



NEW JERSEY'S FINANCES WORST IN NATION

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THE FINANCIAL STATE OF NEW JERSEY

A new analysis of the latest available audited financial reports found New Jersey has a Taxpayer Burden™ of \$61,400, earning it an "F" grade based on Truth in Accounting's grading scale.

Financial decisions made by the state's elected officials over the years have left New Jersey with a \$195.5 billion shortfall, which equates to \$61,400 for every taxpayer. Most of the state's overall debt comes from contractually protected pension benefits and retiree health care costs. Of the \$223.5 billion in retirement benefits promised, the state has not funded \$103.5 billion in pension and \$71.9 billion in retiree health care benefits.

While New Jersey's financial statements indicated an annual deficit of nearly \$11 billion, the state's financial condition seemingly improved because the actuaries of the state's retirement systems increased the percentage rates used to determine the current value of promised benefits, which led to a decline in liabilities.

Here's the truth:



Data included in this report is derived from the state of New Jersey's 2017 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

NEW JERSEY FINANCIAL BREAKDOWN

FAST FACTS

- + New Jersey has \$25.5 billion available in assets to pay \$221 billion worth of bills.
- + The outcome is a \$195.5 billion shortfall and a \$61,400 Taxpayer Burden.
- + Despite reporting all of its pension debt, the state continues to hide \$34.3 billion of its retiree health care debt.
- + New Jersey's reported net position is inflated by \$27.7 billion, largely because the state defers recognizing losses incurred when the net pension liability increases.

THE STATE'S BILLS EXCEED ITS ASSETS

| | |
|---|--------------------|
| Assets | \$97,506,876,000 |
| <i>Minus:</i> Capital assets | -\$55,725,411,000 |
| Restricted assets | -\$16,234,642,000 |
| Assets available to pay bills | \$25,546,823,000 |
| <i>Minus:</i> Bills | -\$221,029,729,000 |
| Money needed to pay bills | -\$195,482,906,000 |
| Each taxpayer's share of this debt | -\$61,400 |

BILLS THE STATE HAS ACCUMULATED

| | |
|---|--------------------------|
| Bonds | \$62,762,831,000 |
| Other liabilities | \$18,990,418,000 |
| <i>Minus:</i> Debt related to capital assets | -\$36,151,202,000 |
| Unfunded pension benefits | \$103,516,407,000 |
| Unfunded retiree health care | \$71,911,275,000 |
| Bills | \$221,029,729,000 |

GRADE: F

Bottom line: New Jersey would need more than \$20,000 from each of its taxpayers to pay all of its bills, so it has received an "F" for its finances from Truth in Accounting.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.