

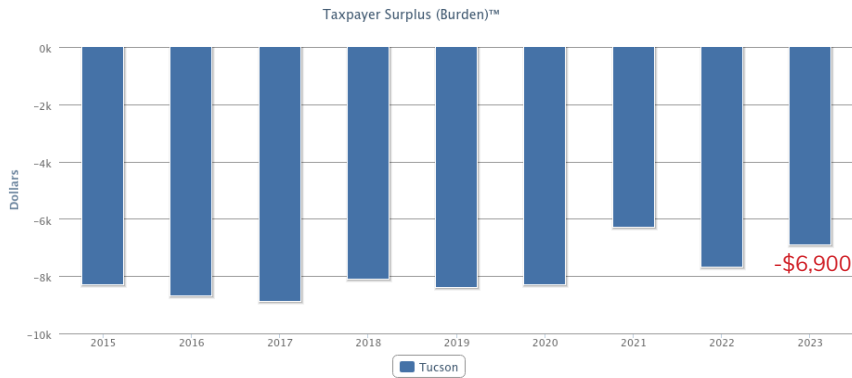
FINANCIAL STATE OF TUCSON



\$1.4 billion
MONEY NEEDED TO PAY
BILLS

\$6,900
TAXPAYER BURDEN™

Tucson's financial condition worsened. Based on our analysis of its audited financial report for fiscal year 2023, its financial hole deepened with a need for \$1.4 billion to cover its bills. This created a Taxpayer Burden™ of \$6,900, earning the city a “D” grade from Truth in Accounting and solidifying its status as a Sinkhole City.



Tucson's financial needs grew by \$26.8 million, primarily due to an increase in its unfunded pension liability, which rose to \$1.6 billion. This is the highest amount of liability since before 2015, with less than 50 cents set aside for every dollar of promised benefits. This growing pension burden significantly strained the city's long-term fiscal health, presenting challenges for budget management and the ability to meet future obligations.

Tucson faced challenges securing external funding, with operating grants down \$87 million and capital grants falling by \$16.6 million. These declines in grant funding impacted the city's ability to rely on outside financial support. As a result, Tucson may have to find alternative ways to balance its budget and meet financial obligations while addressing rising costs and reduced external assistance.

The data included in this report is derived from Tucson's 2023 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other states' and cities' financial, demographic, and economic information, go to Data-Z.org.

FINANCIAL STATE OF TUCSON

D
FINANCIAL GRADE

55 out of 75
RANKING

FINANCIAL FACTS

- Tucson had \$1.6 billion available to pay \$3 billion worth of bills.
- The outcome was a \$1.4 billion shortfall, which breaks down to a burden of \$6,900 per taxpayer.
- Tucson's financial challenges included rising pension liabilities, reduced grant funding, and a need to find alternative solutions for budget balance.

The City's Bills Exceeded Its Assets

Total Assets	\$5,943,478,000
Minus: Capital Assets	-\$3,830,090,000
Restricted Assets	-\$505,308,000
Assets Available to Pay Bills	\$1,608,080,000
Minus: Total Bills*	-\$2,963,182,000
Money needed to pay bills	\$1,355,102,000
Each taxpayer's share of this burden	\$6,900

*Breakdown of Total Bills

Bonds	\$451,021,000
Other Liabilities	\$1,382,120,000
Minus: Debt Related to Capital Assets	-\$638,184,000
Unfunded Pension Benefits	\$1,592,972,000
Unfunded Retiree Health Care Benefits	\$175,253,000
Total Bills	\$2,963,182,000

Grade:	Bottom line:
D	Tucson would need \$6,900 from each of its taxpayers to pay all of its outstanding bills and received a “D” grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a “D” grade.

Truth in Accounting is a 501(c)(3) nonprofit committed to educating and empowering you with understandable, reliable, and transparent government financial information so you can be a knowledgeable participant in your government and its budget process.