

Overspending: A Way of Life in Jersey City

Jersey City's finances spiral with \$73M overspent, \$94M deficits, and \$112M in deferred charges—taxpayers foot the bill for years of mismanagement.

JERSEY CITY, NJ, UNITED STATES, April 10, 2025 /EINPresswire.com/ --

According to a review of the 2021-2023 audited financial statements, the 2024 municipal budget, and other City documents, Jersey City's finances are in serious disarray. Over the past three years, the municipal/property tax rate has risen by 51.4%, reflecting a lack of control over spending.

Over the next three weeks, I will elaborate on (1) Jersey City's fiscal mismanagement, (2) the unacceptable results of national credit-rating agencies' Jersey City audits, and (3) my plan for restoring control over Jersey City's budget to stabilize property taxes.



Independent audits reveal that the City overspent more than \$73 million over the amounts authorized in the adopted annual budgets. This overspending stems from poor internal financial controls, which allowed purchases to be approved without confirming available funds. As a result, the City is stuck with bills years after services are rendered.

- Once a product is received or a service rendered, legally due payments cannot be declined or renegotiated.
- City residents and the government cannot opt out of paying their bills.
- If the City cannot pay bills immediately, taxpayers must do so in later years.

The City also faced financial deficits in 2021 and 2023, totaling \$94 million—a rare occurrence for

local governments in New Jersey. Such deficits are typically reserved for the federal government, not local municipalities, and Jersey City will be paying off this fiscal mismanagement for years to come.

Audited statements reveal \$219 million in Deferred Charges incurred since 2018, with \$112 million still on the books as of December 2023.

- Deferred Charges are amounts paid in one year but raised from taxpayers in future years, meaning Jersey City taxpayers will continue to bear the cost of past mistakes for years to come.
- Although the Federal government may incur a deficit, state law prohibits local governments from doing so, making Jersey City an outlier.

Adding to the poor situation, the \$112 million that must still be paid does not account for potential unfulfilled payments in 2024, which we hope will be released shortly.

It is time for Jersey City to restore fiscal integrity by budgeting responsibly and addressing financial needs as they arise rather than continuing to push problems into the future. The City must recognize its budgetary responsibilities and act now to avoid further financial strain.

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