities of $120.9 billion. The calculation of assets available to pay bills does not include capital assets, so $70.6 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 41% of State bills. These unfunded liabilities have accumulated because State employees have been promised $7.4 billion of pension benefits and $94.2 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.

Data is derived from the state of New York's March 31, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of New York federal tax filers with a tax liability.*

The Financial State of North Carolina
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$83,687,537,000
Less: Capital Assets	$53,758,598,000
Restricted Assets	$6,185,128,000
Assets Available to Pay Bills	**$23,743,811,000**
Less: Bills	$60,086,331,000
Money Needed to Pay Bills	**$36,342,520,000**
Each Taxpayer's* Burden	$14,300

The state of North Carolina has $83.7 billion in assets, but most of these assets are not available to pay State bills.

The $53.8 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $6.2 billion of the assets is restricted by law or contract.

That leaves $23.7 billion of State's assets available to pay $60.1 billion of bills as they come due.

The $36.3 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 $14,300

STATE LIABILITIES ARE UNDERSTATED

Total Retirement Liabilities	$35,861,372,000
Reported Retirement Assets	$45,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $35.9 billion have been promised, but not funded. However, as a result of the confusing way North Caroline does its accounting, no liabilities are reported on the State's balance sheet. Instead retirement assets of $45,000 are reported. This means State assets are overstated and State liabilities are massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 63 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$14,764,613,000
Other Liabilities	$15,906,175,000
Less: Debt Related to Capital Assets	$6,445,829,000
Unfunded Pension Benefits	$2,901,665,000
Unfunded Retirees' Health Care Benefits	$32,959,707,000
Bills	**$60,086,331,000**

Despite the balanced budget requirement, the State has accumulated bonds of $14.8 billion and other liabilities of $15.9 billion. The calculation of assets available to pay bills does not include capital assets, so $6.4 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 60% of State bills. These unfunded liabilities have accumulated because State employees have been promised $2.9 billion of pension benefits and $33 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.

Data is derived from the state of North Carolina's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of North Carolina federal tax filers with a tax liability.*

StateDataLab.org

truthinaccounting.org

The Financial State of North Dakota

As of June 30, 2011

STATE ASSETS EXCEED ITS BILLS

Assets	$16,084,273,000
Less: Capital Assets	$2,795,499,000
Restricted Assets	$3,239,818,000
Assets Available to Pay Bills	**$10,048,956,000**
Less: Bills	$7,007,475,000
Assets Left After Bills Are Funded	**$3,041,481,000**
Each Taxpayer's* Surplus	**$13,200**

The state of North Dakota has $16.1 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 $3.2 billion of the assets is restricted by law or contract.

That leaves $10 billion of State's assets available to pay $7 billion of bills as they come due.

The $3 billion surplus is available to pay future bills. Unlike most states, North Dakota has the money needed to pay State employees' retirement benefits and other costs.

Each Taxpayer's* Share of the Financial Surplus $13,200

STATE ASSETS ARE OVERSTATED AND STATE LIABILITIES ARE UNDERSTATED

Total Retirement Liabilities	$439,164,000
Reported Retirement Assets	$1,398,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $439.2 million have been promised, but not funded. However, as a result of the confusing way North Dakota does its accounting no liabilities are reported on the State's balance sheet. Instead retirement assets of $1.4 million are reported. This means State assets are overstated and State liabilities are massively understated.

State statutes require the legislature to pass a balanced budget. The North Dakota legislatures, unlike those in most other states, have lived up to the intent of these statutes. But during these tough economic times, citizens need to be vigilant to make sure legislators do not start to use the budgeting tactics that other states use.

These budget tactics include:
- Hiding current payroll costs by offering pension and state retirees' health care benefits without providing adequate funding;
- Borrowing money to pay current bills; and
- Charging current bills to the State's "credit card" by delaying the payment of bills.

Truthful budgetary accounting includes the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$1,660,982,000
Other Liabilities	$5,356,287,000
Less: Debt Related to Capital Assets	$448,958,000
Unfunded Pension Benefits	$376,282,000
Unfunded Retirees' Health Care Benefits	$62,882,000
Bills	**$7,007,475,000**

The State has accumulated bonds of $1.7 billion and other liabilities of $5.4 billion. The calculation of assets available to pay bills does not include capital assets, so $449 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 6% of State bills. Unfunded pension benefits total $376.3 million and unfunded retirees' health care benefits total $62.9 million. Unlike most states, North Dakota has assets available to pay these liabilities.

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

Data is derived from the state of North Dakota's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of North Dakota federal tax filers with a tax liability.*

The Financial State of Ohio
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$97,601,786,000
Less: Capital Assets	$36,201,053,000
Restricted Assets	$18,233,617,000
Assets Available to Pay Bills	**$43,167,116,000**
Less: Bills	$71,178,892,000
Money Needed to Pay Bills	**$28,011,776,000**
Each Taxpayer's* Burden	$7,700

The state of Ohio has $97.6 billion in assets, but most of these assets are not available to pay State bills.

The $36.2 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $18.2 billion of the assets is restricted by law or contract.

That leaves $43.2 billion of State's assets available to pay $71.2 billion of bills as they come due.

The $28 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 $7,700

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED

Total Retirement Liabilities	$17,461,906,000
Reported Retirement Liabilities	$70,892,000
Unreported Retirement Liabilities	$17,391,014,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $17.4 billion have been promised, but not funded. However, because of the confusing way Ohio does its accounting, only $70.9 million of these liabilities are on reported on the State's balance sheet. This means the liabilities reported on its balance sheet is massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 66 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$23,589,957,000
Other Liabilities	$37,293,931,000
Less: Debt Related to Capital Assets	$7,166,902,000
Unfunded Pension Benefits	$10,106,771,000
Unfunded Retirees' Health Care Benefits	$7,355,135,000
Bills	**$71,178,892,000**

Despite the balanced budget requirement, the State has accumulated bonds of $23.6 billion and other liabilities of $37.3 billion. The calculation of assets available to pay bills does not include capital assets, so $7.2 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 25% of State bills. These unfunded liabilities have accumulated because State employees have been promised $10.1 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.

Data is derived from the state of Ohio's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Ohio federal tax filers with a tax liability.*

The Financial State of Oklahoma

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$35,761,359,000
Less: Capital Assets	$16,927,079,000
Restricted Assets	$7,334,671,000
Assets Available to Pay Bills	**$11,499,609,000**
Less: Bills	$18,997,594,000
Money Needed to Pay Bills	**$7,497,985,000**
Each Taxpayer's* Burden	**$7,500**

The state of Oklahoma has $35.8 billion in assets, but most of these assets are not available to pay State bills.

The $16.9 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $7.3 billion of the assets is restricted by law or contract.

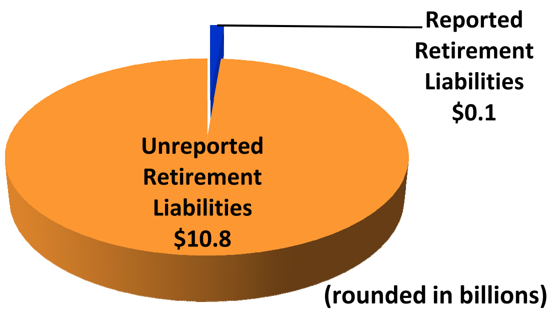
That leaves $11.5 billion of State's assets available to pay $19 billion of bills as they come due.

The $7.5 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 $7,500

Truth in Accounting's detailed analysis discovered retirement benefits totaling $10.9 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $141.8 million of these liabilities are on Oklahoma's balance sheet.

99% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 67 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$7,727,619,000
Other Liabilities	$5,821,864,000
Less: Debt Related to Capital Assets	$5,404,731,000
Unfunded Pension Benefits	$10,599,292,000
Unfunded Retirees' Health Care Benefits	$253,550,000
Bills	**$18,997,594,000**

Despite the balanced budget requirement, the State has accumulated bonds of $7.7 billion and other liabilities of $5.8 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 57% of State bills. These unfunded liabilities have accumulated because State employees have been promised $10.6 billion of pension benefits and $253.6 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.

Data is derived from the state of Oklahoma's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Oklahoma federal tax filers with a tax liability.*

The Financial State of Oregon

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$38,980,474,000
Less: Capital Assets	$15,835,790,000
Restricted Assets	$6,276,809,000
Assets Available to Pay Bills	$16,867,875,000
Less: Bills	$17,066,312,000
Money Needed to Pay Bills	$198,437,000
Each Taxpayer's* Burden	$200

The state of Oregon has $39 billion in assets, but most of these assets are not available to pay State bills.

The $15.8 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $6.3 billion of the assets is restricted by law or contract.

That leaves $16.9 billion of State's assets available to pay $17.1 billion of bills as they come due.

The $198.4 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 $200

STATE ASSETS ARE OVERSTATED AND STATE LIABILITIES ARE UNDERSTATED	
Total Retirement Liabilities	$1,887,637,000
Reported Retirement Assets	$1,617,354,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $1.9 billion have been promised, but not funded. However, as a result of the confusing way Oregon does its accounting, $1.6 billion of retirement assets are reported on the State's balance sheet. This means State assets are massively overstated and State liabilities are massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 94 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$12,286,034,000
Other Liabilities	$8,822,334,000
Less: Debt Related to Capital Assets	$5,929,693,000
Unfunded Pension Benefits	$1,586,546,000
Unfunded Retirees' Health Care Benefits	$301,091,000
Bills	$17,066,312,000

Despite the balanced budget requirement, the State has accumulated bonds of $12.3 billion and other liabilities of $8.8 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 11% of State bills. These unfunded liabilities have accumulated because State employees have been promised $1.6 billion of pension benefits and $301.1 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.

Data is derived from the state of Oregon's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Oregon federal tax filers with a tax liability.*

The Financial State of Pennsylvania
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$86,840,962,000
Less: Capital Assets	$38,486,173,000
Restricted Assets	$8,898,945,000
Assets Available to Pay Bills	**$39,455,844,000**
Less: Bills	$85,365,975,000
Money Needed to Pay Bills	**$45,910,131,000**
Each Taxpayer's* Burden	$11,200

The state of Pennsylvania has $86.8 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 $8.9 billion of the assets is restricted by law or contract.

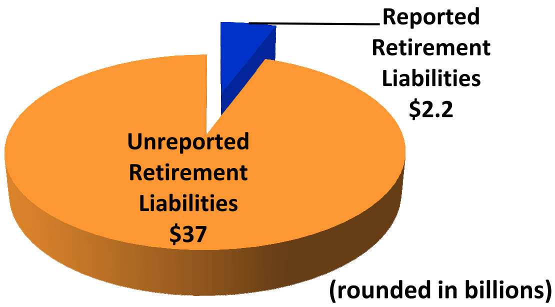
That leaves $39.5 billion of State's assets available to pay $85.4 billion of bills as they come due.

The $45.9 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 $11,200

Truth in Accounting's detailed analysis discovered retirement benefits totaling $39.2 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $2.2 billion of these liabilities are on Pennsylvania's balance sheet.

94% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 62 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$24,830,379,000
Other Liabilities	$32,355,638,000
Less: Debt Related to Capital Assets	$10,990,696,000
Unfunded Pension Benefits	$20,587,000,000
Unfunded Retirees' Health Care Benefits	$18,583,654,000
Bills	**$85,365,975,000**

Despite the balanced budget requirement, the State has accumulated bonds of $24.8 billion and other liabilities of $32.4 billion. The calculation of assets available to pay bills does not include capital assets, so $11 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 46% of State bills. These unfunded liabilities have accumulated because State employees have been promised $20.6 billion of pension benefits and $18.6 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.

Data is derived from the state of Pennsylvania's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Pennsylvania federal tax filers with a tax liability.*

The Financial State of Rhode Island

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$12,913,300,000
Less: Capital Assets	$5,636,859,000
Restricted Assets	$1,460,995,000
Assets Available to Pay Bills	**$5,815,446,000**
Less: Bills	$10,724,339,000
Money Needed to Pay Bills	**$4,908,893,000**
Each Taxpayer's* Burden	$14,200

The state of Rhode Island has $12.9 billion in assets, but most of these assets are not available to pay State bills.

The $5.6 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $1.5 billion of the assets is restricted by law or contract.

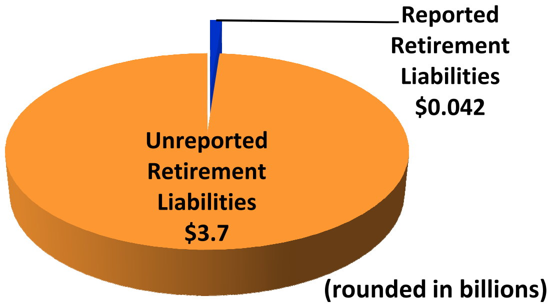
That leaves $5.8 billion of State's assets available to pay $10.7 billion of bills as they come due.

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 $14,200

Truth in Accounting's detailed analysis discovered retirement benefits totaling $3.7 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $42.4 million of these liabilities are on Rhode Island's balance sheet.

98.9% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 53 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$6,527,993,000
Other Liabilities	$2,759,135,000
Less: Debt Related to Capital Assets	$2,271,220,000
Unfunded Pension Benefits	$2,826,413,000
Unfunded Retirees' Health Care Benefits	$882,018,000
Bills	**$10,724,339,000**

Despite the balanced budget requirement, the State has accumulated bonds of $6.5 billion and other liabilities of $2.8 billion. The calculation of assets available to pay bills does not include capital assets, so $2.3 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 35% of State bills. These unfunded liabilities have accumulated because State employees have been promised $2.8 billion of pension benefits and $882 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.

Data is derived from the state of Rhode Island's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Rhode Island federal tax filers with a tax liability.*

The Financial State of South Carolina

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$42,306,557,000
Less: Capital Assets	$24,755,273,000
Restricted Assets	$5,752,900,000
Assets Available to Pay Bills	**$11,798,384,000**
Less: Bills	$22,457,501,000
Money Needed to Pay Bills	**$10,659,117,000**
Each Taxpayer's* Burden	**$8,800**

The state of South Carolina has $42.3 billion in assets, but most of these assets are not available to pay State bills.

The $24.8 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $5.8 billion of the assets is restricted by law or contract.

That leaves $11.8 billion of State's assets available to pay $22.5 billion of bills as they come due.

The $10.7 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 $8,800

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED

Total Retirement Liabilities	$13,735,272,000
Reported Retirement Liabilities	$14,364,000
Unreported Retirement Liabilities	**$13,720,908,000**

Truth in Accounting's detailed analysis discovered retirement benefits totaling $13.7 billion have been promised, but not funded. However, because of the confusing way South Carolina does its accounting, only $14.4 million of these liabilities are reported on the State's balance sheet. This means the liabilities reported on its balance sheet are massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 42 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$12,210,670,000
Other Liabilities	$7,492,059,000
Less: Debt Related to Capital Assets	$10,980,500,000
Unfunded Pension Benefits	$4,565,553,000
Unfunded Retirees' Health Care Benefits	$9,169,719,000
Bills	**$22,457,501,000**

Despite the balanced budget requirement, the State has accumulated bonds of $12.2 billion and other liabilities of $7.5 billion. The calculation of assets available to pay bills does not include capital assets, so $11 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 $4.6 billion of pension benefits and $9.2 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

Data is derived from the state of South Carolina's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of South Carolina federal tax filers with a tax liability.*

The Financial State of South Dakota

As of June 30, 2011

STATE ASSETS EXCEED ITS BILLS

Assets	$9,880,830,000
Less: Capital Assets	$4,249,843,000
Restricted Assets	$2,066,150,000
Assets Available to Pay Bills	**$3,564,837,000**
Less: Bills	$3,085,325,000
Assets Left After Bills Are Funded	**$479,512,000**
Each Taxpayer's* Surplus	**$1,900**

The state of South Dakota has $9.9 billion in assets, but most of these assets are not available to pay State bills.

The $4.2 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.

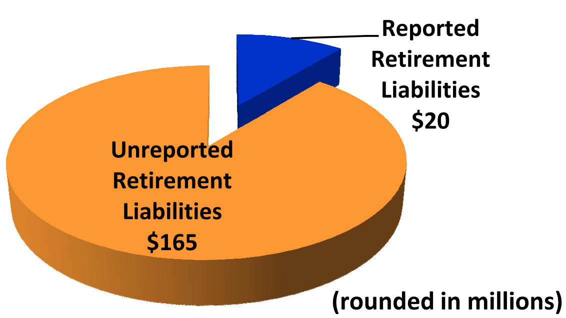
That leaves $3.6 billion of State's assets available to pay $3.1 billion of bills as they come due.

The $479.5 million surplus is available to pay future bills. Unlike most states, South Dakota has the money needed to pay State employees' retirement benefits and other costs.

Each Taxpayer's* Share of the Financial Surplus $1,900

Truth in Accounting's detailed analysis discovered retirement benefits totaling $185.4 million have been promised, but not funded. However, because of the confusing way the State does its accounting, only $20.1 million of these liabilities are on South Dakota's balance sheet.

89% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



State statutes require the legislature to pass a balanced budget. The South Dakota legislatures, unlike those in most other states, have lived up to the intent of these statutes. But during these tough economic times, citizens need to be vigilant to make sure legislators do not start to use the budgeting tactics that other states use.

These budget tactics include:

- Hiding current payroll costs by offering pension and state retirees' health care benefits without providing adequate funding;
- Borrowing money to pay current bills; and
- Charging current bills to the State's "credit card" by delaying the payment of bills.

Truthful budgetary accounting includes the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$2,635,802,000
Other Liabilities	$714,885,000
Less: Debt Related to Capital Assets	$450,717,000
Unfunded Pension Benefits	$110,957,000
Unfunded Retirees' Health Care Benefits	$74,398,000
Bills	**$3,085,325,000**

The State has accumulated bonds of $2.6 billion and other liabilities of $714.9 million. The calculation of assets available to pay bills does not include capital assets, so $450.7 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 6% of State bills. Unfunded pension benefits total $111 million and unfunded retirees' health care benefits total $74.4 million. Unlike most states, South Dakota has assets available to pay these liabilities.

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

Data is derived from the state of South Dakota's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of South Dakota federal tax filers with a tax liability.*

The Financial State of Tennessee

As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$45,079,187,000
Less: Capital Assets	$29,005,360,000
Restricted Assets	$4,698,762,000
Assets Available to Pay Bills	**$11,375,065,000**
Less: Bills	$12,770,654,000
Money Needed to Pay Bills	**$1,395,589,000**
Each Taxpayer's* Burden	$800

The state of Tennessee has $45.1 billion in assets, but most of these assets are not available to pay State bills.

The $29 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $4.7 billion of the assets is restricted by law or contract.

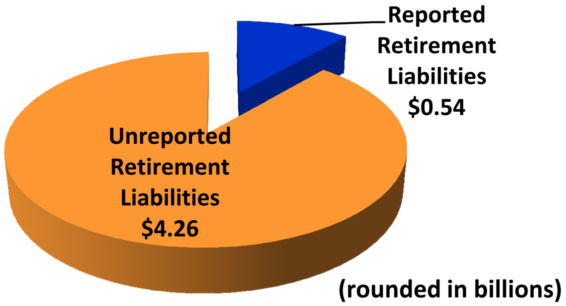
That leaves $11.4 billion of State's assets available to pay $12.8 billion of bills as they come due.

The $1.4 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 $800

Truth in Accounting's detailed analysis discovered retirement benefits totaling $4.8 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $542.2 million of these liabilities are on Tennessee's balance sheet.

89% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 85 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$5,605,443,000
Other Liabilities	$4,282,407,000
Less: Debt Related to Capital Assets	$1,917,335,000
Unfunded Pension Benefits	$2,720,508,000
Unfunded Retirees' Health Care Benefits	$2,079,631,000
Bills	**$12,770,654,000**

Despite the balanced budget requirement, the State has accumulated bonds of $5.6 billion and other liabilities of $4.3 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 38% of State bills. These unfunded liabilities have accumulated because State employees have been promised $2.7 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.

Data is derived from the state of Tennessee's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Tennessee federal tax filers with a tax liability.*

The Financial State of Texas
As of August 31, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$214,983,069,000
Less: Capital Assets	$98,921,388,000
Restricted Assets	$56,708,385,000
Assets Available to Pay Bills	**$59,353,296,000**
Less: Bills	$114,285,615,000
Money Needed to Pay Bills	**$54,932,319,000**
Each Taxpayer's* Burden	**$8,400**

The state of Texas has $215 billion in assets, but most of these assets are not available to pay State bills.

The $98.9 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $56.7 billion of the assets is restricted by law or contract.

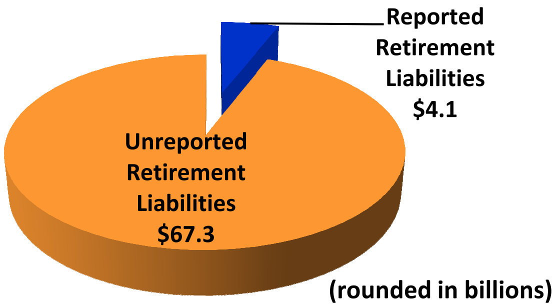
That leaves $59.4 billion of State's assets available to pay $114.3 billion of bills as they come due.

The $54.9 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 $8,400

Truth in Accounting's detailed analysis discovered retirement benefits totaling $71.4 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $4.1 billion of these liabilities are on Texas' balance sheet.

94% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 67 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$39,034,173,000
Other Liabilities	$31,530,998,000
Less: Debt Related to Capital Assets	$27,703,748,000
Unfunded Pension Benefits	$28,872,616,000
Unfunded Retirees' Health Care Benefits	$42,551,576,000
Bills	**$114,285,615,000**

Despite the balanced budget requirement, the State has accumulated bonds of $39 billion and other liabilities of $31.5 billion. The calculation of assets available to pay bills does not include capital assets, so $27.7 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 $28.9 billion of pension benefits and $42.6 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.

Data is derived from the state of Texas' August 31, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Texas federal tax filers with a tax liability.*

The Financial State of Utah

As of June 30, 2011

STATE ASSETS EXCEED ITS BILLS

Assets	$34,725,238,000
Less: Capital Assets	$19,006,982,000
Restricted Assets	$5,521,388,000
Assets Available to Pay Bills	**$10,196,868,000**
Less: Bills	$8,311,253,000
Assets Left After Bills Are Funded	**$1,885,615,000**
Each Taxpayer's* Surplus	**$2,800**

The state of Utah has $34.7 billion in assets, but most of these assets are not available to pay State bills.

The $19 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $5.5 billion of the assets is restricted by law or contract.

That leaves $10.2 billion of State's assets available to pay $8.3 billion of bills as they come due.

The $1.9 billion surplus is available to pay future bills. Unlike most states, Utah has the money needed to pay State employees' retirement benefits and other costs.

Each Taxpayer's* Share of the Financial Surplus $2,800

RETIREMENT LIABILITIES MASSIVELY UNDERSTATED

Total Retirement Liabilities	$1,715,885,000
Reported Retirement Liabilities	$7,142,000
Unreported Retirement Liabilities	**$1,708,743,000**

Truth in Accounting's detailed analysis discovered retirement benefits totaling $1.7 billion have been promised, but not funded. However, because of the confusing way Utah does its accounting, only $7.1 million of these liabilities are reported on the State's balance sheet. This means the liabilities reported on its balance sheet are massively understated.

State statutes require the legislature to pass a balanced budget. The Utah legislatures, unlike those in most other states, have lived up to the intent of these statutes. But during these tough economic times, citizens need to be vigilant to make sure legislators do not start to use the budgeting tactics that other states use.

These budget tactics include:
- Hiding current payroll costs by offering pension and state retirees' health care benefits without providing adequate funding;
- Borrowing money to pay current bills; and
- Charging current bills to the State's "credit card" by delaying the payment of bills.

Truthful budgetary accounting includes the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$7,081,424,000
Other Liabilities	$3,297,278,000
Less: Debt Related to Capital Assets	$3,783,334,000
Unfunded Pension Benefits	$1,316,536,000
Unfunded Retirees' Health Care Benefits	$399,349,000
Bills	**$8,311,253,000**

The State has accumulated bonds of $7.1 billion and other liabilities of $3.3 billion. The calculation of assets available to pay bills does not include capital assets, so $3.8 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 21% of State bills. Unfunded pension benefits total $1.3 billion and unfunded retirees' health care benefits total $399.3 million. Unlike most states, Utah has assets available to pay these liabilities.

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

Data is derived from the state of Utah's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Utah federal tax filers with a tax liability.*

The Financial State of Vermont
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$8,583,481,000
Less: Capital Assets	$2,586,025,000
Restricted Assets	$1,298,196,000
Assets Available to Pay Bills	**$4,699,260,000**
Less: Bills	$7,729,401,000
Money Needed to Pay Bills	**$3,030,141,000**
Each Taxpayer's* Burden	**$14,100**

The state of Vermont has $8.6 billion in assets, but most of these assets are not available to pay State bills.

The $2.6 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.

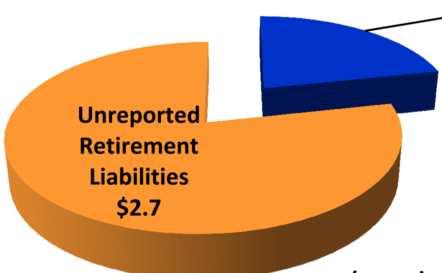
That leaves $4.7 billion of State's assets available to pay $7.7 billion of bills as they come due.

The $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 $14,100

Truth in Accounting's detailed analysis discovered retirement benefits totaling $3.4 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $734.4 million of these liabilities are on Vermont's balance sheet.

78% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 46 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$3,805,942,000
Other Liabilities	$1,361,182,000
Less: Debt Related to Capital Assets	$832,041,000
Unfunded Pension Benefits	$1,191,646,000
Unfunded Retirees' Health Care Benefits	$2,202,672,000
Bills	**$7,729,401,000**

Despite the balanced budget requirement, the State has accumulated bonds of $3.8 billion and other liabilities of $1.4 billion. The calculation of assets available to pay bills does not include capital assets, so $832 million 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 $1.2 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.

Data is derived from the state of Vermont's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Vermont federal tax filers with a tax liability.*

The Financial State of Virginia
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$81,037,634,000
Less: Capital Assets	$36,413,307,000
Restricted Assets	$12,007,869,000
Assets Available to Pay Bills	**$32,616,458,000**
Less: Bills	$40,553,410,000
Money Needed to Pay Bills	**$7,936,952,000**
Each Taxpayer's* Burden	**$3,100**

The state of Virginia has $81 billion in assets, but most of these assets are not available to pay State bills.

The $36.4 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $12 billion of the assets is restricted by law or contract.

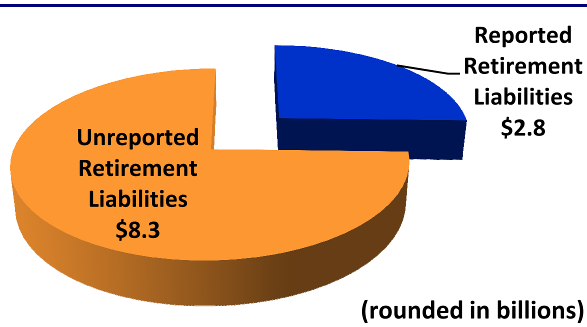
That leaves $32.6 billion of State's assets available to pay $40.6 billion of bills as they come due.

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 $3,100

Truth in Accounting's detailed analysis discovered retirement benefits totaling $11.1 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $2.8 billion of these liabilities are on Virginia's balance sheet.

75% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 60 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$24,136,453,000
Other Liabilities	$15,213,183,000
Less: Debt Related to Capital Assets	$9,873,410,000
Unfunded Pension Benefits	$5,982,230,000
Unfunded Retirees' Health Care Benefits	$5,094,954,000
Bills	**$40,553,410,000**

Despite the balanced budget requirement, the State has accumulated bonds of $24.1 billion and other liabilities of $15.2 billion. The calculation of assets available to pay bills does not include capital assets, so $9.9 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 $6 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.

Data is derived from the state of Virginia's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Virginia federal tax filers with a tax liability.*

The Financial State of Washington
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS	
Assets	$75,897,747,000
Less: Capital Assets	$35,264,878,000
Restricted Assets	$8,065,669,000
Assets Available to Pay Bills	**$32,567,200,000**
Less: Bills	$50,641,241,000
Money Needed to Pay Bills	**$18,074,041,000**
Each Taxpayer's* Burden	**$8,200**

The state of Washington has $75.9 billion in assets, but most of these assets are not available to pay State bills.

The $35.3 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.

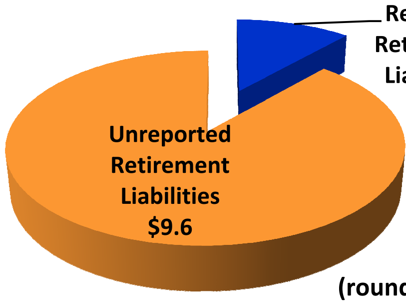
That leaves $32.6 billion of State's assets available to pay $50.6 billion of bills as they come due.

The $18.1 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 $8,200

Truth in Accounting's detailed analysis discovered retirement benefits totaling $10.9 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $1.3 billion of these liabilities are on Washington's balance sheet.

89% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 78 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED	
State Bonds	$19,321,876,000
Other Liabilities	$35,885,629,000
Less: Debt Related to Capital Assets	$15,492,222,000
Unfunded Pension Benefits	$4,296,736,000
Unfunded Retirees' Health Care Benefits	$6,629,222,000
Bills	**$50,641,241,000**

Despite the balanced budget requirement, the State has accumulated bonds of $19.3 billion and other liabilities of $35.9 billion. The calculation of assets available to pay bills does not include capital assets, so $15.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 22% of State bills. These unfunded liabilities have accumulated because State employees have been promised $4.3 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.

Data is derived from the state of Washington's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Washington federal tax filers with a tax liability.*

The Financial State of West Virginia
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$23,863,569,000
Less: Capital Assets	$12,012,969,000
Restricted Assets	$3,060,888,000
Assets Available to Pay Bills	**$8,789,712,000**
Less: Bills	$16,614,489,000
Money Needed to Pay Bills	**$7,824,777,000**
Each Taxpayer's* Burden	$15,400

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

The $12 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $3.1 billion of the assets is restricted by law or contract.

That leaves $8.8 billion of State's assets available to pay $16.6 billion of bills as they come due.

The $7.8 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 $15,400

STATE ASSETS ARE OVERSTATED AND STATE LIABILITIES ARE UNDERSTATED

Total Retirement Liabilities	$7,922,953,000
Reported Retirement Assets	$791,240,000

Truth in Accounting's detailed analysis discovered retirement benefits totaling $7.9 billion have been promised, but not funded. However, as a result of the confusing way the the State does its accounting, $791.2 million of retirement assets are reported. This means State assets are overstated and State liabilities are massively understated.

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 50 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$4,523,253,000
Other Liabilities	$6,028,091,000
Less: Debt Related to Capital Assets	$1,859,808,000
Unfunded Pension Benefits	$5,902,542,000
Unfunded Retirees' Health Care Benefits	$2,020,411,000
Bills	**$16,614,489,000**

Despite the balanced budget requirement, the State has accumulated bonds of $4.5 billion and other liabilities of $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 48% of State bills. These unfunded liabilities have accumulated because State employees have been promised $5.9 billion of pension benefits and $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.

Data is derived from the state of West Virginia's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of West Virginia federal tax filers with a tax liability.*

The Financial State of Wisconsin
As of June 30, 2011

STATE LIABILITIES EXCEED ASSETS

Assets	$42,901,548,000
Less: Capital Assets	$24,127,116,000
Restricted Assets	$7,083,197,000
Assets Available to Pay Bills	**$11,691,235,000**
Less: Bills	$22,202,047,000
Money Needed to Pay Bills	**$10,510,812,000**
Each Taxpayer's* Burden	**$5,700**

The state of Wisconsin has $42.9 billion in assets, but most of these assets are not available to pay State bills.

The $24.1 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $7.1 billion of the assets is restricted by law or contract.

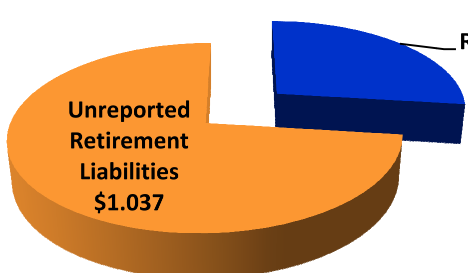
That leaves $11.7 billion of State's assets available to pay $22.2 billion of bills as they come due.

The $10.5 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 $5,700

Truth in Accounting's detailed analysis discovered retirement benefits totaling $1.4 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $382.6 million of these liabilities are on Wisconsin's balance sheet.

73% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 88 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$15,728,144,000
Other Liabilities	$10,503,957,000
Less: Debt Related to Capital Assets	$5,450,140,000
Unfunded Pension Benefits	$15,135,000
Unfunded Retirees' Health Care Benefits	$1,404,951,000
Bills	**$22,202,047,000**

Despite the balanced budget requirement, the State has accumulated bonds of $15.7 billion and other liabilities of $10.5 billion. The calculation of assets available to pay bills does not include capital assets, so $5.5 billion of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 6% of State bills. These unfunded liabilities have accumulated because State employees have been promised $15.1 million of pension benefits and $1.4 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.

Data is derived from the state of Wisconsin's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Wisconsin federal tax filers with a tax liability.*

The Financial State of Wyoming
As of June 30, 2011

STATE ASSETS EXCEED ITS BILLS

Assets	$28,866,043,000
Less: Capital Assets	$6,803,537,000
Restricted Assets	$9,883,613,000
Assets Available to Pay Bills	**$12,178,893,000**
Less: Bills	$8,109,567,000
Assets Left After Bills Are Funded	**$4,069,326,000**
Each Taxpayer's* Surplus	$21,500

The state of Wyoming has $28.9 billion in assets, but most of these assets are not available to pay State bills.

The $6.8 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $9.9 billion of the assets is restricted by law or contract.

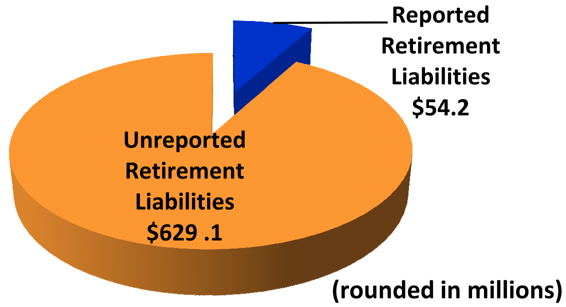
That leaves $12.2 billion of State's assets available to pay $8.1 billion of bills as they come due.

The $4.1 billion surplus is available to pay future bills. Unlike most states, Wyoming has the money needed to pay State employees' retirement benefits and other costs.

Each Taxpayer's* Share of the Financial Surplus $21,500

Truth in Accounting's detailed analysis discovered retirement benefits totaling $683.3 million have been promised, but not funded. However, because of the confusing way the State does its accounting, only $54.2 million of these liabilities are on Wyoming's balance sheet.

92% OF RETIREMENT LIABILITIES ARE NOT CLEARLY DISCLOSED



State statutes require the legislature to pass a balanced budget. The Wyoming legislatures, unlike those in most other states, have lived up to the intent of these statutes. But during these tough economic times, citizens need to be vigilant to make sure legislators do not start to use the budgeting tactics that other states use.

These budget tactics include:
- Hiding current payroll costs by offering pension and state retirees' health care benefits without providing adequate funding;
- Borrowing money to pay current bills; and
- Charging current bills to the State's "credit card" by delaying the payment of bills.

Truthful budgetary accounting includes the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

THE BILLS THE STATE HAS ACCUMULATED

State Bonds	$1,364,404,000
Other Liabilities	$6,152,916,000
Less: Debt Related to Capital Assets	$91,044,000
Unfunded Pension Benefits	$421,746,000
Unfunded Retirees' Health Care Benefits	$261,545,000
Bills	**$8,109,567,000**

The State has accumulated bonds of $1.4 billion and other liabilities of $6.2 billion. The calculation of assets available to pay bills does not include capital assets, so $91 million of related debt is removed from the calculation of State bills.

Unfunded employees' retirement benefits represent 8% of State bills. Unfunded pension benefits total $421.7 million and unfunded retirees' health care benefits total $261.5 million. Unlike most states, Wyoming has assets available to pay these liabilities.

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

Data is derived from the state of Wyoming's June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of Wyoming federal tax filers with a tax liability.*

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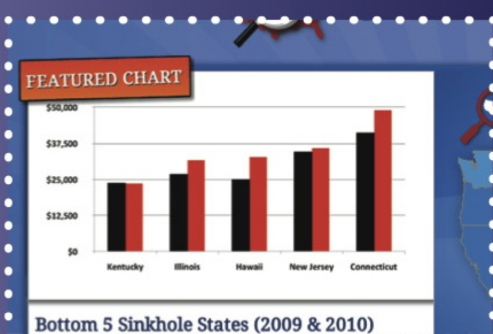
What are the top three things you do with State Data Lab?

1. Create your own graphs of financial and demographic data for all 50 states–including all state retiree benefits!



2. View weekly charts that put the states' financial conditions in context.

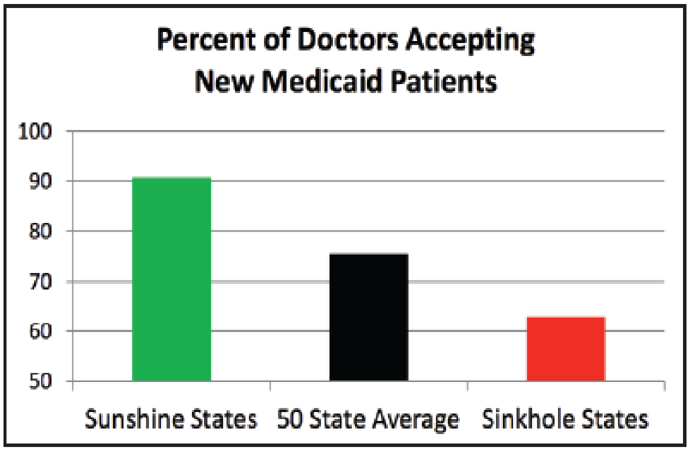
3. Download in Excel format data points from U.S. Census, BEA, BLS, United Van Lines and the Institute for Truth in Accounting.

Institute for Truth in Accounting

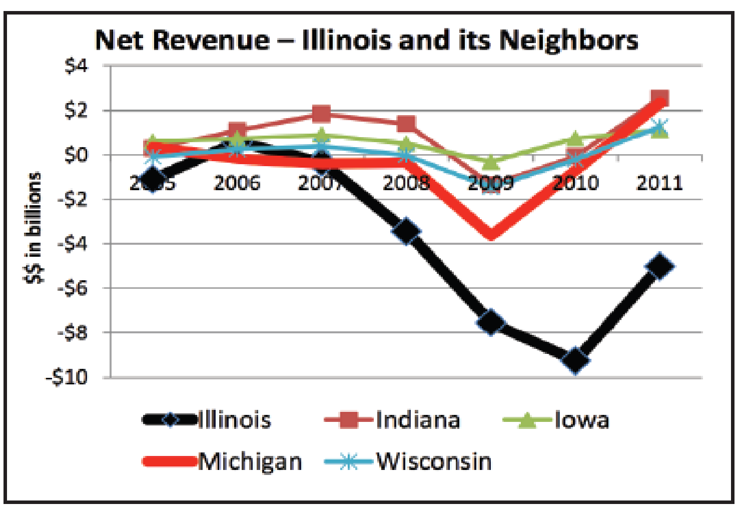
Visit www.statedatalab.org today to begin using data and online tools for free. Have questions or feedback? Email rlorenc@statedatalab.org.

State Data Lab Examples

Here are two examples of graphs created from data available for free on StateDataLab.org



ABOVE: *Health Affairs* magazine recently published a study of doctors accepting new Medicaid patients. Doctor willingness to serve new Medicaid patients varied widely around the country. The chart above shows the average percentage of doctors willing to take on new Medicaid patients in our five "Sunshine" states and our five "Sinkhole" states, as well as the 50 state average. The higher the debt load, the lower the willingness of doctors to accept new Medicaid patients.



ABOVE: Forty nine of 50 state governments have balanced budget requirements. But there are words, and there are deeds. The "net revenue" figure reported above subtracts the net expenses from general revenue. Illinois is one of 7 states national that had negative net revenue in each of the three years ended 2011. These states post far higher Truth in Accounting Taxpayer Burdens than the national average. The chart above indicates that Illinois can't point to regional economic conditions as a *major factor.*

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