

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

\$7 Million
ASSETS

\$23 Million
BILLS

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.

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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