



State of Illinois

FINANCIAL

STATE OF THE STATE

WHAT DO WE OWE...

AND WHERE DO WE STAND?

As of June 30, 2009

“BALANCED” BUDGETS HAVE IGNORED TRUE COSTS

The handling of state employees’ and teacher retirement promises demonstrates how State officials take advantage of antiquated budgeting and accounting rules. Truthful accounting recognizes employees earn a portion of these retirement benefits **every year** they work. Accurate accounting provides that these real and definite expenses be reported on the State’s balance sheet and income statement when earned, not when paid.

Because these benefits are not immediately payable *in cash*, Illinois’ politicians have ignored **55 percent** of these costs when calculating “balanced” budgets. Because these costs were not funded when incurred, they have been pushed into the future, and thus onto our children’s and grandchildren’s backs.

ILLINOIS IS BANKRUPT

More than \$29 billion of our assets (roads, bridges, buildings, land, etc.) should not be used to pay our bills. And the use of \$6.4 billion of our assets is restricted by law or contract. Therefore our state has less than \$20 billion of assets available to pay \$140.6 billion of bills when they come due. Our state is **\$120.6 billion** short.

This falls into a definition of bankruptcy . . . A debtor that does not have the financial means to pay their bills as they come due.

Each taxpayer’s share of this shortfall equals **\$29,200**.

Do We Have Money To Pay Our Bills?

Our Assets	\$55,423,801,000
Less: Capital Assets	(\$29,042,925,000)
Assets Restricted By Law or Contract	(\$6,386,240,000)
Assets Available to Pay Our Bills	\$19,994,636,000
Our Bills	(\$140,639,513,000)
Money Needed to Pay Our Bills	(\$120,644,877,000)
EACH TAXPAYER'S SHARE OF SHORTFALL	(\$29,200)

What We Own

Capital Assets	\$29,042,925,000
Other Assets	\$26,380,876,000
OUR ASSETS	\$55,423,801,000

What We Owe

Unfunded Pension Promises	\$62,439,092,000
Unfunded Retirees' Health Care Promises	\$27,124,061,000
State Bonds	\$29,117,699,000
Other Liabilities	\$21,958,661,000
OUR BILLS	\$140,639,513,000

Where We Stand

Net Assets (Financial Position)	(\$85,215,712,000)
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*Data obtained from the State of Illinois’ audited Comprehensive Annual Financial Report.

WE CAN'T BALANCE OUR BUDGET AND GO INTO DEBT AT THE SAME TIME

Illinois’s statutes require our legislature to pass a balanced budget. To sensible people that means the state’s spending should not be greater than the revenues collected. Citizens expect our elected officials to follow the intent of the law and not overspend . . . Right?

The Truth is decades of balanced budgets have brought more than **\$85.2 billion of debt**. This occurs because the state uses ancient budgeting and accounting methods that simply do not recognize the realities of a modern government.

Look Inside to See . . .
WHAT WE OWE. . .
WHERE WE STAND?
IF WE CAN PAY
OUR BILLS?

Illinois is
BANKRUPT

Our State Needs
\$110.6 Billion
To Pay Our Bills

Each Taxpayer's
Share of This
Shortfall Is
\$29,200

For more
information, visit
www.truthinaccounting.org
Illinois.StateBudgetWatch.org



The Institute for Truth in Accounting (IFTA) is an organization dedicated to promoting honest, accurate and transparent accounting at all levels of government. As a non-partisan, non-profit organization, the IFTA works to expose budgeting and accounting deficiencies. The IFTA also promotes better, more accessible delivery of accurate governmental financial data, which is a foundation for informed public policy.

Institute for Truth in Accounting

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