APPENDICES

APPENDIX III – FINANCIAL STATE OF THE STATES SCHEDULE

		(in Billions)						
Ranking	**State**	**Reported Assets***	**Less Capital Assets**	**Less Assets Restricted By Law or Contract**	**Assets Available to Pay Bills**	**Less Bills**	**Money Available (Needed) to Pay Bills**	**Each Taxpayer Financial Surplus (Burden)**
36	**Alabama**	$50.0	($29.4)	($10.8)	$9.8	($26.9)	**($17.1)**	**($13,400)**
1	**Alaska**	$100.7	($11.3)	($49.1)	$40.4	($26.0)	**$14.4**	**$52,300**
20	**Arizona**	$44.2	($26.6)	($8.2)	$9.4	($15.4)	**($6.0)**	**($3,300)**
14	**Arkansas**	$25.1	($14.5)	($3.4)	$7.3	($8.4)	**($1.1)**	**($1,500)**
44	**California**	$296.3	($154.0)	($48.6)	$93.8	($328.3)	**($234.5)**	**($20,900)**
19	**Colorado**	$38.2	($19.0)	($7.2)	$12.0	($17.8)	**($5.8)**	**($3,300)**
49	**Connecticut**	$31.6	($17.1)	($4.5)	$10.1	($72.2)	**($62.1)**	**($48,600)**
41	**Delaware**	$13.3	($8.9)	($1.3)	$3.1	($8.5)	**($5.4)**	**($17,400)**
13	**Florida**	$197.9	($100.2)	($34.3)	$63.4	($69.8)	**($6.4)**	**($1,100)**
24	**Georgia**	$57.0	($32.6)	($9.2)	$15.2	($27.1)	**($12.0)**	**($4,500)**
45	**Hawaii**	$23.5	($14.9)	($3.3)	$5.4	($17.8)	**($12.4)**	**($26,500)**
7	**Idaho**	$16.7	($7.5)	($4.4)	$4.8	($3.8)	**$1.0**	**$2,400**
48	**Illinois**	$76.6	($33.4)	($13.7)	$29.5	($213.8)	**($184.3)**	**($45,000)**
12	**Indiana**	$55.6	($23.2)	($8.0)	$24.4	($25.8)	**($1.3)**	**($700)**
11	**Iowa**	$28.2	($13.0)	($6.0)	$9.2	($8.3)	**$0.9**	**$900**
26	**Kansas**	$25.3	($16.0)	($5.1)	$4.2	($10.2)	**($6.0)**	**($6,700)**
47	**Kentucky**	$48.0	($29.8)	($5.1)	$13.1	($53.2)	**($40.1)**	**($32,600)**
39	**Louisiana**	$41.0	($21.3)	($8.1)	$11.6	($31.2)	**($19.5)**	**($15,200)**
30	**Maine**	$13.5	($5.6)	($2.3)	$5.6	($9.5)	**($3.9)**	**($8,800)**
35	**Maryland**	$52.4	($32.6)	($3.7)	$16.1	($43.8)	**($27.7)**	**($13,200)**
46	**Massachusetts**	$70.8	($43.8)	($6.7)	$20.2	($87.4)	**($67.2)**	**($27,400)**
42	**Michigan**	$61.9	($26.7)	($11.8)	$23.5	($78.5)	**($55.0)**	**($18,100)**
17	**Minnesota**	$54.5	($23.1)	($14.4)	$16.9	($21.2)	**($4.3)**	**($2,200)**
31	**Mississippi**	$29.3	($18.8)	($5.6)	$5.0	($11.6)	**($6.6)**	**($9,200)**
21	**Missouri**	$50.2	($37.1)	($5.5)	$7.6	($13.9)	**($6.3)**	**($3,400)**
10	**Montana**	$15.1	($6.0)	($3.6)	$5.4	($5.1)	**$0.3**	**$900**

* Net of Reported Pension Assets and OPEB Assets

Numbers may not sum to total due to rounding

APPENDIX III – FINANCIAL STATE OF THE STATES SCHEDULE (Continued)

		(in Billions)						
Ranking	**State**	Reported Assets*	Less Capital Assets	Less Assets Restricted By Law or Contract	Assets Available to Pay Bills	Less Bills	**Money Available (Needed) to Pay Bills**	**Each Taxpayer Financial Surplus (Burden)**
6	**Nebraska**	$21.2	($10.9)	($5.7)	$4.6	($2.8)	**$1.8**	**$2,800**
18	**Nevada**	$15.4	($8.0)	($2.3)	$5.1	($7.5)	**($2.4)**	**($2,700)**
25	**New Hampshire**	$8.3	($4.8)	($1.5)	$1.9	($4.3)	**($2.4)**	**($4,700)**
50	**New Jersey**	$88.0	($51.1)	($12.0)	$24.8	($185.6)	**($160.8)**	**($52,300)**
32	**New Mexico**	$28.0	($10.5)	($10.6)	$7.0	($12.5)	**($5.5)**	**($9,700)**
43	**New York**	$322.7	($178.5)	($20.6)	$123.7	($254.7)	**($131.0)**	**($20,700)**
28	**North Carolina**	$93.9	($61.4)	($8.1)	$24.4	($47.7)	**($23.3)**	**($8,400)**
2	**North Dakota**	$23.4	($3.8)	($6.0)	$13.7	($5.6)	**$8.1**	**$28,400**
22	**Ohio**	$110.0	($39.8)	($20.6)	$49.6	($63.1)	**($13.5)**	**($3,500)**
16	**Oklahoma**	$41.0	($18.8)	($10.0)	$12.3	($14.7)	**($2.4)**	**($2,200)**
8	**Oregon**	$43.4	($17.9)	($7.7)	$17.9	($15.4)	**$2.5**	**$2,000**
40	**Pennsylvania**	$89.6	($42.8)	($9.0)	$37.7	($103.9)	**($66.2)**	**($15,600)**
37	**Rhode Island**	$10.8	($5.7)	($1.3)	$3.7	($8.6)	**($4.9)**	**($13,500)**
33	**South Carolina**	$49.3	($27.8)	($8.8)	$12.7	($25.6)	**($13.0)**	**($9,700)**
5	**South Dakota**	$10.6	($4.8)	($2.5)	$3.3	($2.1)	**$1.2**	**$4,000**
9	**Tennessee**	$50.6	($32.3)	($3.6)	$14.8	($12.3)	**$2.4**	**$1,300**
27	**Texas**	$262.6	($112.9)	($82.0)	$67.7	($130.3)	**($62.6)**	**($8,300)**
4	**Utah**	$39.2	($21.7)	($7.4)	$10.0	($6.8)	**$3.3**	**$4,200**
38	**Vermont**	$8.4	($3.0)	($1.5)	$3.8	($7.0)	**($3.2)**	**($14,300)**
15	**Virginia**	$93.7	($44.4)	($15.5)	$33.9	($38.2)	**($4.3)**	**($1,500)**
29	**Washington**	$86.5	($40.1)	($10.4)	$36.0	($56.2)	**($20.1)**	**($8,500)**
34	**West Virginia**	$24.8	($12.9)	($3.3)	$8.6	($15.5)	**($6.9)**	**($13,000)**
23	**Wisconsin**	$48.6	($28.0)	($8.9)	$11.7	($19.8)	**($8.1)**	**($4,100)**
3	**Wyoming**	$34.0	($7.2)	($13.5)	$13.3	($8.4)	**$4.9**	**$22,600**
	All States	**$3,121.0**	**($1,555.1)**	**($556.6)**	**$1,009.3**	**($2,284.1)**	**($1,274.8)**	

* Net of Reported Pension Assets and OPEB Assets

Numbers may not sum to total due to rounding

APPENDIX IV - SCHEDULE OF ACCUMULATED BILLS

	(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
Alabama	$9.1	$5.1	$4.8	$6.1	$11.3	**$26.9**
Alaska	$5.6	$5.0	$2.2	$7.7	$9.9	**$26.0**
Arizona	$7.4	$10.2	$6.9	$4.7	$0.0	**$15.4**
Arkansas	$4.5	$3.8	$3.1	$1.3	$1.9	**$8.4**
California	$129.4	$94.0	$45.2	$63.2	$86.8	**$328.3**
Colorado	$5.2	$7.1	$5.0	$9.5	$0.9	**$17.8**
Connecticut	$25.5	$6.1	$7.7	$26.3	$22.0	**$72.2**
Delaware	$3.7	$1.5	$3.2	$0.8	$5.8	**$8.5**
Florida	$34.5	$36.9	$12.9	$3.7	$7.6	**$69.8**
Georgia	$15.4	$10.2	$11.3	$5.5	$7.4	**$27.1**
Hawaii	$8.9	$2.3	$8.1	$6.2	$8.5	**$17.8**
Idaho	$2.7	$2.0	$1.3	$0.2	$0.1	**$3.8**
Illinois	$43.2	$26.5	$13.4	$111.5	$46.0	**$213.8**
Indiana	$9.6	$8.2	$4.9	$12.0	$0.8	**$25.8**
Iowa	$5.0	$3.4	$2.0	$1.3	$0.6	**$8.3**
Kansas	$4.0	$3.5	$4.2	$6.3	$0.5	**$10.2**
Kentucky	$10.6	$10.7	$4.1	$31.4	$4.6	**$53.2**
Louisiana	$12.0	$8.3	$5.7	$7.8	$8.8	**$31.2**
Maine	$6.1	$0.7	$1.3	$2.0	$1.9	**$9.5**
Maryland	$18.6	$8.3	$11.0	$18.4	$9.4	**$43.8**
Massachusetts	$42.7	$15.2	$15.4	$27.8	$17.0	**$87.4**
Michigan	$20.8	$10.6	$4.0	$28.2	$22.9	**$78.5**
Minnesota	$13.3	$10.2	$6.2	$2.7	$1.0	**$21.2**
Mississippi	$5.3	$4.0	$2.5	$4.0	$0.8	**$11.6**
Missouri	$6.1	$5.7	$5.7	$4.6	$3.2	**$13.9**
Montana	$1.1	$3.0	$0.4	$1.0	$0.5	**$5.1**

*Does not include Net Pension and OPEB Obligations

Numbers may not sum to total due to rounding

APPENDIX IV - SCHEDULE OF ACCUMULATED BILLS (CONTINUED)

	(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	$0.8	$2.1	$0.6	$0.5	$0.0	**$2.8**
Nevada	$4.3	$2.4	$1.8	$1.4	$1.3	**$7.5**
New Hampshire	$2.1	$1.0	$1.6	$0.8	$2.0	**$4.3**
New Jersey	$23.4	$55.4	$33.2	$85.0	$55.0	**$185.6**
New Mexico	$5.7	$3.0	$3.8	$5.3	$2.3	**$12.5**
New York	$88.4	$138.1	$80.0	$15.5	$92.8	**$254.7**
North Carolina	$12.4	$16.3	$7.8	$1.2	$25.6	**$47.7**
North Dakota	$1.4	$4.2	$0.4	$0.3	$0.0	**$5.6**
Ohio	$20.2	$43.2	$9.8	$6.7	$2.8	**$63.1**
Oklahoma	$7.5	$5.8	$5.4	$6.7	$0.2	**$14.7**
Oregon	$11.9	$9.6	$5.6	($0.7)	$0.2	**$15.4**
Pennsylvania	$34.2	$25.5	$12.2	$36.6	$19.8	**$103.9**
Rhode Island	$4.7	$2.2	$1.9	$2.8	$0.8	**$8.6**
South Carolina	$11.9	$8.8	$11.0	$6.5	$9.4	**$25.6**
South Dakota	$2.1	$0.9	$0.6	($0.3)	$0.0	**$2.1**
Tennessee	$5.8	$5.4	$2.1	$1.5	$1.8	**$12.3**
Texas	$41.0	$31.2	$33.1	$42.2	$48.9	**$130.3**
Utah	$6.9	$2.8	$4.3	$1.2	$0.3	**$6.8**
Vermont	$3.4	$1.0	$0.9	$1.3	$2.3	**$7.0**
Virginia	$26.8	$14.5	$12.5	$6.6	$2.8	**$38.2**
Washington	$23.5	$37.0	$19.2	$7.8	$7.0	**$56.2**
West Virginia	$4.5	$6.8	$1.9	$3.7	$2.3	**$15.5**
Wisconsin	$13.6	$11.2	$6.0	$0.0	$1.0	**$19.8**
Wyoming	$0.9	$6.4	$0.2	$1.0	$0.3	**$8.4**
All States	**$807.6**	**$737.4**	**$448.3**	**$628.1**	**$559.3**	**$2,284.1**

*Does not include Net Pension and OPEB Obligations

Numbers may not sum to total due to rounding

APPENDIX V– SCHEDULE OF REPORTED VS. UNREPORTED RETIREMENT LIABILITIES

	(in Billions)		
State	Total Reported Retirement Liabilities*	Unreported Retirement Liabilities	Total Unfunded Retirement Liabilities
Alabama	$1.01	$16.42	**$17.42**
Alaska	($0.01)	$17.61	**$17.60**
Arizona	$0.00	$4.67	**$4.67**
Arkansas	$1.02	$2.10	**$3.12**
California	$38.79	$111.30	**$150.09**
Colorado	$0.20	$10.29	**$10.48**
Connecticut	$10.45	$37.82	**$48.27**
Delaware	$2.29	$4.27	**$6.56**
Florida	$1.81	$9.54	**$11.35**
Georgia	$1.84	$10.99	**$12.83**
Hawaii	$4.31	$10.39	**$14.71**
Idaho	$0.06	$0.27	**$0.32**
Illinois	$39.77	$117.77	**$157.54**
Indiana	$1.23	$11.63	**$12.87**
Iowa	$0.29	$1.63	**$1.91**
Kansas	$0.12	$6.63	**$6.75**
Kentucky	$6.65	$29.36	**$36.01**
Louisiana	$4.42	$12.21	**$16.63**
Maine	$0.36	$3.60	**$3.95**
Maryland	$7.74	$20.02	**$27.76**
Massachusetts	$8.05	$36.80	**$44.85**
Michigan	$3.62	$47.47	**$51.09**
Minnesota	$0.58	$3.19	**$3.76**
Mississippi	$0.14	$4.63	**$4.77**
Missouri	$1.13	$6.72	**$7.85**
Montana	$0.32	$1.16	**$1.47**

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

Numbers may not sum to total due to rounding

SCHEDULE OF REPORTED VS. UNREPORTED RETIREMENT LIABILITIES (Continued)

	(in Billions)		
State	**Total Reported Retirement Liabilities***	**Unreported Retirement Liabilities**	**Total Unfunded Retirement Liabilities**
Nebraska	$0.00	$0.53	**$0.53**
Nevada	$0.00	$2.65	**$2.65**
New Hampshire	$0.91	$1.93	**$2.84**
New Jersey	$40.46	$99.58	**$140.05**
New Mexico	$0.06	$7.46	**$7.51**
New York	$30.88	$77.43	**$108.31**
North Carolina	($0.01)	$26.84	**$26.84**
North Dakota	$0.00	$0.34	**$0.35**
Ohio	$0.16	$9.34	**$9.50**
Oklahoma	$0.21	$6.66	**$6.87**
Oregon	($1.39)	$0.97	**($0.42)**
Pennsylvania	$3.71	$52.72	**$56.43**
Rhode Island	$0.07	$3.53	**$3.60**
South Carolina	$0.02	$15.93	**$15.95**
South Dakota	$0.00	($0.26)	**($0.26)**
Tennessee	$0.76	$2.51	**$3.28**
Texas	$9.64	$81.46	**$91.10**
Utah	($0.00)	$1.47	**$1.47**
Vermont	$1.03	$2.56	**$3.59**
Virginia	$4.62	$4.78	**$9.39**
Washington	$2.28	$12.57	**$14.85**
West Virginia	($0.78)	$6.83	**$6.04**
Wisconsin	$0.47	$0.57	**$1.04**
Wyoming	$0.08	$1.17	**$1.25**
All States	**$229.36**	**$958.03**	**$1,187.40**

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

Numbers may not sum to total due to rounding

TIMELINESS

29 States Timely	Days to Release
Michigan	90
Washington	123
Utah	127
New York	155
North Carolina	155
Colorado	165
Iowa	165
Minnesota	165
Wisconsin	165
Alaska	168
Kansas	168
Kentucky	168
Virginia	168
Maryland	170
Nebraska	170
North Dakota	170
Rhode Island	171
Vermont	171
Delaware	172
Louisiana	172
Pennsylvania	172
Tennessee	172
Wyoming	172
Nevada	173
Ohio	175
South Carolina	175
Idaho	176
Massachusetts	176
Texas	180

14 States Tardy (Over 180 Days)	Days to Release
Alabama	182
Indiana	183
Oregon	183
Arkansas	184
Georgia	184
Hawaii	184
Maine	184
New Hampshire	184
Oklahoma	184
Missouri	196
Mississippi	227
South Dakota	240
Florida	242
Connecticut	243

Seven States Excessively Tardy (Over 250 Days)	Days to Release
Arizona	252
Illinois	255
California	269
West Virginia	274
New Jersey	276
Montana	336
New Mexico	407

FULL ACCRUAL CALCULATIONS AND TECHNIQUES BUDGETING

Governments have evolved from being in the business of funding/building infrastructure and operating the rather limited machinery of the state's internal operations to being concerned with the health, welfare and lifestyle of its citizens. These changes involve committing to citizens and employees programs, services and benefits not just for the current period but for years to come. Full Accrual Calculations and Techniques
(FACT) will allow governments' accounting and budgeting systems to evolve to provide a comprehensive indication of the total activity of Government and the long-term effects of currently policy.

Accrual-based measurement records revenues and expenses in the period the activity generating revenues, increasing liabilities or consuming resources occurs, regardless of when associated cash is actually received or paid. Accrual measurement is useful in budgeting and accounting for situations where transactions are not completed in one period.

By recording accounts payable and receivable, and thus the change in value of the assets and liabilities, FACT accounting keeps a running tally of what a government owns and owes in economic terms. If a government promises pension benefits in the current period and must pay retirement claims in future periods, the liability and expense is recorded when the event occurred. When the cash is actually paid, the liability is removed.

FACT Based Accounting and Budgeting:

- Presents a complete picture of your governments' financial conditions, especially long-term commitments
- Illuminates the long term effects of current decision
- Limits elected officials' ability to expand programs and services by deferring the payment of current costs
- Recognizes all costs and all legitimate revenues regardless of when money is paid or received
- Provides full costing information, including government employees' retirement benefits.
- Supplies information necessary for accurate performance measurements
- Adopts the use of a consolidating budget documents to facilitate the public's ability to understand governmental financial consequences of the budget
- Produces corporate style balance sheets and income statements, which is the format more citizens understand
- Facilitates the evaluation of budgeted amounts versus the actual revenues earned and costs incurred because budget documents are presented in the same format as the government's financial statements
- Promotes accountability
- Produces financial information that is comprehensive, comparable and consistent
- Provides information necessary to evaluate intergenerational fairness
- Provides better information for decision making

STATE BUDGET SOLUTIONS' ACCOUNTING GIMMICKS STUDY

State Budget Solutions has been keeping an eye on the bag of tricks employed by legislators and other budget officials. These budget gimmicks hide the true cost of government and set up states for fiscal calamity down the road. Below are examples of a few of the most "popular" gimmicks (and even some solutions to the gimmicks) that SBS came across.

Delaying payments until the upcoming fiscal year

Delayed payments effectively shift the burden of debt from one fiscal year until the next, to postpone payment of the debt (and potential political backlash). In the past, states delayed issuing state employee paychecks by one day, which shifted payroll costs to the next year, or postponed sales tax payments.

Borrowing money to balance the budget

States borrow money for the same reasons that individuals borrow money. Typically, when a state borrows money, it is through the issuance of bonds that are backed by the full faith and credit of the state issuer. In exchange for the loan, the state agrees to pay an annual interest rate. It is possible for the state to pay off the bond before it matures (and the interest becomes due), pursuant to a each bond agreement, but typically, a state must pay at least five years of interest on a bond before the option to pay face value owed is viable. Bond sales are closely tied to bond ratings.

Inflating revenue assumptions or savings projections

When developing the budget for the upcoming fiscal year, state lawmakers must make assumptions about revenue and expenditures. To demonstrate a balanced budget and justify increasing expenditures, lawmakers will inflate revenue assumptions by projecting overly optimistic revenue growth and rate of return on pension fund assets, and by assuming a lower rate of inflation than is realistic. The parallel accounting trick to accelerating and inflating revenue is inflating savings projections. State lawmakers will assume savings in contract negotiations, on infrastructure costs and repairs, and by predicting no student growth to effectively decrease the amount of expenditures. These savings are unrealistic and rarely mirror projections. Lawmakers may also advertise a reallocation of funds from one agency to another as a "spending cut" to the former agency, leading to projections of greater savings than actually result.

One-time sale of assets or other non-recurring funds

A one-time sale of state-owned assets helps to close budget gaps, but the expenditures including the sale do not decrease in following fiscal years despite the absence of the sale of the asset, effectively creating larger future deficits. Other types of non-recurring funding may include money from legal victories or settlements or the refinancing of state bonds.

TRUTH ACT

Most state and local governments have balanced budget requirements. For decades elected officials have used accounting shenanigans to claim that they have met this requirement without truly doing so. As a result most state and local governments are millions, if not billions of dollars in debt, including enormous retirement promises. Headlines about spending pressures and bankruptcies are today's result.

The difference is in how you count. When calculating a "balanced budget" elected officials often misidentify loan proceeds as revenue; create revenue by moving money from one fund to another; and overestimate revenues and underestimate expenses.

Most government budgets are calculated on a cash basis. Cash basis is good for keeping track of current receipts and expenditures. This works well for incumbents who dislike planning beyond the next election. Cash budgeting allows them to promise expensive programs without identifying how to pay for them. The full cost of future benefits promised to current employees is ignored.

To promote financial transparency and to provide the public and elected officials with a truthful, complete picture of government activity and the long-term effects of current policy, the Truth in Accounting Act would require governments to prepare their budgets using FACT based budgeting. The benefits of FACT based budgeting are:

· Long term effects of current decisions would be illuminated
· Elected officials' ability to expand programs and services by hiding costs would be limited
· All costs and all legitimate revenues regardless of when money is paid or received would be recognized
· Full costing information, including government employees' retirement benefits would be recognized
· Information necessary for accurate performance measurements would be supplied
· A complete picture of governments' financial conditions, especially long term commitments, would be presented
· The public's ability to understand the government's budget process would be enhanced because this is the type of accounting system used by most corporations.

Most importantly, this legislation would strengthen elected officials' ability to determine compliance with the intent of balanced budget requirement, which is to preserve intergenerational equity. The public could see if the budget imposes undue burdens for past and current year services upon future taxpayers, including unborn residents and residents who, at the time a budget is enacted into law, are too young to vote.

The Truth in Accounting Act would also require the production of the government's Comprehensive Annual Financial Report within ninety days after the government's fiscal year end, similar to standards expected of businesses.