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

$23 Million BILLS

$7 Million ASSETS
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.

Not All Retirement Liabilities Are Clearly Disclosed

<table>
<thead>
<tr>
<th>Reported Retirement Liabilities</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreported Retirement Liabilities</td>
<td>$21,760,256</td>
</tr>
<tr>
<td><strong>Total Retirement Liabilities</strong></td>
<td><strong>$21,760,256</strong></td>
</tr>
</tbody>
</table>

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.

Data is derived from the County of Gilcrest’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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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.