
CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

- Information necessary to make knowledgeable decisions is not available
- Balanced state budgets are largely a myth
- State governments circumvent the intent of balanced budget laws
- Most states do not issue comprehensive annual reports on a timely basis
- Using GASB GAAP to calculate budgets wouldn't result in a truer presentation

RECOMMENDATIONS

The financial difficulties in which states find themselves result from many causes. The economy, tax revenues, governmental operating costs rise and falls, but consistent contributors to the state fiscal problems are the budgeting practices and accounting deficiencies that almost encourage unsustainable public policy.

This section presents several changes that the authors of this Study believe would improve state government transparency and accountability. These include recommendations of change in accounting principles that state legislatures and executives should undertake.

The following is a summary of our recommendations categorized by the group we think should be charged with making the changes:

- Recommendations to elected officials
 - Review balanced budget requirements.
 - Demystify balance budget myths.
 - Include all expenses in budget calculations.
 - Emphasize *fiscal deficits*.
 - Provide support and resources to accelerate CAFR preparation.
- Recommendations to CAFR preparers
 - Include fiscal deficit calculations in annual reports.
 - Provide budget versus actual comparisons.
 - Issue annual reports before the budget process.
- Accounting principle recommendations
 - GAAP used by states should be improved.
 - Put retirement liabilities on state balance sheets.
 - Remove fund statements from annual reports.
- Recommendations to the public and public interest organizations
 - Demand accurate financial information.
 - Work to get states' true financial positions calculated.
 - Take steps to understand the issues.
 - Prepare for coming debates on state sustainability.
- Last Word
 - **Insist on *Truth in Accounting***