

## **BORROWING FROM PETER TO PAY PAUL**

Iowa State Auditor David Vaudt presented to Club members a comprehensive overview of state finances for the past several years. Vaudt, a practicing C.P.A. for twenty-five years who is near the end of his first term of office, noted that over the past 6 years the State of Iowa has 'borrowed' from other fund resources to meet expenditures of the general fund budget. Furthermore, he noted, there is no plan to restore the 'borrowed' funds. This fiscal year over 7% of general fund expenditures are shifted from other funds. The funds from which the greatest shifts occurred are the Senior Living Trust Fund, Tobacco Related Fund, and Hospital Trust Fund. The State is spending more than it is receiving Vaudt explained. In the last six fiscal years the State spent \$2 billion more than the revenue stream.--\$400 million from cash surplus and \$1.6 billion from other funds and special accounts. Vaudt stated that legislators cannot continue to make budget decisions for a one year period without considering the long term impact. He recommends at least a two-year budget and a three to five year long range financial plan. The budget needs clarification to set forth the true general fund expenditures.