Financial State of The Union 2023

Truth in Accounting

Daniels College of Business
UNIVERSITY OF DENVER
School of Accountancy

The Truth

Money Needed to Pay Bills **$146 trillion**

Taxpayer Burden™ **$880,000**

Financial Grade **F**

Federal Government's Financial Condition Worsened by $12.7 Trillion

A new analysis of the latest Financial Report of the U. S. Government found that the federal government's overall financial condition worsened by $12.7 trillion in 2022. While this financial report provides a clearer picture of the government's financial information than the annual budget referenced in the president's State of the Union address, Truth in Accounting believes this report is incomplete.

For example, while the 2022 reported budget deficit was $1.4 trillion, this audited financial report indicated the federal government had a $4.2 trillion deficit, which is called a net operating cost in the report. The report also indicates the federal government only owes Social Security and Medicare beneficiaries $207.8 billion. Truth in Accounting believes that the federal financial report should include a Social Security liability of $47.7 trillion and a Medicare liability of $64.3 trillion, which are the benefits to be paid over the next 75 years minus the related taxes collected.

Unknown to most people, the federal government does not believe it owes any beneficiary any Social Security and Medicare benefits beyond the checks that are about to be written. That is why the Treasury Department only included $207.8 billion of Social Security and Medicare liabilities on the federal balance sheet. According to government documents, recipients do not have the right to any benefits beyond those currently due. Laws to reduce or stop future benefits can be passed at any time.

Proper accounting records a liability if it is probable the amounts will be paid, and the amounts are estimable. Truth in Accounting believes it is probable that the government will pay the promised Social Security and Medicare benefits, and the Social Security and Medicare trustees estimate the amount of the benefits to be paid.

Government officials have made repeated financial decisions that have left the federal government with a debt burden of $146 trillion, including unfunded Social Security and Medicare promises. That equates to an $880,000 burden for every federal taxpayer. Because the federal government would need such a vast amount of taxpayer money to cover this debt, it received an "F" grade for its financial condition.
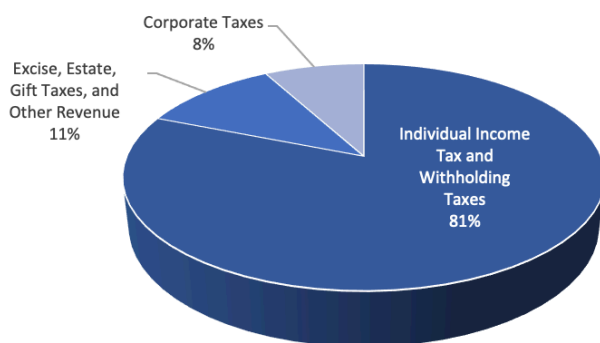
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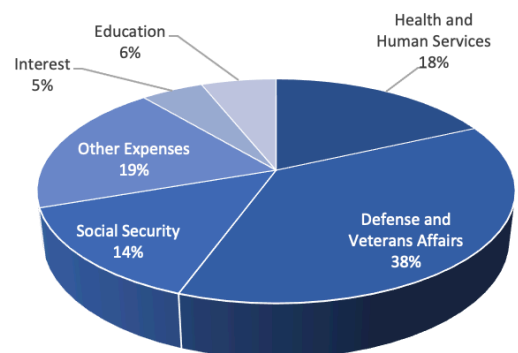# United States Government Financial Breakdown

Fast Facts

- $5 trillion in assets versus $151 trillion worth of bills
- $146 trillion shortfall
- $880,000 per federal taxpayer burden

What the Federal Government Has	
Assets	$5 trillion
What the Federal Government Owes	
Medicare Benefits	$64.3 trillion
Social Security Promises	$47.7 trillion
Publicly Held Debt	$24.3 trillion
Military & Civilian Retirement Benefits	$12.8 trillion
Other Liabilities	$1.9 trillion
Total Debt	$151 trillion
Where the Federal Government Stands	
Net Position	-$146 trillion

What Came In?

Corporate Taxes 8%

Excise, Estate, Gift Taxes, and Other Revenue 11%

Individual Income Tax and Withholding Taxes 81%

What Went Out?

Health and Human Services 18%

Education 6%

Interest 5%

Other Expenses 19%

Social Security 14%

Defense and Veterans Affairs 38%

The Outcome	
Total Revenue	$4.93 trillion
Total Expenses	$9.1 trillion
Reported Net Operating Cost (revenue minus Expense)	-$4.17 trillion
Other changes in Net Position, including increases in Social Security and Medicare Liabilities	-$8.49 trillion
Decline in Net Position	$12.66 trillion

Data included in this report is derived from the Financial Report of the U.S. Government for the fiscal year ending September 30, 2022.

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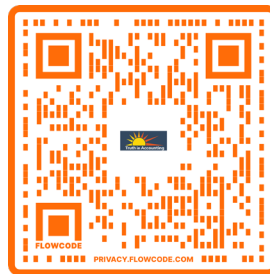**School of Accountancy**

Truth in Accounting

Truth in Accounting believes truthful accounting is the key for citizens, legislators, and the press to clearly understand the truth about government finances. To be knowledgeable participants in their governments' financial decisions, citizens need accurate and complete financial information. Our work has focused on encouraging public entities to produce financial reports that are comprehensive, clear, and transparent; and informing the public of the importance of truthful accounting.
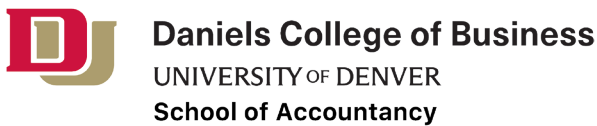
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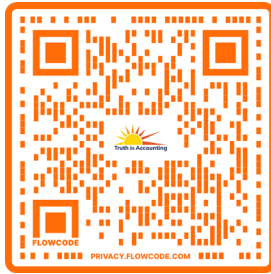
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DU's School of Accountancy partnered with Truth in Accounting in 2022. The University is known for academic rigor and a long commitment to teaching ethical leadership. This program will open up scholarship and research opportunities to the Daniels College of Business faculty and students. As trained accountants and researchers, they will learn in-depth about the accounting and budget practices of city, state, and federal government entities. Researchers in the School of Accountancy will apply their knowledge of governmental accounting to finding and analyzing data from government financial reports to help create the annual flagship reports of Truth in Accounting.

Truth in Accounting is a 501(c)(3) nonprofit committed to educating and empowering citizens with understandable, reliable and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.

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