

# from the archives

in the days before google

"State Auditor Richard Johnson warned that the state may have another budget deficit within a few years unless lawmakers eliminate the practice of keeping two sets of books."

"Branstad administration officials have said they are wary of eliminating the two sets of books because they like the flexibility they have."

"Johnson said that flexibility has been abused and that changing the law 'will ensure that Iowans and their elected officials will not have to deal with two sets of books to manage and report on the state's finances.'"

### GENERAL FUND BALANCES

STATE AUDITOR Richard Johnson says Iowa would show a deficit if it did not count tax revenue before it is received. The top figures show the balance with the revenue included, the bottom line shows what Johnson says the real balances are.

Year	Balance with revenue included (Millions of Dollars)	Real balances (Millions of Dollars)
1982	0	0
1983	0	0
1984	0	0
1985	0	0
1986	0	0
1987	0	0
1988	0	0
1989	0	0
1990	0	0
1991	0	0
1992	0	0
1993	0	0
1994	0	0
1995	0	0
1996	0	0
1997	0	0
1998	0	0
1999	0	0
2000	0	0
2001	0	0
2002	0	0
2003	0	0
2004	0	0
2005	0	0

### Johnson predicts continued deficits without changes

The state auditor says the government should not count tax receipts before they've been collected.

By DAVID YEPSER  
DES MOINES REGISTER

State Auditor Richard Johnson warned on Wednesday that the state may have another budget deficit within a few years unless lawmakers eliminate the practice of keeping two sets of books.

Johnson, in a position paper, said lawmakers and the governor should approve legislation this year to pay \$87 million in bills in the fiscal year in which they are incurred. Those bills presently are pushed into the next budget year.

Johnson said the only reason lawmakers and the governor can claim they are getting rid of the state budget deficit is by claiming tax receipts before they are actually in the state treasury.

"This process is comparable to a taxpayer trying to pay bills due in June with their September paycheck," Johnson said. He said while that practice is permitted by new generally accepted accounting principles that are going into effect, those same principles will soon require Iowa to count bills in the same fashion.

In 1997 or 1998, Iowa will have to subtract about \$80 million to account for bills for which payment is now delayed.

"For Iowa to use the \$230 million windfall gained by accounting changes to eliminate most of its reported GAAP deficit without recognizing the future \$80 million additional costs or the current \$90 million of bills reported in the wrong fiscal year sets the stage for a repeat performance of the gridlock that has placed a stranglehold over Iowa finances for the past four years," Johnson said.

Iowa currently keeps two sets of books. One is kept according to budget methods set in the state code. The other is a financial report set by those general accounting standards. Johnson says the budget should be kept according to those standards, and his office has been working with House Republicans and budget and management officials of the administration to prepare legislation that would make the changes.

He said it is especially important that the state get rid of provisions that, by law, say the state must pay \$87 million worth of bills in the wrong fiscal year. He said he is worried that in lawmakers' rush to adjourn, the matter will be dropped. "They are so close to having things cleaned up," Johnson said.

Branstad administration officials have said they are wary of eliminating the two sets of books because they like the flexibility they have.

Johnson said that flexibility has been abused and that changing the law "will ensure that Iowans and their elected state officials will not have to deal with two sets of books to manage and report on the state's finances."

"Undoubtedly strong efforts will be made to water down or defeat this legislation. It is certainly easier to operate state government when short-term impacts of budgeting decisions can be minimized by modifying budgeting procedures and requirements on a year-to-year basis. In fairness to all Iowans, the practices which led to the huge deficit we are now recovering from must not be allowed to continue," he said.

learn more at  
[www.rants2010.com](http://www.rants2010.com)

