



# COLORADO'S DEBT BURDEN WORSENS

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## THE FINANCIAL STATE OF COLORADO

A new analysis of the latest available audited financial reports found Colorado has a Taxpayer Burden™ of \$9,800, earning it a "D" grade based on Truth in Accounting's grading scale.

Financial decisions made by the state's elected officials over the years have left Colorado with a \$19.3 billion shortfall, which equates to \$9,800 for every taxpayer. Most of the state's overall debt comes from contractually protected pension benefits and retiree health care costs. Of the \$33.3 billion in retirement benefits promised, the state has not funded \$18.3 billion in pension and \$1.1 billion in retiree health care benefits.

Colorado's financial condition declined in 2017 primarily due to an increase in the state's pension liability. The Colorado Public Employees' Retirement Association determined there is a risk that projected plan assets might not be enough to pay all promised benefits. Taking this risk into account, the actuaries reduced the percentage rate used to determine the current value of promised benefits from 7.50 percent to 5.26 percent, which resulted in an increase in the pension liability. In addition, updated mortality assumptions affected the amount of the liability.

### Here's the truth:



Data included in this report is derived from the state of Colorado's 2017 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

# COLORADO

## FINANCIAL BREAKDOWN

### FAST FACTS

- + Colorado has \$12.7 billion available in assets to pay \$31.9 billion worth of bills.
- + The outcome is a \$19.3 billion shortfall and a \$9,800 Taxpayer Burden.
- + The state hides \$460.3 million of pension debt and \$786.9 million of its retiree health care debt.
- + Colorado's reported net position is inflated by \$5.7 billion, largely because the state defers recognizing losses incurred when the net pension liability increases.

### THE STATE'S BILLS EXCEED ITS ASSETS

Assets	\$42,132,568,000
<i>Minus:</i> Capital assets	-\$21,695,780,000
Restricted assets	-\$7,785,674,000
Assets available to pay bills	\$12,651,114,000
<i>Minus:</i> Bills	-\$31,946,562,000
Money needed to pay bills	-\$19,295,448,000
<b>Each taxpayer's share of this debt</b>	<b>-\$9,800</b>

### BILLS THE STATE HAS ACCUMULATED

Bonds	\$4,895,567,000
Other liabilities	\$8,052,856,000
<i>Minus:</i> Debt related to capital assets	-\$450,864,000
Unfunded pension benefits	\$18,318,530,000
Unfunded retiree health care	\$1,130,473,000
<b>Bills</b>	<b>\$31,946,562,000</b>

### GRADE: D

Bottom line: Colorado does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to states with a Taxpayer Burden between \$5,000 and \$20,000. Because of Colorado's balanced budget requirement, its Taxpayer Burden should be \$0.

Truth in Accounting is 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.