

WHAT IS THE CITY OF DENVER HIDING?



Only \$10.7 million in retirement debt is reported on Denver's balance sheet; \$1.1 billion in debt is hidden.

Once these hidden debts are counted, Denver's balance sheet doesn't look so great. **In fact, Denver is sinking in debt.** One of the reasons Denver is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, \$1.1 billion of retirement debt. If this debt is included, Denver has a \$516.6 million shortfall, which represents compensation and other costs that have been pushed into the future.

DENVER'S BILLS EXCEED ITS ASSETS

\$2.9 Billion
ASSETS

\$3.4 Billion
BILLS

DENVER IS A SINKHOLE CITY

The City's Bills Exceed Its Assets

Assets	\$11,017,531,000
Less: Capital Assets	\$6,871,096,000
Restricted Assets	\$1,290,070,000
Assets Available to Pay Bills	\$2,856,365,000
Less: Bills	\$3,372,972,386
Money Needed to Pay Bills	\$516,607,386
Each Taxpayer's* Burden	\$2,389

Denver has \$11 billion in assets, but most of these assets are not available to pay city bills.

The \$6.9 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$1.3 billion of the assets is restricted by law or contract.

That leaves \$2.9 billion of city's assets available to pay \$3.4 billion of bills as they come due.

The \$516.6 million shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Each Taxpayer's Share of This Financial Burden is \$2,389

The Bills Denver Has Accumulated

Bonds	\$5,831,153,000
Other Liabilities	\$2,277,790,000
Less: Debt Related to Capital Assets	\$5,809,068,000
Unfunded Pension Benefits	\$954,841,656
Unfunded Retirees' HealthCare Benefits	\$118,255,730
Bills	\$3,372,972,386

Despite the balanced budget requirement, Denver has accumulated bonds of \$5.8 billion and other liabilities of \$2.3 billion. The calculation of assets available to pay bills does not include capital assets, so \$5.8 billion of related debt is removed from the calculation of Denver's bills.

Unfunded employees' retirement benefits represent 32% of city bills. These unfunded liabilities have accumulated because Denver employees have been promised \$954.8 million of pension benefits and \$118.3 million of retirees' health care benefits, but the city has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any

Not All Retirement Liabilities Are Clearly Disclosed

Reported Retirement Liabilities	\$10,712,000
Unreported Retirement Liabilities	\$1,062,385,386
Total Retirement Liabilities	\$1,073,097,386

A detailed study of Denver's actuaries' schedules found retirement benefits totaling \$1.1 billion have been promised, but not funded. A review of the city's balance sheet determined only \$10.7 million of these liabilities are reported. This means the city does not report \$1.1 billion of retirement liabilities on its balance sheet.

Data is derived from the City/County of Denver's December 31, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Number of taxpayers is based on an estimation of the district's population with a federal tax liability.*

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