



TUCSON FINANCES STILL STRUGGLING

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THE FINANCIAL STATE OF TUCSON

Truth in Accounting's (TIA) new city report ranks and grades the 75 most populous cities in the United States by their financial health. Tucson ranks No. 54, earning it a "D" on TIA's grading scale.

Repeated decisions by city officials have left the city with a debt burden of \$1.3 billion, according to TIA's analysis of its 2016 financial filings. That burden equates to \$8,700 for every Tucson taxpayer.

Tucson's financial problems are largely driven by runaway entitlement obligations in the form of pension benefits. The city has \$1.1 billion in unfunded pension promises and \$223.2 million in unfunded retiree healthcare benefits. While Tucson has promised these benefits, little money has been set aside to fund them.

These statistics are jarring, but what's also alarming is that city government officials continue to hide significant amounts of retirement debt from their balance sheets, despite new rules to increase financial transparency. This skewed financial data gives residents a false impression of their city's overall financial health.

54

Rank

**\$1.3
billion**

Money needed
to pay bills

-\$8,700

Taxpayer
Burden™

D

Financial grade

TUCSON FINANCIAL BREAKDOWN

FAST FACTS

- + Tucson has \$500.4 million available in assets to pay \$1.8 billion worth of bills.
- + The outcome is a \$1.3 billion shortfall and an \$8,700 Taxpayer Burden™.
- + Despite reporting most of its pension debt, the city hides most of its retiree healthcare debt. The city's total hidden debt amounts to \$213.3 million.

THE CITY'S BILLS EXCEED ITS ASSETS

| | |
|---|------------------|
| Assets | \$4,125,205,000 |
| <i>Minus:</i> Capital assets | -\$3,439,576,000 |
| Restricted assets | -\$185,199,000 |
| Assets available to pay bills | \$500,430,000 |
| <i>Minus:</i> Bills | -\$1,772,424,000 |
| Money needed to pay bills | -\$1,271,994,000 |
| Each taxpayer's share of this debt | -\$8,700 |

BILLS THE CITY HAS ACCUMULATED

| | |
|---|------------------------|
| Bonds | \$1,080,513,000 |
| Other liabilities | \$389,817,000 |
| <i>Minus:</i> Debt related to capital assets | -\$1,018,829,000 |
| Unfunded pension benefits | \$1,097,684,000 |
| Unfunded retiree healthcare | \$223,239,000 |
| Bills | \$1,772,424,000 |

GRADE: D

Bottom line: Tucson does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to cities with a Taxpayer Burden™ between \$5,000 and \$20,000.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.