

*Your Budget
Is NOT
Truly Balanced If...*

- You Can't Pay Your Bills
- You Borrow Money
- You Don't Make Your Retirement Plans' Contributions

*Questions For
Governors and
Legislators*

- Will Our Bills Be Paid On Time?
- Will You Borrow Money?
- Will You Pay Our Retirement Plans' Contributions?

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information, visit
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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.

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**Are We
Unbalanced?**



**A Guide to
Reviewing
Governments'
Budgets**

Provided to you by:



Your Budget Is **NOT** Truly Balanced If . . .

You Can't Pay Your Bills



Many government services are delivered by third party providers like doctors, hospitals and other vendors.

Under the cash basis budgeting method used by most governments, costs are not recorded until checks are written for vendor invoices. Therefore government officials can pretend their budgets are balanced by delaying the payment of vendor bills. Vendors are forced to finance state operations. This places financial hardships on vendors and can force many out of business.

This practice makes budgeting dishonest because it hides the true costs of government.

A budget is not truly balanced if current bills are not paid.

Ask Your Governor & Legislators:

- Will Our Bills Be Paid On Time?

You Borrow Money

A truly balanced budget is one in which revenues equal expenses. Government revenues include taxes, fines, fees and licenses.

Governments routinely borrow money to “balance” their budgets. In essence loan proceeds are recorded as revenues.



Borrowing money to pay current bills is like buying your groceries with a credit card, because you don't have the cash. Issuing government bonds to pay into pension

plans is like paying one credit card with another.

If the budget increases borrowing, it is not balanced.

Ask Your Governor & Legislators:

- Will You Borrow Money?

You Don't Make Your Retirement Plans' Contributions

Government employees' compensation includes their salaries and wages, and a portion of their retirement benefits. These benefits include pension and retirees' health care benefits.

Like corporations, governments use professional actuaries to determine the annual contribution needed to adequately fund these earned benefits. Unlike corporations, state and local governments are not mandated to write a check to the retirement plans for these annual required contributions.



Underfunded Pension Plans

As a result, budgets have been “balanced” by underfunding the retirement plans by trillions of dollars.

To have a truly balanced budget, the annual required contributions must be paid into our retirement plans.

Ask Your Governor & Legislators:

- Will You Pay Our Retirement Plans' Contributions?