

# New Report Finds Worsening Financial Transparency Across State Governments

*Truth in Accounting evaluates audited financial reports*

CHICAGO, IL, UNITED STATES, May 12, 2026 /EINPresswire.com/ -- Truth in Accounting (TIA) has released its latest [Financial Transparency Score report](#), evaluating how effectively each state discloses its true financial condition through audited financial reports. The 2026 report found that overall state transparency scores worsened compared to the previous year, with several states continuing to struggle with delayed reporting, poor audit outcomes, and unreported retirement liabilities.

The report evaluates state Annual Comprehensive Financial Reports (ACFRs) using criteria such as audit quality, timeliness, retirement liability reporting, pension data accuracy, and whether financial statements are distorted by complex accounting deferrals. States can earn up to 100 points for meeting transparency best practices.

“Taxpayers deserve accurate and timely information about their government’s finances,” said Sheila Weinberg, founder and CEO of Truth in Accounting. “When states delay reports, receive poor audit opinions, or hide retirement liabilities off their balance sheets, citizens are prevented from understanding the true financial condition of their government.”

New Mexico and West Virginia earned the highest scores in the nation, each receiving 87 out of 100 points. Indiana, New York, and Maryland rounded out the top-performing states.

At the bottom of the rankings, Connecticut received the lowest transparency score, followed by Georgia, North Carolina, California, and Illinois. Connecticut and North Carolina were penalized because their largest pension plans did not issue separate audited financial reports. Georgia received a disclaimer of opinion on its state ACFR and took 297 days to publish its report. California and Illinois had still not published their 2024 ACFRs by the report’s research cutoff date.

## Key Findings:

- Overall transparency scores declined nationwide compared to the previous year.
- New Mexico and West Virginia received the highest scores, each earning 87 points.
- Kentucky showed the largest improvement, increasing 11 points after receiving a clean audit opinion in 2024 following a qualified opinion in 2023.

- Delaware experienced the largest decline in transparency score, falling from 78 to 55 due to a disclaimer of opinion tied to insufficient audit evidence for unemployment fund balances and financial activity.
- Delaware and Georgia were the only states to receive disclaimer audit opinions for their 2024 financial reports.
- Alaska, Arizona, California, Illinois, Missouri, Nevada, and Washington received qualified audit opinions on their financial reports.
- Connecticut, North Carolina, and Vermont each lost 25 points because their largest pension systems failed to issue separate audited financial reports.
- Nevada had still not issued its fiscal year 2023 financial report as of August 25, 2025, forcing researchers to rely on 2022 data.
- Kansas, Michigan, and Oklahoma were flagged for keeping significant retirement liabilities off their balance sheets, primarily related to teachers' pension systems. Kansas had the highest percentage of hidden retirement debt at 65%.

The report also highlighted concerns about accounting practices that can distort state financial positions. According to Truth in Accounting, complex deferred inflow and deferred outflow calculations tied to pensions and retiree healthcare benefits continue to obscure the true financial condition of many governments. States including California, Connecticut, Delaware, Illinois, Massachusetts, New Jersey, Pennsylvania, Texas, and Wisconsin received zero points in this category because of severe balance sheet distortions.

"Transparent financial reporting is essential for accountability and informed decision-making," said Weinberg. "Without timely and accurate information, taxpayers, lawmakers, and investors cannot fully evaluate the financial health of their states."

The full [Financial Transparency Score 2026 report](#) is available from Truth in Accounting.

Judi Willard  
Truth in Accounting  
+1 217-801-5821  
[email us here](#)

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