



INDIANA

The State Does Not Have the Money to Pay Bills

Indiana has \$51.4 billion worth of assets, but most of these assets are not available to meet their obligations.

Almost \$19.7 billion is infrastructure like roads, bridges and parks, which cannot realistically be used to pay bills. The use of \$5.3 billion of the assets is restricted by law or contract.

Indiana is in Financial Jeopardy

Only \$26.4 billion of the State's assets are available to pay \$37.8 billion of bills as they come due.

Almost \$11.4 billion of State employees' and teachers' retirement and other costs have been pushed into the future, and thus onto our children's and grandchildren's backs.

Each taxpayer's share of the financial burden is \$5,700.

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Table with 2 columns: Asset/Category and Amount. Rows include Assets (\$51,385,972,000), Less: Capital Assets (\$19,654,218,000), Restricted Assets (\$5,337,517,000), Available Assets to Pay Bills (\$26,394,237,000), Bills (\$37,780,317,000), and Money Needed to Pay Bills (\$11,386,080,000).

Each Taxpayer's Financial Burden \$5,700

Data is derived from the State of Indiana's June 30, 2010 Audited Comprehensive Annual Financial Report and Retirement Systems' Actuarial Reports

So-Called "Balanced" Budgets Ignore True Costs

The State of Indiana reported liabilities of only \$25.8 billion. IFTA's detailed analysis discovered that retirement liabilities of \$12 billion were unreported by the State. When these liabilities are included, the State's bills total \$37.8 billion.

Table with 2 columns: Category and Amount. Rows include Reported Liabilities (\$25,840,221,000), Unreported Retirement Liabilities (\$11,940,096,000), and Total (\$37,780,317,000).

Indiana's statutes require the legislature to pass a balanced budget. One of the reasons Indiana is in this precarious financial position is State officials use antiquated budgeting and accounting rules to determine payroll costs.

Since retirees' health care benefits are not immediately payable in cash, Indiana's politicians ignore these payroll costs when calculating "balanced" budgets. As a result, the State set aside only 54 cents to pay for each dollar of these promised benefits.

Truthful accounting would include the portion of retirement benefits employees earn every year they work in payroll costs.

Accurate accounting requires all real and certain expenses be reported in the State's budget and financial statements when earned, not when paid.



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About

The Institute for Truth in Accounting (IFTA) was created by distinguished financial and public policy experts concerned with the quality of public and private organizations' financial reporting.

The mission of IFTA is to encourage private and public entities to produce financial reports that are understandable, reliable and transparent, and to inform the public of the importance of truthful budgeting and accounting.

IFTA actively seeks association with other public interest groups and individuals that recognize the need to improve financial reporting, or want to better understand the true consequences of financial decisions.

The Institute is a non-profit, nonpartisan organization that does not advocate public policy beyond that of truthful accounting.

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Financial State of the State

