



Tucson, AZ Earned 'D' Grade for Fiscal Health

The Truth

Money Needed to Pay Bills **\$1 billion**

Taxpayer Burden™ **\$6,300**

Financial Grade **D**

Ranking **52 out of 75**

Financial State of Tucson

After the Covid-pandemic, in large part due to unrealized gains in stock market valuation of its pension investments and federal government stimulus money, Tucson's financial condition appeared to improve. Despite apparent improvements, Tucson had a Taxpayer Burden™ of \$6,300, earning it a "D" grade from Truth in Accounting.

The city's pension liability is calculated by subtracting earned and promised benefits from the market value of pension assets. Based on an exceptionally good year in the markets in 2021, the pension assets' values were high. The result was a dramatic decrease in Tucson's pension liability and a corresponding decrease in its money needed to pay bills. Even with inflated pension asset values, the city had set aside only 59 cents for every dollar of promised pension benefits and 14 cents for every dollar of promised retiree health care benefits.

Tucson's elected officials have repeatedly made financial decisions that left the city with a debt burden of \$1 billion. That burden came to \$6,300 for every city taxpayer. Tucson's financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. In 2022, markets produced negative market returns and federal COVID relief waned. These conditions may increase the per taxpayer Tax Burden. Tucson could struggle to maintain current levels of government services and benefits without further negative impact on its financial health.

The data included in this report is derived from Tucson's 2021 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other cities' financial, demographic, and economic information, go to Data-Z.org.

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Daniels College of Business
UNIVERSITY OF DENVER
School of Accountancy

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Tucson's Financial Breakdown

Fast Facts

- Tucson needed \$1 billion to pay its bills, which was \$361.8 million less than it needed in 2020.
- This was primarily due to short-lived increases in pension asset valuations.
- These gains may be reversed in 2022 as investment markets experienced a downturn.

The City's Bills Exceeded Its Assets

Total Assets	\$5,683,894,000
Minus: Capital Assets	-\$3,634,107,000
Restricted Assets	-\$411,401,000
Assets Available to Pay Bills	\$1,638,386,000
Minus: Total Bills*	-\$2,656,161,000
Money Needed to Pay Bills	\$1,017,775,000
Each Taxpayer's Share of this Burden	\$6,300

*Breakdown of Total Bills

Bonds	\$613,720,000
Other Liabilities	\$1,376,967,000
Minus: Debt Related to Capital Assets	-\$732,175,000
Unfunded Pension Benefits	\$1,192,958,000
Unfunded Retiree Health Care Benefits	\$204,691,000
Total Bills	\$2,656,161,000

Grade:

D

Bottom line: Tucson would need \$6,300 from each of its taxpayers to pay all of its bills, so it has received a "D" for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 receives a "D" grade.