

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

\$360 Million
ASSETS

\$2.1 Billion
BILLS

JEFFERSON IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets

Assets	\$1,327,088,491
<i>Less: Capital Assets</i>	\$889,054,493
<i>Restricted Assets</i>	\$78,257,022
Assets Available to Pay Bills	\$359,776,976
<i>Less: Bills</i>	\$2,085,522,322
Money Needed to Pay Bills	\$1,725,745,346
Each Taxpayer's* Burden	\$9,5450

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.



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 Jefferson Has Accumulated

Bonds	\$560,441,507
Other Liabilities	\$240,308,342
<i>Less: Debt Related to Capital Assets</i>	\$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 Liabilities	\$45,130,789
Unreported Retirement Liabilities	\$1,772,317,197
Total Retirement Liabilities	\$1,817,447,9860

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 only \$45 million of these liabilities are reported. This means the district does not report \$1.8 billion of retirement liabilities on its balance sheet.

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.

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