

WHAT IS ADAMS-ARAPAHOE 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 counted Adams-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

\$125 Million
ASSETS

\$828 Million
BILLS

ADAMS-ARAPAHOE IS A SINKHOLE DISTRICT

The District's Bills Exceed Its Assets

Assets	\$554,944,126
<i>Less: Capital Assets</i>	\$386,765,841
<i>Restricted Assets</i>	\$43,068,103
Assets Available to Pay Bills	\$125,110,182
<i>Less: Bills</i>	\$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.



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 Adams-Arapahoe Has Accumulated

Bonds	\$390,314,506
Other Liabilities	\$51,177,061
<i>Less: Debt Related to Capital Assets</i>	\$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.

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.

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