WHAT YOUR LOCAL GOVERNMENT IS HIDING:

THE LACK OF TRANSPARENCY IN PENSION DEBT REPORTING IN DENVER AREA LOCAL GOVERNMENTS

Truth in Accounting

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1. Executive Summary

Truth in Accounting has completed a comprehensive review of the financial reports of 63 local governments, including school districts, within the Denver metropolitan area.

Due to outdated accounting standards, more than $10 billion of promised retirement benefits were not reported on studied local governments' balance sheets.

While most of these local governments appear to have positive financial positions, 20 have financial holes. The financial holes represent bills the local governments have accumulated beyond available assets. **All of the 13 school districts studied have financial holes.**

The local governments with financial holes have created a "Taxpayer Burden," which represents the amount each taxpayer would have to send to their local government's treasury to pay their local government's accumulated debt beyond available assets. If these local governments' budgets had been truly balanced, they wouldn't have accumulated a Taxpayer Burden.

Truth in Accounting has identified the five largest "Sinkhole" local governments as those with the highest Taxpayer Burdens; all five are school districts. The financial holes are attributed to the districts' share of unfunded pension liability related to the Colorado Public Employees Retirement Association.

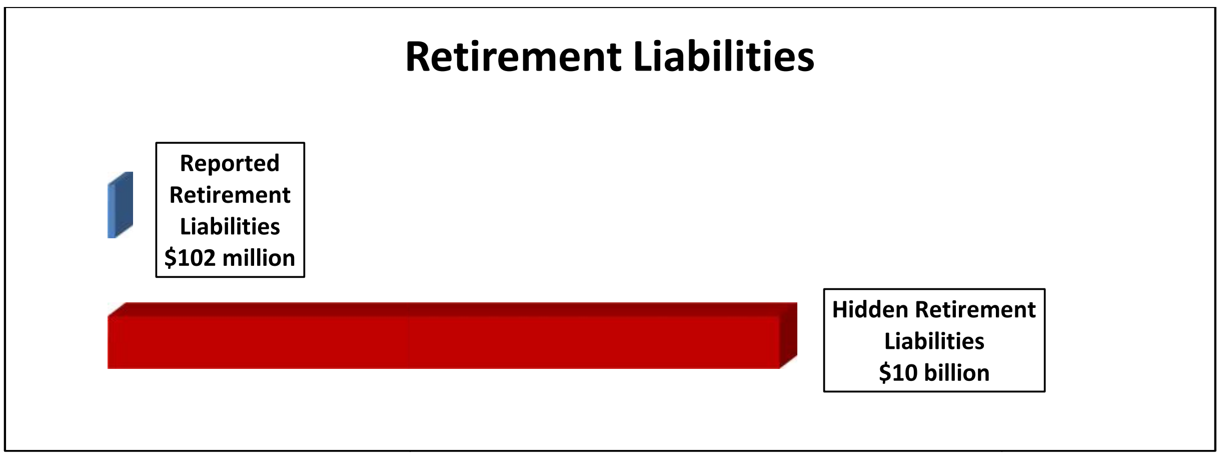
Largest Sinkhole Local Governments	Financial Hole	Taxpayer Burden
Platte Valley RE-7 School District	$19,017,061	$12,159
Adams-Arapahoe 28J School District	$702,508,324	$9,866
Adams 12 Five Star Schools	$720,903,906	$9,560
Jefferson County R-1 School District	$1,725,745,346	$9,545
Douglas County RE 1 School District	$903,786,092	$9,410

2. Findings

Truth in Accounting studied 63 local governments in the Denver area, including: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson and Weld counties. Studied local governments were chosen based upon 2014 property tax assessed values in excess of $1 billion. Data for this report was derived from each local government's financial reports and related retirement plans' actuarial reports, available on the internet as of October 15, 2014.

Billions of Dollars of Pension and Other Retirement Debts Are Hidden

Truth in Accounting researchers found studied local governments to have accumulated $10.2 billion of promised pension and retirement health care benefits. More than 99% of these liabilities are not reported on studied local governments' balance sheets. (Each local government's hidden retirement liabilities can be found in Appendix II.) From the 63 local governments studied, 45 have hidden retirement liabilities.



Collectively more than $10.2 billion of the compensation cost related to pension and health care benefits were earned and promised, but were not included in prior budgets and financial statements.[1] Future taxpayers are responsible for ***all unfunded debt*** whether it appears on their government's balance sheet or not.

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1 See Appendix IV - Schedule of Accumulated Bills and Appendix V - Schedule of Retirement Liabilities Not Clearly Disclosed for detail by state.

20 Local Governments Identified as Sinkholes

Forty-three of the local governments have financial surpluses, but the 20 governments have financial holes. These holes represent the amount of money needed to pay currently outstanding bills, including unfunded pension benefits.

20 Worse Sinkhole Governments

Local Governments	Financial Hole	Taxpayer Burden
Platte Valley RE-7 School District	$19,017,061	$12,159
Adams-Arapahoe 28J School District	$702,508,324	$9,866
Adams 12 Five Star Schools	$720,903,906	$9,560
Jefferson County R-1 School District	$1,725,745,346	$9,545
Douglas County RE 1 School District	$903,786,092	$9,410
Littleton 6 School District	$259,783,847	$8,475
Gilcrest RE-1 School District	$15,849,957	$8,393
Greeley 6 School District	$285,198,231	$7,505
Denver County 1 School District	$1,614,899,439	$7,467
St. Vrain Valley RE 1J School District	$379,250,174	$7,005
Brighton 27J School District	$183,670,396	$6,383
Boulder Valley RE 2 School District	$650,887,508	$6,352
Cherry Creek 5 School District	$1,104,169,838	$5,732
City/County of Denver	$516,607,386	$2,389
Boulder County	$99,346,393	$962
North Metro Fire Rescue District	$1,844,626	$504
Adams County	$45,248,386	$290
Regional Transportation District	$161,866,000	$174
West Metro Fire Protection District	$3,889,680	$47
Weld County	$2,848,936	$32

Thirteen of the 20 local governments with financial holes are school districts. As discussed in detail later in this document, all of these school districts are part of Colorado's Public Employees Retirement Association (PERA). The seven other local governments with financial holes are four county governments, two fire districts and the Regional Transportation District.

The school district with the largest Taxpayer Burden is Platte Valley RE-7. The largest financial hole is Jefferson County R-1 District.

TIA calculates each local government's financial condition based upon an analysis of the assets and liabilities included on their balance sheet.[2] This study is the first of its kind because each local government's estimated share of the unfunded pension and other retirement liabilities for the Colorado Public Employee Association (PERA) and the Fire & Police Pension Association (FPPA), when applicable, is included in the government's financial condition. Each local government's share is allocated as a percentage of its share of the retirement plan's contributions for the last three years.

TIA asserts if each local government's share of unfunded pension and retirement health care liabilities must included in the analysis, then the result is an accurate representation of each local government's financial condition. As indicated below, this assertion and the allocation of the unfunded pension liability agree with the Government Accounting Standards Board's new pension standard.[3]

> **"A liability should be recognized for the employer's proportionate share of the collective net pension liability. . ."**
>
> **"The basis for the employer's proportion should be consistent with the manner in which contributions to the pension plan . . ."**
>
> *Government Accounting Standards Board*

Publishing each local government's share of the unfunded pension and retirement health care benefits provides taxpayers with the information they need to determine the amount of taxes

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[2] Local governments' balance sheets are called statements of net position.

[3] Local governments do not have to follow the new pension standard until they issue their fiscal year 2015 financial reports.

they will be burdened with paying in order to cover the benefits of retirees long after the employee has provided taxpayers services.

School Districts with Taxpayer Burdens

Thirteen of the 20 local governments that have Taxpayer Burdens are school districts. In fact, all of the school districts studied have Taxpayer Burdens. Besides being school districts, the distinguishing characteristic is that all have employees that participate in the PERA. It appears the past school districts' budgets did not include all of the compensation cost related to pensions and other retirement benefits. As discussed in detail later in this report, one of the reasons debt has accumulated in the form of unfunded retirement liabilities is because school districts do not make adequate contributions into the PERA.

Taxpayers Are Burdened With Various Local Governments' Unfunded Bills

Taxpayers live in more than just one local government. For example, most of the taxpayers in the Denver metropolitan area are responsible for their share of the financial holes of their school district, city, county, the Regional Transportation District and the Urban Drainage & Flood Control District. In addition, taxpayers will also pay future taxes to cover their share of the state of Colorado's and federal government's financial holes.

Denver Taxpayer Burdens for Various Levels of Government

Local Government	Taxpayer Burden
City/County of Denver	$2,389
Denver County 1 School District	$7,467
Regional Transportation District	$174
Urban Drainage & Flood Control District *	($20)
State of Colorado	$3,500
Federal Government	$839,159
Total Denver Taxpayer Burden	**$852,669**

* This district has a taxpayer surplus

The Significance of Local Government's Financial Condition and Taxpayer Burden

A local government's financial hole amount represents the bills elected officials have accumulated. If bills have accumulated then elected officials have pushed current costs into the future. When this debt is incurred, elected officials are not being held accountable for their spending, because the electorate has not been asked to pay taxes for all of the spending.

A local government's taxpayer burden amount is important because it provides each taxpayer with the amount of taxes he/she will be burdened with in the future to cover prior government costs. Because these taxes will be used to pay for prior government costs, future taxpayers will not receive any services or benefits when they are required to pay these taxes.

Because of the lack of transparency in budgeting and financial reporting processes in Denver area local governments, and most state and local governments around the country, it is difficult, if not impossible, for the ordinary citizens to determine their government's financial hole or taxpayer burden. Therefore, they have not the information needed to hold their elected officials accountable.

Truth in Accounting has calculated the financial hole and taxpayer burden of local governments in the Denver area to provide citizens with the information needed to knowledgeably participate in their government.

> **". . . (I)t is difficult to overstate how efficient reporting of government financial information contributes to a healthy democracy. Without accurate fiscal information, delivered regularly, in an easily understandable format, citizens lack the knowledge they need to interact with—and cast informed votes for—their leaders. In this regard, a lack of government accountability and transparency undermines democracy and gives rise to cynicism and mistrust."**
>
> (Association of Government Accountants, 2008)

Top 5 "Sunshine" Local Governments Identified

Forty-three of the 63 local governments studied are "Sunshine" local governments with financial surpluses. This means they have more than enough assets to cover the bills they have accumulated to date. The following table highlights the top 5 "Sunshine" local governments. These local governments have the highest taxpayer surplus. This represents the local government's financial surplus, assets the local government has in excess of its bills, divided by the number of taxpayers in the local government.

The unfunded pension and retirement health care liabilities are included in the calculation of each local government's bills.

Top Five Sunshine Local Governments	Financial Surplus	Taxpayer Surplus
Broomfield	$135,327,52	$6,834
Lafayette	$56,560,600	$6,342
Greenwood Village	$25,850,167	$5,298
Arvada	$188,251,117	$5,061
Westminster	$183,120,016	$4,957

3. Drivers of Financial Holes and Taxpayer Burdens

TIA found 20 of the 63 Denver area local governments studied to have created financial holes, despite a state-mandated balanced budget requirement.

How does a local government balance its budget and go into debt at the same time? It all depends on how you count. The financial holes of Denver area local governments, as well as state and other local governments around the country, are driven by various accounting policies and policy decisions, among them:

- Using outdated accounting rules to hide pension and retirement health care debt
- Circumventing the intent of the balanced budget requirement
- Pushing current compensation cost onto future taxpayers
- Not paying pension "credit card" minimum payments
- Increasing pension debt

Using Outdated Accounting Rules to Hide Pension & Retirement Health Care Debt

Truth in Accounting research shows state and local governments are making more and more financial commitments using data that does not accurately account for or recognize the correct cost of the commitments being made. Today's commitments have ramifications far into the future. But governments continue to use short sighted accounting. This accounting hides the proper costs of government and does not provide the transparency elected officials and citizens need to manage these long-term promises.

Most governments' largest annual cost is employee compensation. Employees generally receive two types of compensation in return for their labor—current compensation and deferred compensation. Both types are earned by the employees as they work. Therefore both types of compensation should be included as a current cost in the calculation of the governments' budgets. While salaries and other forms of current compensation are received by employees, while the employer owes the deferred compensation, in the form of retirement benefits, to the employees when they retire. As a result debt is incurred that will be paid in the future. Just because governments choose to pay the deferred compensation in the future doesn't mean the related debt does not exist.

Unfortunately, local governments are **not** required to report these debts on their balance sheets. Sometimes the amount of these liabilities can be found in the footnotes to the government's financial report. But if the government is involved in a multi-employer plan, like PERA and the Firefighter and Police Pension Association, then no information is included in the government's financial report about these liabilities.

More information about the outdated accounting practices can be found in the background section of this document.

Circumventing the Intent of Balanced Budget Requirements

The Colorado Revised Statutes require local governments, including school districts, to balance their budgets. Governments have balanced budget requirements for three main reasons:

- To hold our elected officials accountable
- Inhibiting the ability of current taxpayers to burden future taxpayers
- To prevent the government from accumulating debt.

Holding Elected Officials Accountable

Balanced budget requirements so citizens can hold their elected officials accountable for their taxing and spending policies. A truly balanced budget requires elected officials to spend only the amount taxpayers are willing to pay; if spending increases then taxes should increase. If the accurate cost of government is disclosed and the budget is truly balanced, then taxpayers can judge the elected officials based on taxes paid for the government services and benefits.

> **"Politicians should not have the pleasure of spending (getting votes) without the pain of taxing (losing votes)."**
>
> *Former U.S. Treasury economist, Francis X. Cavanaugh*

Inhibiting the Ability of Current Taxpayers to Burden Future Taxpayers

Governmental Accounting Standards Board believes the intent of balanced budget laws prevents current generation of citizens to shift the burden of paying for current-year services to future-year taxpayers. GASB further believes this concept, known as "inter-period equity," is a significant part of accountability and is fundamental to public administration. Inter-period equity plays an important role in accountability as it reduces incumbents' ability to promise voters future benefits without having an impact on the government's current budget calculations.

Preventing Government from Accumulating Debt

If a budget is truly balanced, then revenues equal expenses (or costs). If this is the case then the government would only borrow money for capital assets that will provide benefits for current, as well as future, taxpayers. Therefore debt to pay for current spending would not be accumulated.

Pushing Current Compensation Cost onto Future Taxpayers

TIA found Denver local governments (like most state and local governments) often neglecting to include thousands, if not millions, of dollars of current compensation cost in the budget.

Employee compensation packages include benefits such as health care, life insurance and retirement benefits, including pension and Other Post-Employment Benefits (OPEB). As discussed about, just like salary, these benefits are earned each day an employee works and the cost of these benefits accumulates every day as well. As these benefits are promised and have been earned, a liability is created that will be paid sometime in the future. Prudent management requires the value of this liability be estimated, and assets provided, to ensure payments can be made when they come due.

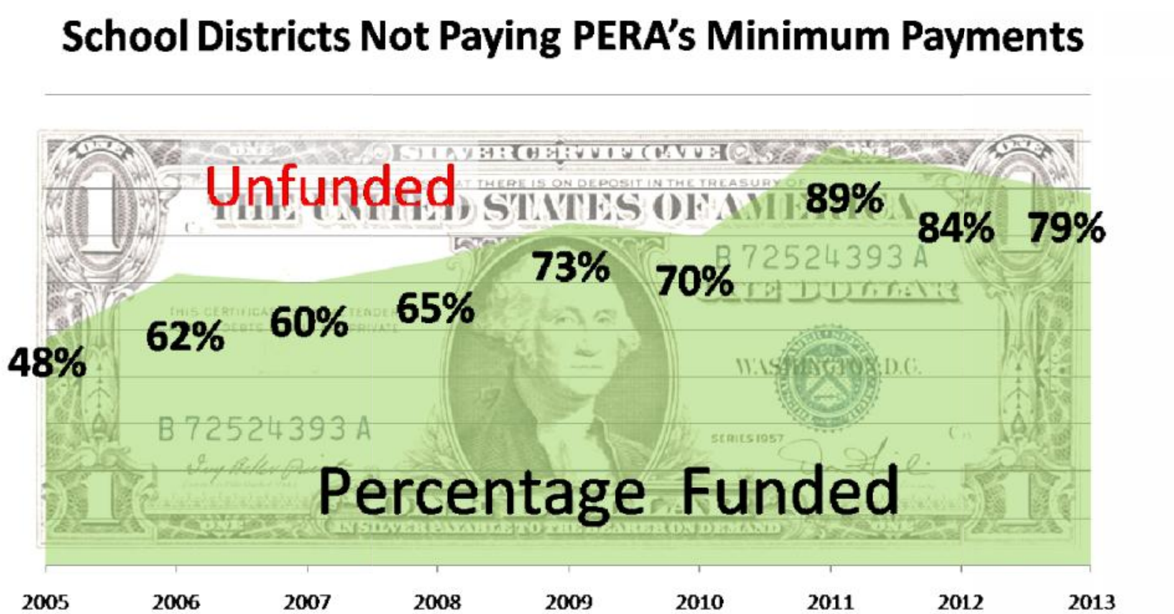
The use of antiquated cash-basis accounting, focused on checks written today, ignores most retirement benefits to be paid in the future in budget calculations. Planners feel those payments won't have to be made for years, so why worry about them now.
Deferred pension and retirement health care liabilities are akin to credit card balances. A credit card charge for a product or service bought and consumed today is a promise that the cost will be paid sometime in the future. When the bill from the credit card company arrives, the cardholder chooses to pay off the balance or only some portion of the balance. If the cardholder pays only a portion of the balance, then the money that would have paid the entire balance can be spent on something more gratifying than paying debt. But the cardholder's decision to pay the balance in the future does not negate the fact that the product or service was consumed when the charge was made.

If a balance is left on the card, the cardholder has decided to devote some future portion of his/her earnings to pay the balance and the interest that will accumulate between the time of the purchase and payment. Consider what would happen to the card balance if the cardholder paid less than the minimum payments or even skipped payments in some months—or even for several years. Then the cardholder would be obligated to pay the original amount of the item purchased *plus* interest and penalties.

In a similar way, a government may "charge" the deferred compensation cost to the pension plan's "credit card." When employees work, providing current services to the government, the salary portion of the compensation cost is paid in the current payroll period while the retirement benefits portion is charged to the government retirement plan "credit card." Actuaries determine the government pension plan's "credit card" balance and calculate the minimum payments or contributions necessary to pay off the balance over a designated time. The payments are called the "Annual Required Contribution" (ARC). The government pension plan's "credit card" balance is called the "Unfunded Actuarial Accrued Liability" (UAAL). If the government chooses to pay only a portion of the balance, then the money that would have gone to pay the entire balance can be spent on something else citizens can enjoy today. But the government's decision to pay the balance in the future does not change the fact that the pension portion of the compensation cost is incurred when the employees earned them and thus, a liability is created.

To the extent retirement plans are not fully funded, the government makes an implicit decision to devote future taxes to pay the balance and interest that accumulate between the time the compensation cost was incurred and the time the benefits are paid. Future taxpayers will be burdened with paying the unfunded pension promises *plus interest,* without receiving any services for those tax dollars.
The decision to not fully fund pensions when earned directly conflicts with one of the reasons for the balanced budget requirement: to maintain inter-generational equity.

Even worse, accounting rules allow governments to hide from public view the total amount of the liabilities accumulated for pensions and other post-employment benefits. That's like your credit card company sending your statement without a balance, requesting you pay only your minimum payments. The effect is to create the illusion—for individuals and governments—that they can continue to spend without concern about their credit card balances as long as they pay their minimum payments or contributions.



Not Paying Pension "Credit Card" Minimum Payments

Each year PERA actuaries calculate the plan's minimum payment, "Annual Required Contribution". The 13 school districts studied and school districts in the state are not funding the minimum payments. The chart above illustrates the percentage of the minimum payment the school districts have funded PERA and the amount left unfunded.

Increasing Pension Debt

Because school districts are not funding the PERA School Division adequately and market value of the assets in the plan has varied, the unfunded balance has increased significantly since 2005.

This increase is despite PERA trustees' efforts "to implement strategies designed to put Colorado PERA on solid financial footing in the decades to come." (Colorado PERA, 2007, p. 6) In the 2007 PERA financial report the trustees noted they had "worked extensively" to pass bills that "increased funding through the Amortization Equalization Disbursement (AED) and Supplemental AED." They predicted "Colorado PERA expects to achieve a 30-year amortization period on unfunded liabilities in all trust funds by the end of a 30-year period an eventually achieve a minimum of 100 percent funding." (Colorado PERA, 2007, p. 8)

By now it should only take 24 years to pay off the unfunded liability. Instead in the 2013 financial report the trustees predicted the School Division unfunded liability would be paid off over 34 years. The Local Government Division unfunded liability is expected to be paid off over 28 years.(Colorado PERA, 2013, p. 8)

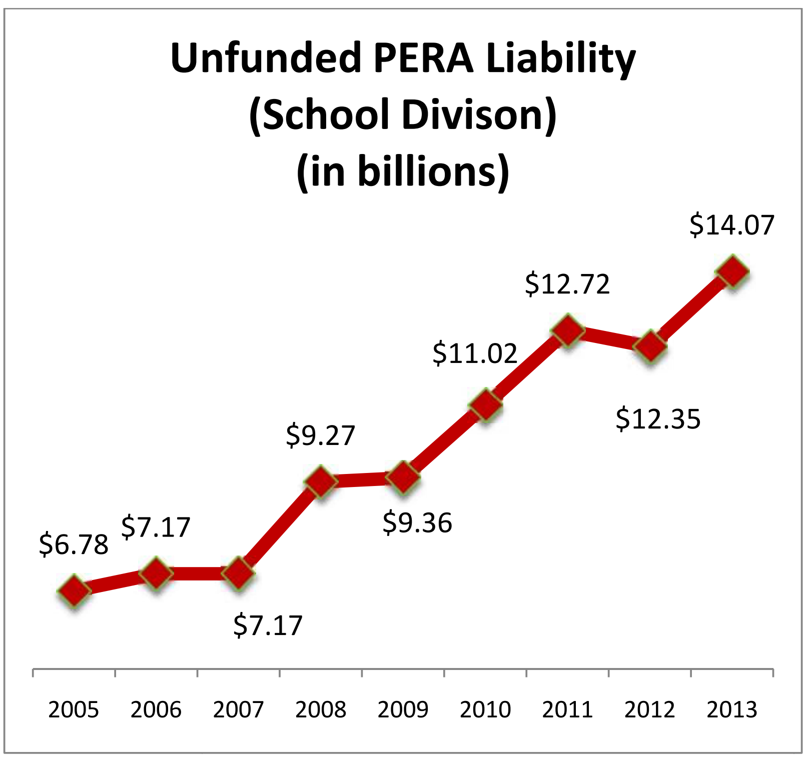


Figure 1 - Pension Debt Increasing

Furthermore based on the PERA trustees' 2007 prediction the School Division unfunded liability should be steadily decreasing. Instead, as the chart above indicates, the unfunded liability has increased.

4. Results

- Of the 63 local governments within the Denver metropolitan area studied, **Truth in Accounting found 20 have financial holes.** These holes represent the amount of money needed to pay currently outstanding bills, including unfunded pension benefits.

- **All of the 13 school districts studied have financial holes.** The calculated financial hole includes each district's share of unfunded pension liability related to the Colorado Public Employees Retirement Association.

- **Truth in Accounting calculated the 63 districts' share of unfunded retirement plan liabilities equal more than $10.2 billion.** Less than 1% of these liabilities are not reported on the face the taxing districts' balance sheets.

- Citizens and elected officials are making decisions about their local government's budget and finances without having an accurate picture of its financial situation. The data in studied local governments' financial reports and budgets do not accurately recognize all the costs and liabilities associated with pensions and retirement health care benefits. As a result citizens cannot independently judge the local government's true financial condition and elected officials' balanced budget claims.

Sinkhole Local Government	Taxpayer Burden
Platte Valley RE-7 School District	$12,159
Adams-Arapahoe 28J School District	$9,866
Adams 12 Five Star Schools	$9,560
Jefferson County R-1 School District	$9,545
Douglas County RE 1 School District	$9,410

Sunshine Local Government	Taxpayer Surplus
Broomfield	$6,834
Lafayette	$6,342
Greenwood Village	$5,298
Arvada	$5,061
Westminster	$4,957

- Truth in Accounting identifies the worst five "Sinkhole" local governments. These local governments have the highest Taxpayer Burden. "Taxpayer Burden" represents the amount each taxpayer would have to send to their local government's treasury to fill its current financial hole.

- On the positive side Truth in Accounting recognizes the top five "Sunshine" local governments, those local governments that have the highest "Taxpayer Surplus." A Taxpayer Surplus exists because these local governments have more than enough assets available to pay their bills.

5. Recommendations - The Way Out

Truth in Accounting's analysis of the drivers of financial holes in the Denver local governments points to the way out. States, counties, and local governments can adopt policies that address the decisions that have created the financial holes crisis and hid it from the public's view for many years.

Not every government faces the same problems – for example, some have been much better about transparency and using proper accounting methods than others, and not all have incurred debt by creating tax increment finance districts. We offer this brief list, which tracks the organization of Part 3 of this report, as a guide the way out for concerned taxpayers and policymakers alike.

- **Adopt accounting practices that provide maximum transparency and avoid using gimmicks that shift current compensation cost on to future taxpayers.**

- **Create an accurate and complete accounting of all of the new missions and obligations the governments, including Denver local governments, has adopted over time, including earned and incurred retirement benefits.**

- **Insist on accrual accounting instead of cash-basis accounting for the budgets of all local governments. Include expenses when they are incurred, not only when they are paid.**

- **Stop putting current compensation cost of retirement "credit cards" by fully accounting for pension and retirement health care as expenses, when the local government incurs the cost and related liability. This can be done by fully funding pension and retirement health care plans in the year the employees earn the benefits.**

- **Enact the new GASB pension and retirement health care standards as soon as possible. These standards will require each local government to report on the face of their balance sheet their share of the PERA and FPPA unfunded pension and retirement health care liabilities. Local governments will also be required to acknowledge more realistic assumptions, such as more employees are living longer after retirement.**

- **To hold our elected officials accountable, promote inter-period equity and prevent the accumulation of additional debt, citizens need to demand truly balanced budgets. This can be done by using Full Accrual Calculations and Techniques (FACT) budgeting.**

Nothing in this list should be particularly controversial or viewed as being political or ideological. Public officials, accountants and budget experts will recognize everything in this list as standard best practices for local governments that have avoided financial troubles in the past.

6. Background

Truth in Accounting (TIA) was formed in 2002 to encourage the federal government to issue financial information in a manner that allows citizens and their elected officials to make informed and knowledgeable policy decisions. TIA determined that recognizing both the short term and long-term financial consequences of public decisions would lead to a more sustainable government.

In 2005, TIA supporters encouraged the organization to analyze budgeting and accounting practices in its home state of Illinois. The study exposed billions of dollars of debt had been accumulated by the state, despite a balanced budget requirement. TIA researchers discovered Illinois did not report all liabilities related to its public employees' pensions.

The results of this study led TIA to study the budgeting and accounting practices of all 50 states. TIA researchers found that states use deficient budgetary and accounting rules, which tend to overstate revenues and understate expenses. States systematically ignored costs incurred in the current budget year that are not paid until a later date. In addition, accounting principles available to states actually allowed them to omit some direct liabilities from their balance sheets.

Government missions continue to expand to include a wide array of programs and commitments providing direct assistance to constituents and employees. As the scope of government services expands, so does public sector employment. Therefore, governments may assume a myriad of open-ended liabilities including permanent obligations to pay benefits to employees and eligible recipients, regardless of the amounts available in any fund established to pay for them.

Unfortunately, the way governments report future obligations has not kept up with their mission changes. For the most part government budget calculations are still based on cash-basis fund accounting. Created in the nineteenth century as the standard accounting method for public entities, the cash-basis system establishes separate *funds* to track and pay for various state functions.

Elected officials used this technique to control spending on bridges, roads and other projects by appropriating money into a specific fund for each project. Only the money in the designated fund could be used for that project, and only to the extent that the fund had a positive balance. The purpose and the amount devoted to any project were thus controlled. When a bridge or road was planned, the associated costs were determined before the first shovel was turned and the total cost was finite. The elected officials could then appropriate money to a project and let it proceed. If the money ran out before the bridge was complete, work would stop until new funds were appropriated. This self-liquidating feature created controls on spending and the concept that the executive branch could not spend more than the “funds available.”

Cash accounting is an antiquated accounting method, inappropriate for today's governments with expanding educational, health and welfare missions promising future benefits. It does not achieve accounting's most basic mission of matching revenues and costs. Government budgeting using short-term cash-basis numbers when making long-term commitments is a recipe for financial disaster, as the evidence in this report shows.

This cash-basis accounting is appropriate for short-term projects and government spending for immediate needs. But today, most governments' missions have expanded to include benefits, such as retirement benefits, which are promised at one time and paid over a long period of time.

Accrual accounting is more appropriate for these missions, because it recognizes expenses, including total compensation cost when incurred, regardless of when paid and revenues when earned, regardless of when received. Yearly budgets should include accrual accounting principles to acknowledge the political and economic realities of the 21st Century.

Among the questionable budgeting and accounting techniques was treatment of pensions and other post-employment benefits, such as retirement health care benefits. Budgets, and associated financial accounting, actively ignored the true cost of compensating public sector workers. The retirement portion of compensation cost was not considered nor reported in the states' primary accounting statements because state officials use antiquated accounting principles to calculate state budgets and financial reports. Truth in Accounting's study found under these principles states report balanced budgets while accumulating large debts and deferred liabilities.

Having determined state financial statements do not report all of each state's liabilities, TIA realized elected officials and citizens were making financial decisions without knowing the true financial condition of their state. Lack of truth and transparency in state government accounting prevents even the most sophisticated user of state financial documents from understanding and judging a public sector entity's financial condition.

At this point Truth in Accounting felt compelled to provide an honest accounting of each state's financial condition. TIA developed a sophisticated model to analyze all assets and liabilities of all 50 states, including unreported liabilities. Since 2009, TIA has released its annual "Financial State of the States" study, which portrays each state's financial position more accurately.

In 2012, TIA extended its experience and expertise of government accounting to 518 local governments in Cook County, Illinois. TIA analysts calculated the money each local government needed to pay its outstanding bills, including unfunded pension and retirement health care liabilities. The calculation was based upon the methodology developed as a part of the Financial State of the States studies.

TIA chose the local governments within the Denver Metropolitan Area as its next analysis of local governments.

In addition to research about state and local government finances, Truth in Accounting has been working to improve the accounting principles governments used to prepare their financial reports.

Soon the Full Pension Liability Will Be on Government Balance Sheets

On June 25, 2012, Truth in Accounting's CEO and founder, Sheila Weinberg, and other experts gave testimony before GASB which resulted in GASB approving amendments to accounting for pensions by employers. Soon states will be required to report their total "Net Pension Liability" on their balance sheets. The Net Pension Liability (NPL) will equal the total amount of accrued benefits net of the pension plans' assets. State and local governments are required to implement these amendments in their 2015 fiscal year financial statements.

Governments could choose to adopt these statements earlier. **Truth in Accounting strongly urges Denver local governments to implement these amendments as soon as possible.** The amendments are based upon the principle that "[P]ensions are a form of compensation, like salaries, which governments provide in return for work." (Governmental Accounting Standards Board, 2011, p. 54) GASB concluded from the observation that pension obligations should be recorded when earned, not when paid.

As mentioned previously in this study, TIA estimated each local government's share of the unfunded pension liability for PERA and the FPPA. **This is a preview of the amount the GASB's amendments will require the governments, including Denver area local governments, to calculate and record on their 2015 balance sheets.**

Full Retirement Health Care Liability Should Also Be Reported

On May 28, 2014 GASB issued an exposure draft "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." Proposed changes would bring reporting of state and local government OPEB liability in line with the new pension standard. Until now, these liabilities have been hidden in notes on government financial statements. If this exposure draft is approved and implemented, unfunded OPEB liabilities of state and local governments would be reported on the face of their balance sheets.

On September 11, 2014 during her testimony before GASB, Sheila Weinberg, TIA CEO, emphasized, "TIA wholeheartedly agrees that reflecting OPEB obligations as liabilities in financial statements is critical to fair presentation of the financial impact of these commitments on citizens and taxpayers." The proposed changes would provide much needed transparency. Unfortunately, changes would not be visible on balance sheets of most states until 2017.

TIA included in each of the studied local government's bills its unfunded OPEB liability, including its share of the PERA OPEB, when applicable. This share was determined based upon the local government’s share of contributions over the last three years.

7. Methodology

A Comprehensive Approach to Analyzing State Financial Conditions

To determine each local government's financial condition TIA researchers created a thorough, detailed approach comparing all of a local government's bills, including those related to retirement systems, to all of a local government's assets available to pay these liabilities.

TIA believes merely analyzing a local government's unfunded pension and OPEB liabilities without considering other liabilities and obligations along with assets available to fund liabilities would be incomplete. Evaluating only a local government's retirement liabilities without considering its assets would be similar to judging a person's finances by only looking at their $10,000 credit card balance without considering they have over $20,000 in the bank to pay off this balance.

Data for this report was derived from each local government's Comprehensive Annual Financial Reports and related retirement plans' actuarial reports, available online on October 15, 2014. Specifically TIA researchers began reviewing the Statement of Net Position and identifying all assets, including capital assets (buildings, roads, bridges, parks, etc.) and other assets (cash, investment and money in fund accounts, etc.). Some of these assets are available to pay a local government's bills (liabilities) while the use of others is restricted by law or contract, making them unavailable to pay bills. Restrictions include external constraints imposed by creditors, grantors, contributors or other governments as well as internal legal or constitutional provisions. TIA removed capital assets from calculation of assets available to pay a local government's bills or liabilities since they cannot be easily converted to cash. "Assets Available to Pay Bills" are then calculated by subtracting capital assets and those restricted by law or contract from total assets.

TIA researchers analyzed each local government's "Bills" including liabilities disclosed in a local government's financial report such as accounts payable and bonded indebtedness; as well as pension and OPEB obligations found in the local government audited Comprehensive Annual Financial Report (CAFR), retirement systems' CAFRs and actuarial valuation reports. Only liabilities incurred to date were included. Debt related to capital assets was excluded.

TIA's analysis of retirement systems found many employees of local governments participate in multi-employer, cost-sharing plans that cover employees from the local government, as well as other employers such as the state of Colorado and other local governments. **A key feature of TIA analysis, enhancing public knowledge of government finances, is determination of each local government's share of unfunded liabilities related to these multi-employer, cost-sharing pension and OPEB plans in which the local government's employee participate.** TIA researchers found it necessary to estimate state liability based upon the local government's share of historical contributions.

TIA researchers calculated “Money Needed to Pay Bills” by subtracting the local government’s bills, including unfunded retirement plans' liabilities, from the “Assets Available to Pay Bills”. In this document the Money Needed to Pay Bills is also called the "Financial Hole".

The result of TIA’s analysis is expressed using the term “Taxpayer Burden.” This financial burden represents, on a per taxpayer basis[4] and in today’s value, bills the local government’s elected officials have chosen to fund as they come due rather than when they were incurred. Twenty local governments have created an unfavorable financial burden representing the amount each taxpayer will pay for the local government’s unfunded obligations. Forty three local government’s have a “Taxpayer’s Surplus” representing, on a per taxpayer basis, an excess of funds available to meet a local government’s obligations to citizens, employees and creditors.

Local governments accumulate a financial burden when current costs are passed onto future taxpayers. The “Money Needed to Pay Bills” is similar to a term used by government accountants called “Unrestricted Assets”. The Money Needed to Pay Bills reported on each local government’s Financial State of the Local Government is calculated by subtracting from Unrestricted Assets reported on the local government government-wide Statement of Net Assets the additional unfunded retirement liabilities TIA researchers found have already been incurred.

Each local government’s “Money Needed to Pay Bills” amount is an approximation of the Unrestricted Assets each local government would have reported on their most recent Statement of Net Assets as if the amendments to pension and OPEB reporting were in place. This approximation does not take into consideration the amendment’s provisions regarding assumptions used to calculate actuarial value of retirement plan assets or actuarial accrued liabilities.

TIA asserts that the methods developed and used to complete this analysis have produced the most precise estimates that are currently available of every local government’s actual assets and liabilities.

[4] Each state's taxpayers are based on the local government’s population multiplied by a factor related to the number of state's federal tax return filers with a tax liability. .

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9. Appendices

Appendix I

Financial Hole and Financial Burden Schedule - Adams and Arapahoe Counties

County	Government Entity	Assets Available to Pay Bills	Unfunded Pension Promises	Unfunded Retirements Health Care Promises	Other Bills	Total Bills	Financial Hole (Surplus)	Taxpayer Burden (Surplus)
Adams	Adams 12 Five Star Schools	$151,349,768	$722,820,158	$40,381,972	$109,051,544	$872,253,674	$720,903,906	$9,560
Adams	Adams County	$338,346,844	$181,225,647	$24,500,000	$177,869,583	$383,595,230	$45,248,386	$290
Adams	Brighton 27J School District	$39,094,276	$194,084,751	$10,110,297	$18,569,624	$222,764,672	$183,670,396	$6,383
Adams	Commerce City	$89,940,803	$0	$7,262,639	$16,129,113	$23,391,752	($66,549,051)	($4,013)
Adams	Fire District 4 South Adams	$12,981,600	$1,394,696	$0	$8,272,292	$9,666,988	($3,314,612)	($165)
Adams	Hyland Hills Metropolitan Park & Recreation District	$19,491,337	$0	$0	$5,147,146	$5,147,146	($14,344,191)	($396)
Adams	Rangeview Library District	$27,598,240	$6,533,519	$0	$16,733,744	$23,267,263	($4,330,977)	($28)
Adams	Thornton	$238,317,118	$2,020,543	$5,761,000	$50,323,244	$58,104,787	($180,212,331)	($4,249)
Arapahoe	Adams-Arapahoe 28J School District	$125,110,182	$691,034,464	$35,038,044	$101,545,998	$827,618,506	$702,508,324	$9,866
Arapahoe	Arapahoe County	$349,422,384	$131,627,418	$0	$199,008,493	$330,635,911	($18,786,473)	($93)
Arapahoe	Arapahoe Library District	$37,024,768	$0	$0	$23,308,753	$23,308,753	($13,716,015)	($165)
Arapahoe	Aurora	$456,762,431	$83,575,397	$21,227,000	$169,937,875	$274,740,272	($182,022,159)	($1,581)
Arapahoe	Centennial	$69,812,908	$0	$0	$28,396,335	$28,396,335	($41,416,573)	($1,172)
Arapahoe	Cherry Creek 5 School District	$263,284,615	$1,092,163,557	$49,165,741	$226,125,155	$1,367,454,453	$1,104,169,838	$5,732
Arapahoe	Cherry Creek Basin Water Quality Authority	$4,137,446	$0	$0	$2,021,380	$2,021,380	($2,116,066)	($163)
Arapahoe	Englewood	$81,906,105	$14,075,464	$3,049,876	$64,546,875	$81,672,215	($233,890)	($23)
Arapahoe	Greenwood Village	$43,922,686	$0	$0	$18,072,519	$18,072,519	($25,850,167)	($5,298)
Arapahoe	Littleton 6 School District	$59,846,442	$279,129,668	$15,466,516	$25,034,105	$319,630,289	$259,783,847	$8,475
Arapahoe	South Suburban Park and Recreation District	$31,429,807	$0	$0	$21,704,255	$21,704,255	($9,725,552)	($205)
Arapahoe	Southeast Public Improvement Metropolitan District	$8,689,606	$0	$0	$8,531,275	$8,531,275	($158,331)	N/A
Arapahoe	West Arapahoe Conservation District	$744,196	$0	$0	$12,718	$12,718	($731,478)	N/A

	Government with Financial Hole

Financial Hole and Financial Burden Schedule - Boulder, Broomfield, Denver and Douglas Counties

County	Government Entity	Assets Available to Pay Bills	Unfunded Pension Promises	Unfunded Retirements Health Care Promises	Other Bills	Total Bills	Financial Hole (Surplus)	Taxpayer Burden (Surplus)
Boulder	Boulder	$284,837,000	$123,360,076	$19,247,124	$114,707,000	$257,314,200	($27,522,800)	($801)
Boulder	Boulder County	$316,204,017	$175,326,871	$17,480,982	$222,742,557	$415,550,410	$99,346,393	$962
Boulder	Boulder Valley RE 2 School District	$70,538,467	$642,229,292	$32,574,856	$46,621,827	$721,425,975	$650,887,508	$6,352
Boulder	Lafayette	$73,253,342	$1,545,737	$0	$15,147,005	$16,692,742	($56,560,600)	($6,342)
Boulder	Longmont	$131,651,750	$10,324,933	$3,040,448	$57,798,776	$71,164,157	($60,487,593)	($2,020)
Boulder	Louisville	$35,609,665	$0	$0	$7,380,453	$7,380,453	($28,229,212)	($4,328)
Boulder	Northern Colorado Water Conservancy	$49,941,656	$4,907,685	$0	$10,636,666	$15,544,351	($34,397,305)	($120)
Boulder	St. Vrain & Left Hand Water Conservancy District	$846,727	$0	$0	$320,754	$320,754	($525,973)	($16)
Boulder	St. Vrain Valley RE 1J School District	$156,841,021	$437,133,651	$23,876,790	$75,080,754	$536,091,195	$379,250,174	$7,005
Broomfield	North Metro Fire Rescue District	$55,699,259	$1,874,937	$0	$55,668,948	$57,543,885	$1,844,626	$504
Broomfield	Broomfield	$207,055,352	$6,243,754	$0	$65,484,078	$71,727,832	($135,327,520)	($6,834)
Denver	Denver County 1 School District	$910,260,122	$558,854,000	$94,364,362	$1,871,941,199	$2,525,159,561	$1,614,899,439	$7,467
Denver	City/County of Denver	$2,856,365,000	$954,841,656	$118,255,730	$2,299,875,000	$3,372,972,386	$516,607,386	$2,389
Denver	Regional Transportation District	$1,272,995,000	$236,350,000	$0	$1,198,511,000	$1,434,861,000	$161,866,000	$174
Denver	Urban Drainage & Flood Control District	$82,102,476	$0	$0	$67,166,103	$67,166,103	($14,936,373)	($20)
Douglas	Douglas County	$369,242,572	$0	$0	$149,161,195	$149,161,195	($220,081,377)	($2,160)
Douglas	Douglas County RE 1 School District	$196,983,724	$914,296,587	$47,891,249	$138,581,980	$1,100,769,816	$903,786,092	$9,410
Douglas	Douglas Public Library District	$44,798,914	$17,398,040	$1,592,953	$20,582,089	$39,573,082	($5,225,832)	($51)
Douglas	Highlands Ranch Metropolitan District	$62,916,076	$0	$0	$45,911,774	$45,911,774	($17,004,302)	($565)
Douglas	South Metro Fire Rescue	$105,803,527	$2,360,681	$0	$56,921,449	$59,282,130	($46,521,397)	($691)

Financial Hole and Financial Burden Schedule - Jefferson and Weld Counties

County	Government Entity	Assets Available to Pay Bills	Unfunded Pension Promises	Unfunded Retirements Health Care Promises	Other Bills	Total Bills	Financial Hole (Surplus)	Taxpayer Burden (Surplus)
Jefferson	Apex Park and Recreation District	$12,722,514	$0	$0	$8,843,002	$8,843,002	($3,879,512)	($104)
Jefferson	Arvada	$227,576,000	$108,464	$5,332,419	$33,884,000	$39,324,883	($188,251,117)	($5,061)
Jefferson	Arvada Fire Prot	$25,966,201	$1,782,697	$0	$19,217,522	$21,000,219	($4,965,982)	($134)
Jefferson	Foothills Rec & Park Subdistrict A	$16,402,326	$0	$0	$8,335,534	$8,335,534	($8,066,792)	($190)
Jefferson	Golden	$28,800,137	$1,869,074	$0	$13,224,816	$15,093,890	($13,706,247)	($2,122)
Jefferson	Jefferson County	$346,047,304	$0	$0	$279,683,848	$279,683,848	($66,363,456)	($361)
Jefferson	Jefferson County R-1 School District	$359,776,976	$1,687,831,801	$84,485,396	$313,205,125	$2,085,522,322	$1,725,745,346	$9,545
Jefferson	Lakewood	$92,958,846	$1,677,877	$3,807,932	$45,506,571	$50,992,380	($41,966,466)	($856)
Jefferson	West Metro Fire Protection District	$62,413,233	$14,104,517	$3,216,735	$48,981,661	$66,302,913	$3,889,680	$47
Jefferson	Westminster	$232,029,637	$108,944	$2,718,852	$46,081,825	$48,909,621	($183,120,016)	($4,957)
Weld	Aims Community College	$66,707,606	$56,297,914	$3,193,019	$7,090,810	$66,581,743	($125,863)	($52)
Weld	Central Colorado Water Conservancy	$14,771,923	$1,549,400	$141,862	$8,856,427	$10,547,689	($4,224,234)	($63)
Weld	Central Colorado Water Conservancy - Groundwater Mgmt. Subdistrict	$5,817,914	$419,561	$41,823	$2,604,312	$3,065,696	($2,752,218)	($41)
Weld	Central Weld County Water District	$11,984,960	$0	$0	$576,756	$576,756	($11,408,204)	($271)
Weld	Gilcrest RE-1 School District	$6,858,389	$19,993,021	$1,767,235	$948,090	$22,708,346	$15,849,957	$8,393
Weld	Greeley	$165,642,820	$3,903,025	$0	$42,499,972	$46,402,997	($119,239,823)	($3,709)
Weld	Greeley 6 School District	$46,695,470	$289,520,408	$14,667,854	$27,705,439	$331,893,701	$285,198,231	$7,505
Weld	High Plains Library District	$36,106,749	$0	$0	$21,855,856	$21,855,856	($14,250,893)	($174)
Weld	Platte Valley RE-7 School District	$4,291,412	$21,016,381	$1,067,246	$1,224,846	$23,308,473	$19,017,061	$12,159
Weld	Platteville-Gilcrest Fire Protection District	$6,772,131	$717,591	$0	$3,252,613	$3,970,204	($2,801,927)	($2,311)
Weld	Weld County	$210,519,293	$73,274,920	($366,885)	$140,460,194	$213,368,229	$2,848,936	$32
Weld	West Greeley Conservation District	$1,829,947	$258,002	$23,622	$558,739	$840,363	($989,584)	($11)
	Totals	**$11,715,851,017**	**$9,661,166,779**	**$690,384,689**	**$8,885,180,591**	**$19,236,732,059**	**$7,520,881,042**	

Appendix II

Hidden Retirement Liabilities - Adams and Arapahoe Counties

County	Taxing Entity	Reported Retirement Liability	Hidden Retirement Liability	Unfunded Retirement Liability
Adams	Adams 12 Five Star Schools	$1,506,744	$761,695,386	$763,202,130
Adams	Adams County	$8,748,947	$196,976,700	$205,725,647
Adams	Brighton 27J School District	$0	$204,195,048	$204,195,048
Adams	Commerce City	$3,234,954	$4,027,685	$7,262,639
Adams	Fire District 4 South Adams	-$5,271	$1,399,967	$1,394,696
Adams	Hyland Hills Metropolitan Park & Recreation District	$0	$0	$0
Adams	Rangeview Library District	$0	$6,533,519	$6,533,519
Adams	Thornton	$2,004,866	$5,776,677	$7,781,543
Arapahoe	Adams-Arapahoe 28J School District	$0	$726,072,508	$726,072,508
Arapahoe	Arapahoe County	$35,735,825	$95,891,593	$131,627,418
Arapahoe	Arapahoe Library District	$0	$0	$0
Arapahoe	Aurora	$20,366,794	$84,435,603	$104,802,397
Arapahoe	Centennial	$0	$0	$0
Arapahoe	Cherry Creek 5 School District	$0	$1,141,329,298	$1,141,329,298
Arapahoe	Cherry Creek Basin Water Quality Authority	$0	$0	$0
Arapahoe	Englewood	$462,750	$16,662,590	$17,125,340
Arapahoe	Greenwood Village	$0	$0	$0
Arapahoe	Littleton 6 School District	$0	$294,596,184	$294,596,184
Arapahoe	South Suburban Park and Recreation District	$0	$0	$0
Arapahoe	Southeast Public Improvement Metropolitan District	$0	$0	$0
Arapahoe	West Arapahoe Conservation District	$0	$0	$0

Hidden Retirement Liabilities - Boulder, Broomfield, Denver and Douglas Counties

County	Taxing Entity	Reported Retirement Liability	Hidden Retirement Liability	Unfunded Retirement Liability
Boulder	Boulder	-$7,237,000	$149,844,200	$142,607,200
Boulder	Boulder County	$0	$192,807,853	$192,807,853
Boulder	Boulder Valley RE 2 School District	$0	$674,804,148	$674,804,148
Boulder	Lafayette	$0	$1,545,737	$1,545,737
Boulder	Longmont	-$3,451,620	$16,817,001	$13,365,381
Boulder	Louisville	$0	$0	$0
Boulder	Northern Colorado Water Conservancy	-$552,993	$5,460,678	$4,907,685
Boulder	St. Vrain & Left Hand Water Conservancy District	$0	$0	$0
Boulder	St. Vrain Valley RE 1J School District	$0	$461,010,441	$461,010,441
Broomfield	Broomfield	-$18,413	$6,262,167	$6,243,754
Broomfield	North Metro Fire Rescue District	$30,311	$1,844,626	$1,874,937
Denver	City/County of Denver	$10,712,000	$1,062,385,386	$1,073,097,386
Denver	Denver County 1 School District	$2,511,136	$650,707,226	$653,218,362
Denver	Regional Transportation District	$64,081,000	$172,269,000	$236,350,000
Denver	Urban Drainage & Flood Control District	$0	$0	$0
Douglas	Douglas County	$0	$0	$0
Douglas	Douglas County RE 1 School District	$0	$962,187,836	$962,187,836
Douglas	Douglas Public Library District	$0	$18,990,993	$18,990,993
Douglas	Highlands Ranch Metropolitan District	$0	$0	$0
Douglas	South Metro Fire Rescue	$0	$2,360,681	$2,360,681

Hidden Retirement Liabilities - Jefferson and Weld Counties

County	Taxing Entity	Reported Retirement Liability	Hidden Retirement Liability	Unfunded Retirement Liability
Jefferson	Apex Park and Recreation District	$0	$0	$0
Jefferson	Arvada	$2,262,000	$3,178,883	$5,440,883
Jefferson	Arvada Fire Prot	$0	$1,782,697	$1,782,697
Jefferson	Foothills Recreation & Park Subdistrict A	$0	$0	$0
Jefferson	Golden	$0	$1,869,074	$1,869,074
Jefferson	Jefferson County	$0	$0	$0
Jefferson	Jefferson County R-1 School District	-$45,130,789	$1,817,447,986	$1,772,317,197
Jefferson	Lakewood	$192,226	$5,293,583	$5,485,809
Jefferson	West Metro Fire Protection District	$1,453,772	$15,867,480	$17,321,252
Jefferson	Westminster	-$297,622	$3,125,418	$2,827,796
Weld	Aims Community College	$0	$59,490,933	$59,490,933
Weld	Central Colorado Water Conservancy	$0	$1,691,262	$1,691,262
Weld	Central Colorado Water Conservancy - Groundwater Mgmt. Subdistrict	$0	$461,384	$461,384
Weld	Central Weld County Water District	$0	$0	$0
Weld	Gilcrest RE-1 School District	$0	$21,760,256	$21,760,256
Weld	Greeley	$704,159	$3,198,866	$3,903,025
Weld	Greeley 6 School District	$0	$304,188,262	$304,188,262
Weld	High Plains Library District	$0	$0	$0
Weld	Platte Valley RE-7 School District	$0	$22,083,627	$22,083,627
Weld	Platteville-Gilcrest Fire Protection District	$0	$717,591	$717,591
Weld	Weld County	$5,240,956	$67,667,079	$72,908,035
Weld	West Greeley Conservation District	$0	$281,624	$281,624
	Total	**$102,554,732**	**$10,248,996,736**	**$10,351,551,468**

Appendix III - The Financial State of the City/County of Denver and the 10 Worst Local Governments

On the following pages is a two page document for each of the following governments: the City/County of Denver and the 10 Worst Local Governments, as measured by their Taxpayer Burden. Each government's two page document depicts its hidden retirement debt and financial condition.

Please contact Truth in Accounting at info@truthinaccounting.org to obtain your local government's two page document.

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.

Truth in Accounting

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable and transparent government financial information.

We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

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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.*

WHAT IS PLATTE VALLEY SCHOOL DISTRICT HIDING?

None of Platte Valley School District's retirement debt is reported on its balance sheet; $22 million in debt is hidden.

Once these hidden debts are counted, Platte Valley school district's balance sheet doesn't look so great. In fact, Platte Valley school district is sinking in debt. One of the reasons the district is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $22 million of retirement debt. If this debt is included, the district has a $19 million shortfall, which represents compensation and other costs that have been pushed into the future.

PLATTE VALLEY SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

$23 Million BILLS

$4 Million ASSETS

PLATTE VALLEY IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets

Assets	$31,442,068
Less: Capital Assets	$21,324,857
Restricted Assets	$5,825,799
Assets Available to Pay Bills	$4,291,412
Less: Bills	$23,308,473
Money Needed to Pay Bills	$19,017,061
Each Taxpayer's* Burden	$12,159

Platte Valley has $31 million in assets, but most of these assets are not available to pay district bills.

The $21 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $5.8 million of the assets is restricted by law or contract.

That leaves $4.3 million of district's assets available to pay $23 million of bills as they come due.

The $19 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 $12,159.

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The Bills Platte Valley Has Accumulated

Bonds	$11,369,362
Other Liabilities	$1,251,203
Less: Debt Related to Capital Assets	$11,395,719
Unfunded Pension Benefits	$21,016,381
Unfunded Retirees' HealthCare Benefits	$1,067,246
Bills	$23,308,473

Despite the balanced budget requirement, Platte Valley has accumulated bonds of $11 million and other liabilities of $1.3 million. The calculation of assets available to pay bills does not include capital assets, so $11.4 million of related debt is removed from the calculation of Platte Valley's bills.

Unfunded employees' retirement benefits represent 95% of district bills. These unfunded liabilities have accumulated because Platte Valley employees have been promised $21 million of pension benefits and $1 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed

ReportedRetirementLiabilities	$0
UnreportedRetirementLiabilities	$22,083,627
Total Retirement Liabilities	$22,083,627

A detailed study of Platte Valley's actuaries' schedules found retirement benefits totaling $22 million have been promised, but not funded. A review of the district's balance sheet determined none of these liabilities are reported. This means the district does not report $22 billion of retirement liabilities on its balance

Data is derived from the County of Platte Valley's June 30, 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.

WHAT IS ADAMS-ARAPAHOE SCHOOL DISTRICT HIDING?

None of Adams-Arapahoe's retirement debt is reported on its balance sheet; $726 million in debt is hidden.

Once these hidden debts are countedAdam-Arapahoe school district's balance sheet doesn't look so great. In fact, the school district is sinking in debt. One of the reasons Adams-Arapahoe school district is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $726 million of retirement debt. If this debt is included the district has a $703 million shortfall, which represents compensation and other costs, which have been pushed into the future.

ADAMS-ARAPAHOE'S BILLS EXCEED ITS ASSETS

ADAMS-ARAPAHOE IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets	
Assets	$554,944,126
Less: Capital Assets	$386,765,841
Restricted Assets	$43,068,103
Assets Available to Pay Bills	$125,110,182
Less: Bills	$827,618,506
Money Needed to Pay Bills	$702,508,324
Each Taxpayer's* Burden	$9,866

Adams-Arapahoe has $555 million in assets, but most of these assets are not available to pay district bills.

The $387 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $43 million of the assets is restricted by law or contract.

That leaves $125 million of district's assets available to pay $828 million of bills as they come due.

The $703 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 $9,866.

The Bills Adams-Arapahoe Has Accumulated	
Bonds	$390,314,506
Other Liabilities	$51,177,061
Less: Debt Related to Capital Assets	$339,945,569
Unfunded Pension Benefits	$691,034,464
Unfunded Retirees' HealthCare Benefits	$35,038,044
Bills	$827,618,506

Despite the balanced budget requirement, Adams-Arapahoe has accumulated bonds of $390 million and other liabilities of $51 million. The calculation of assets available to pay bills does not include capital assets, so $340 million of related debt is removed from the calculation of Adams-Arapahoe's bills.

Unfunded employees' retirement benefits represent 88% of district bills. These unfunded liabilities have accumulated because Adams-Arapahoe employees have been promised $691 million of pension benefits and $35 million of retirees' health care benefits, but the district 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed	
Reported Retirement Liabilities	$0
Unreported Retirement Liabilities	$726,072,508
Total Retirement Liabilities	$726,072,508

A detailed study of Adams-Arapahoe's actuaries' schedules found retirement benefits totaling $726 million have been promised, but not funded. A review of the district's balance sheet determined none of these liabilities are reported. This means the district does not report $726 billion of retirement liabilities on its balance sheet.

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Data is derived from Colorado'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.

WHAT IS ADAMS SCHOOL DISTRICT HIDING?

Only $1.5 million of Adams School District's retirement debt is reported on its balance sheet; $762 million in debt is hidden.

Once these hidden debts are counted Adams school district's balance sheet doesn't look so great. In fact, Adams school district is sinking in debt. One of the reasons the district is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $762 million of retirement debt. If this is included, the district has a $721 million shortfall, which represents compensation and other costs that have been pushed into the future.

ADAMS SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

ADAMS IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets	
Assets	$726,998,270
Less: Capital Assets	$544,704,239
Restricted Assets	$30,944,263
Assets Available to Pay Bills	$151,349,768
Less: Bills	$872,253,674
Money Needed to Pay Bills	$720,903,906
Each Taxpayer's* Burden	$9,560

Adams school district has $727 million in assets, but most of these assets are not available to pay district bills.

The $545 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $31 million of the assets is restricted by law or contract.

That leaves $151 million of district's assets available to pay $872 million of bills as they come due.

The $721 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 $9,560.

The Bills Adams Has Accumulated	
Bonds	$383,254,777
Other Liabilities	$115,477,508
Less: Debt Related to Capital Assets	$389,680,741
Unfunded Pension Benefits	$722,820,158
Unfunded Retirees' HealthCare Benefits	$40,381,972
Bills	$872,253,674

Despite the balanced budget requirement, Adams has accumulated bonds of $383 million and other liabilities of $115 million. The calculation of assets available to pay bills does not include capital assets, so $390 million of related debt is removed from the calculation of Adams' bills.

Unfunded employees' retirement benefits represent 87% of district bills. These unfunded liabilities have accumulated because Adams employees have been promised $723 million of pension benefits and $40 million of retirees' health care benefits, but the district 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed	
Reported Retirement Liabilities	$1,506,744
Unreported Retirement Liabilities	$761,695,386
Total Retirement Liabilities	$763,202,130

A detailed study of Adam actuaries' schedules found retirement benefits totaling $763 million have been promised, but not funded. A review of the district's balance sheet determined only 1.5 million of these liabilities are reported. This means the district does not report $762 million of retirement liabilities on its balance sheet.

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Data is derived from the Adams 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.

WHAT IS JEFFERSON SCHOOL DISTRICT HIDING?

Only $45 million of Jefferson School District's retirement debt is reported on its balance sheet; $1.8 billion in debt is hidden.

Once these hidden debts are counted Jefferson school district's balance sheet doesn't look so great. In fact, Jefferson school district is sinking in debt. One of the reasons the school district is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $1.8 billion of retirement debt. If this is included, the district has a $1.7 billion shortfall, which represents compensation and other costs that have been pushed into the future.

JEFFERSON SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

JEFFERSON IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets	
Assets	$1,327,088,491
Less: Capital Assets	$889,054,493
Restricted Assets	$78,257,022
Assets Available to Pay Bills	$359,776,976
Less: Bills	$2,085,522,322
Money Needed to Pay Bills	$1,725,745,346
Each Taxpayer's* Burden	$9,545

Jefferson school district has $1.3 billion in assets, but most of these assets are not available to pay district bills.

The $889 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $78 million of the assets is restricted by law or contract.

That leaves $360 million of district's assets available to pay $2 billion of bills as they come due.

The $1.7 billion 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 $9,545.

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The Bills Jefferson Has Accumulated	
Bonds	$560,441,507
Other Liabilities	$240,308,342
Less: Debt Related to Capital Assets	$487,544,724
Unfunded Pension Benefits	$1,687,831,801
Unfunded Retirees' HealthCare Benefits	$84,485,4396
Bills	$2,085,522,322

Despite the balanced budget requirement, Jefferson has accumulated bonds of $560 million and other liabilities of $240 million. The calculation of assets available to pay bills does not include capital assets, so $488 million of related debt is removed from the calculation of Jefferson's bills.

Unfunded employees' retirement benefits represent 85% of district bills. These unfunded liabilities have accumulated because Jefferson employees have been promised $1.7 billion of pension benefits and $85 million of retirees' health care benefits, but the district 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed	
Reported Retirement Assets	$45,130,789
Actual Retirement Liabilities	$1,772,317,197

A detailed study of Jefferson's actuaries' schedules found retirement benefits totaling $1.8 billion have been promised, but not funded. A review of the district's balance sheet determined pension assets of $45 million were reported. This means the district does not report all of its retirement liabilities.

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

*Number of taxpayers is based on the number of City/County of Denver federal tax filers with a tax liability.

WHAT IS DOUGLAS SCHOOL DISTRICT HIDING?

None of Douglas School District's retirement debt is reported on its balance sheet; $962 million in retirement debt is hidden.

Once these hidden debts are counted Douglas school district's balance sheet doesn't look so great. In fact, Douglas school district is sinking in debt. One of the reasons the district is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $962 million of retirement debt. If this is included the district has a $904 million shortfall, which represents compensation and other costs that have been pushed into the future.

DOUGLAS SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

DOUGLAS IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets	
Assets	$1,105,987,750
Less: Capital Assets	$820,977,505
Restricted Assets	$88,026,521
Assets Available to Pay Bills	$196,983,724
Less: Bills	$1,100,796,816
Money Needed to Pay Bills	$903,786,092
Each Taxpayer's* Burden	$9,410

Douglas school district has $1.1 billion in assets, but most of these assets are not available to pay district bills.

The $821 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $88 million of the assets is restricted by law or contract.

That leaves $197 million of district's assets available to pay $1.1 billion of bills as they come due.

The $904 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 $9,410.

The Bills Douglas Has Accumulated	
Bonds	$564,730,362
Other Liabilities	$230,628,492
Less: Debt Related to Capital Assets	$656,776,874
Unfunded Pension Benefits	$914,296,587
Unfunded Retirees' HealthCare Benefits	$47,891,249
Bills	$1,100,769,816

Despite the balanced budget requirement, Douglas has accumulated bonds of $565 million and other liabilities of $231 million. The calculation of assets available to pay bills does not include capital assets, so $657 million of related debt is removed from the calculation of Douglas's bills.

Unfunded employees' retirement benefits represent 87% of district bills. These unfunded liabilities have accumulated because Douglas employees have been promised $914 million of pension benefits and $48 million of retirees' health care benefits, but the district 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed	
Reported Retirement Liabilities	$0
Unreported Retirement Liabilities	$962,187,836
Total Retirement Liabilities	$962,187,836

A detailed study of Douglas' actuaries' schedules found retirement benefits totaling $962 million have been promised, but not funded. A review of the district's balance sheet determined none of these liabilities are reported. This means the district does not report $962 million of retirement liabilities on its balance sheet.

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WHAT IS LITTLETON SCHOOL DISTRICT HIDING?

None of Littleton School District's retirement debt is reported on its balance sheet; $295 million in debt is hidden.

Once these hidden debts are counted Littleton school district's balance sheet doesn't look so great. In fact, Littleton school district is sinking in debt. One of the reasons the district is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $295 million of retirement debt. If this debt is included, the district has a $260 million shortfall, which represents compensation and other costs that have been pushed into the future.

LITTLETON SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

LITTLETON IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets	
Assets	$181,177,901
Less: Capital Assets	$107,421,061
Restricted Assets	$13,910,398
Assets Available to Pay Bills	$59,846,442
Less: Bills	$319,630,289
Money Needed to Pay Bills	$259,783,847
Each Taxpayer's* Burden	$8,475

Littleton school district has $181 million in assets, but most of these assets are not available to pay district bills.

The $107 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $13 million of the assets is restricted by law or contract.

That leaves $60 million of district's assets available to pay $320 million of bills as they come due.

The $260 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 $8,475.

The Bills Littleton Has Accumulated	
Bonds	$84,668,188
Other Liabilities	$27,122,427
Less: Debt Related to Capital Assets	$86,756,510
Unfunded Pension Benefits	$279,129,668
Unfunded Retirees' HealthCare Benefits	$15,466,516
Bills	$319,630,289

Despite the balanced budget requirement, Littleton has accumulated bonds of $85 million and other liabilities of $27 million. The calculation of assets available to pay bills does not include capital assets, so $87 million of related debt is removed from the calculation of Littleton's bills.

Unfunded employees' retirement benefits represent 92% of district bills. These unfunded liabilities have accumulated because Littleton employees have been promised $279 million of pension benefits and $16 million of retirees' health care benefits, but the school district 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed	
Reported Retirement Liabilities	$0
Unreported Retirement Liabilities	$294,596,184
Total Retirement Liabilities	$294,596,184

A detailed study of Littleton's actuaries' schedules found retirement benefits totaling $295 million have been promised, but not funded. A review of the district's balance sheet determined none of these liabilities are reported. This means the district does not report $295 million of retirement liabilities on its balance sheet.

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

WHAT IS GILCREST SCHOOL DISTRICT HIDING?

None of Gilcrest School District's
retirement debt is reported on its balance sheet;
$22 million in retirement debt is hidden.

Once these hidden debts are counted Gilcrest's school district's balance sheet doesn't look so great. In fact, Gilcrest is sinking in debt. One of the reasons Gilcrest is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $22 million of retirement debt. If this debt is included, the district has a $16 million shortfall, which represents compensation and other costs that have been pushed into the future.

GILCREST SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

GILCREST IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets	
Assets	$30,745,346
Less: Capital Assets	$23,371,599
Restricted Assets	$515,358
Assets Available to Pay Bills	$6,858,389
Less: Bills	$22,708,346
Money Needed to Pay Bills	$15,849,957
Each Taxpayer's* Burden	$8,393

Gilcrest school district has $31 million in assets, but most of these assets are not available to pay district bills.

The $23 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $0.5 million of the assets is restricted by law or contract.

That leaves $7 million of district's assets available to pay $23 million of bills as they come due.

The $16 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 $8,393.

The Bills Gilcrest Has Accumulated	
Bonds	$0
Other Liabilities	$1,174,850
Less: Debt Related to Capital Assets	$226,760
Unfunded Pension Benefits	$19,993,021
Unfunded Retirees' HealthCare Benefits	$1,767,235
Bills	$22,708,346

Despite the balanced budget requirement, Gilcrest has accumulated other liabilities of $1 million. The calculation of assets available to pay bills does not include capital assets, so $0.2 million of related debt is removed from the calculation of Gilcrest's bills.

Unfunded employees' retirement benefits represent 96% of district bills. These unfunded liabilities have accumulated because Gilcrest employees have been promised $20 million of pension benefits and $2 million of retirees' health care benefits, but the district 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed	
Reported Retirement Liabilities	$0
Unreported Retirement Liabilities	$21,760,256
Total Retirement Liabilities	$21,760,256

A detailed study of Gilcrest's actuaries' schedules found retirement benefits totaling $22 million have been promised, but not funded. A review of the district's balance sheet determined none of these liabilities are reported. This means the district does not report $22 million of retirement liabilities on its balance sheet.

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

WHAT IS GREELEY SCHOOL DISTRICT HIDING?

None of Greeley School District's retirement debt is reported on its balance sheet; $304 million in retirement debt is hidden.

Once these hidden debts are counted Greeley school district's balance sheet doesn't look so great. In fact, the school district is sinking in debt. One of the reasons Greeley school district is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $304 million of retirement debt. If this debt is included, the district has a $285 million shortfall, which represents compensation and other costs that have been pushed into the future.

GREELEY SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

GREELEY IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets	
Assets	$252,025,253
Less: Capital Assets	$176,865,514
Restricted Assets	$28,464,269
Assets Available to Pay Bills	$46,695,470
Less: Bills	$331,893,701
Money Needed to Pay Bills	$285,198,231
Each Taxpayer's* Burden	$7,505

Greeley school district has $252 million in assets, but most of these assets are not available to pay district bills.

The $177 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $28 million of the assets is restricted by law or contract.

That leaves $47 million of district's assets available to pay $332 million of bills as they come due.

The $285 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 $7,505.

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The Bills Greeley Has Accumulated	
Bonds	$128,710,682
Other Liabilities	$22,090,603
Less:DebtRelatedtoCapitalAssets	$123,095,846
Unfunded Pension Benefits	$289,520,408
UnfundedRetireesHealthCareBenefits	$14,667,854
Bills	$331,893,701

Despite the balanced budget requirement, Greeley has accumulated bonds of $129 million and other liabilities of $22 million. The calculation of assets available to pay bills does not include capital assets, so $123 million of related debt is removed from the calculation of Greeley's bills.

Unfunded employees' retirement benefits represent 92% of district bills. These unfunded liabilities have accumulated because Greeley employees have been promised $289 million of pension benefits and $15 million of retirees' health care benefits, but the district 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 corresponding government services or benefits.

NotAllRetirementLiabilitiesAreClearlyDisclosed	
ReportedRetirementLiabilities	$0
UnreportedRetirementLiabilities	$304,188,262
Total Retirement Liabilities	$304,188,262

A detailed study of Greeley's actuaries' schedules found retirement benefits totaling $304 million have been promised, but not funded. A review of the district's balance sheet determined none of these liabilities are reported. This means the district does not report $304 million of retirement liabilities on its balance sheet.

Data is derived from the County of Greeley's June 30, 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.

WHAT IS DENVER COUNTY SCHOOL DISTRICT HIDING?

Only $2.5 of Denver County School District's retirement debt is reported on its balance sheet; $651 million in debt is hidden.

Once these hidden debts are counted Denver school district's balance sheet doesn't look so great. In fact, Denver County is sinking in debt. One of the reasons the county is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $651 million of retirement debt. If this debt is included, the district has a $1.6 billion shortfall, which represents compensation and other costs that have been pushed into the future.

DENVER COUNTY SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

$910 Million
ASSETS

$2.5 Billion
BILLS

DENVER IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets

Assets	$1,933,214,969
Less: Capital Assets	$811,072,794
Restricted Assets	$211,882,053
Assets Available to Pay Bills	$910,260,122
Less: Bills	$2,525,159,561
Money Needed to Pay Bills	$1,614,899,439
Each Taxpayer's* Burden	$7,467

Denver County school district has $1.9 billion in assets, but most of these assets are not available to pay county bills.

The $811 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $212 million of the assets is restricted by law or contract.

That leaves $910 million of district's assets available to pay $2.5 billion of bills as they come due.

The $1.6 billion 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 $7,467.

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The Bills Denver Has Accumulated

Bonds	$1,506,436,908
Other Liabilities	$1,037,358,095
Less: Debt Related to Capital Assets	$671,853,804
Unfunded Pension Benefits	$558,854,000
Unfunded Retirees' HealthCare Benefits	$94,364,362
Bills	$2,525,159,561

Despite the balanced budget requirement, Denver County has accumulated bonds of $1.5 billion and other liabilities of $1 billion. The calculation of assets available to pay bills does not include capital assets, so $672 million of related debt is removed from the calculation of Denver County's bills.

Unfunded employees' retirement benefits represent 26% of district bills. These unfunded liabilities have accumulated because Denver employees have been promised $559 million of pension benefits and $94 million of retirees' health care benefits, but the county 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed

Reported Retirement Liabilities	$2,511,136
Unreported Retirement Liabilities	$650,707,226
Total Retirement Liabilities	$653,218,362

A detailed study of Denver County's actuaries' schedules found retirement benefits totaling $653 million have been promised, but not funded. A review of the county's balance sheet determined only $2.5 million of these liabilities are reported. This means the county does not report $651 million of retirement liabilities on its balance sheet.

Data is derived from the County of Denver's June 30, 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.

WHAT IS ST. VRAIN VALLEY SCHOOL DISTRICT HIDING?

None of St. Vrain Valley School District's retirement debt is reported on its balance sheet; $461 million in debt is hidden.

Once these hidden debts are counted St. Vrain school district's balance sheet doesn't look so great. In fact, the district is sinking in debt. One of the reasons St. Vrain district is in this precarious financial position is the monkey business used to report finances and hide the colossal gorilla in the room, $461 million of retirement debt. If this debt is included,the district has a $379 million shortfall, which represents compensation and other costs that have been pushed into the future.

ST. VRAIN VALLEY SCHOOL DISTRICT'S BILLS EXCEED ITS ASSETS

$157 Million
ASSETS

$536 Million
BILLS

ST. VRAIN VALLEY IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets	
Assets	$646,286,084
Less: Capital Assets	$444,026,431
Restricted Assets	$45,418,632
Assets Available to Pay Bills	$156,841,021
Less: Bills	$536,091,195
Money Needed to Pay Bills	$379,250,174
Each Taxpayer's* Burden	$7,005

St. Vrain Valley school district has $646 million in assets, but most of these assets are not available to pay district bills.

The $444 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $45 million of the assets is restricted by law or contract.

That leaves $157 million of district's assets available to pay $536 million of bills as they come due.

The $379 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 $7,005.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable and transparent government financial information.

We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

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The Bills St. Vrain Valley Has Accumulated	
Bonds	$475,705,243
Other Liabilities	$35,445,088
Less: Debt Related to Capital Assets	$436,069,577
Unfunded Pension Benefits	$437,133,651
Unfunded Retirees' HealthCare Benefits	$23,876,790
Bills	$536,091,195

Despite the balanced budget requirement, St. Vrain Valley has accumulated bonds of $476 million and other liabilities of $35 million. The calculation of assets available to pay bills does not include capital assets, so $436 million of related debt is removed from the calculation of St. Vrain's bills.

Unfunded employees' retirement benefits represent 86% of district bills. These unfunded liabilities have accumulated because St. Vrain employees have been promised $437 million of pension benefits and $24 million of retirees' health care benefits, but the district 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 corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed	
Reported Retirement Liabilities	$0
Unreported Retirement Liabilities	$461,010,441
Total Retirement Liabilities	$461,010,441

A detailed study of St. Vrain's actuaries' schedules found retirement benefits totaling $461 million have been promised, but not funded. A review of the district's balance sheet determined none of these liabilities are reported. This means the district does not report $461 million of retirement liabilities on its balance sheet.

Data is derived from the County of St. Vrain Valley June 30, 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.

Truth in Accounting's mission is to educate and empower citizens with understandable, reliable, and transparent government financial information. Truth in Accounting is a non-profit, politically unaffiliated organization composed of business, governmental and academic leaders interested in improving public and private sector financial reporting. Truth in Accounting makes no policy recommendations beyond improvements to budgeting and accounting practices that will enhance the public's understanding of their government's financial matters.

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