

# 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
<b>Each Taxpayer's* Burden</b>	<b>\$7,467</b>

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.



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 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
<b>Bills</b>	<b>\$2,525,159,561</b>

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
<b>Total Retirement Liabilities</b>	<b>\$653,218,362</b>

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.

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