

Fiduciary Funds

Fiduciary Funds are used to report assets that the City holds in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds. These funds are not available for use by the City to support its own programs and are instead held for the benefit of external parties.

Tucson Supplemental Retirement System (TSRS)

The Tucson Supplemental Retirement System (TSRS) was established in 1953 to provide retirement, survivor, and disability benefits for eligible city employees. The majority of all full-time and a portion of part-time employees, except for those covered by the Arizona Public Safety Personnel Retirement System or the Elected Officials Retirement Plan of Arizona, are covered by TSRS.

In Fiscal Year 2025, the Mayor and Council approved increases to employee contributions by 0.5% to the Tucson Supplemental Retirement System pension program for Tier 1 and 2 participants and remained the same for Fiscal Year 2026. The funding policy, which rounds up the employee and City contribution rates, sets a 27.5% minimum on the City contribution rate until full funding is reached. The City-funded ratio increased to 76.3%, which increased from 75% in the prior year. The City will continue working towards a goal of being fully funded (nearly 100%) by Fiscal Year 2034.

For TSRS employees hired prior to July 1, 2006, the employee contribution rate of 5% of their annual covered payroll through bi-weekly payroll deductions. For employees hired after July 1, 2006, the contribution rate is 7.25%; for employees hired after June 30, 2011, the rate is 5.75%.

The Fiscal Year 2026 employer contribution rate is 27.5% for all employee members of the TSRS.

TSRS continues to be a critical component of the City's commitment to providing competitive and sustainable retirement benefits to its workforce.

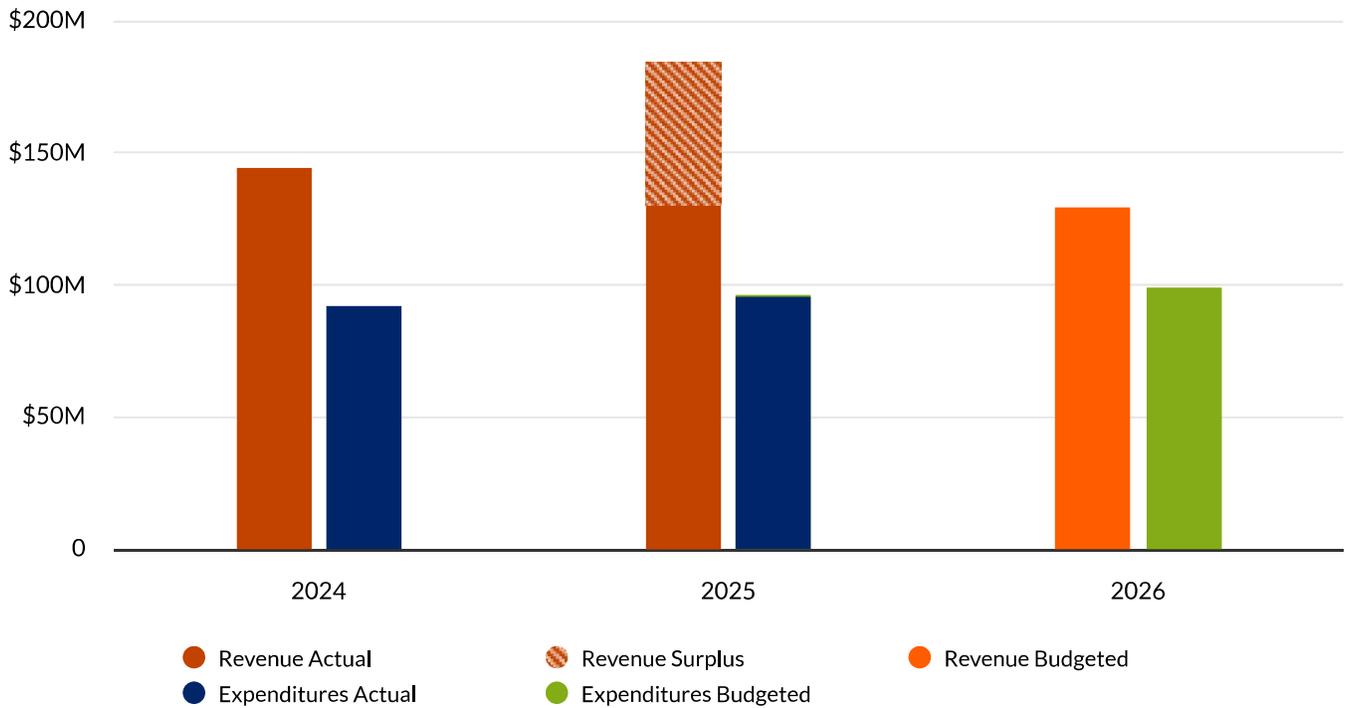
Fiduciary Summary

Fiduciary Funds are used to account for resources held by the City in a trustee or custodial capacity for others, such as pension and benefit trusts.

- In the target budget year 2026, the TSRS Fund showed an increase in budgeted expenses to \$98.7 million, which is a 3.4% rise from the previous year's \$95.5 million. Budgeted revenues for 2026 decreased slightly to \$129.7 million, compared to the \$129.8 million budgeted in 2025.
- Comparing these figures to the previous year's actuals, 2025 revenues were \$184.3 million, which rose from the budgeted amount of \$129.8 million and increased by \$39.9 million from Fiscal Year 2024 actual revenues. Expenses in 2025 almost matched the budget exactly at \$95.5 million, which increased by \$3.7 million from the prior year.

This trend reflects a strong commitment of the City of Tucson to safeguarding funds managed on behalf of employees, retirees, and other stakeholders.

Revenues vs Expenditures Summary



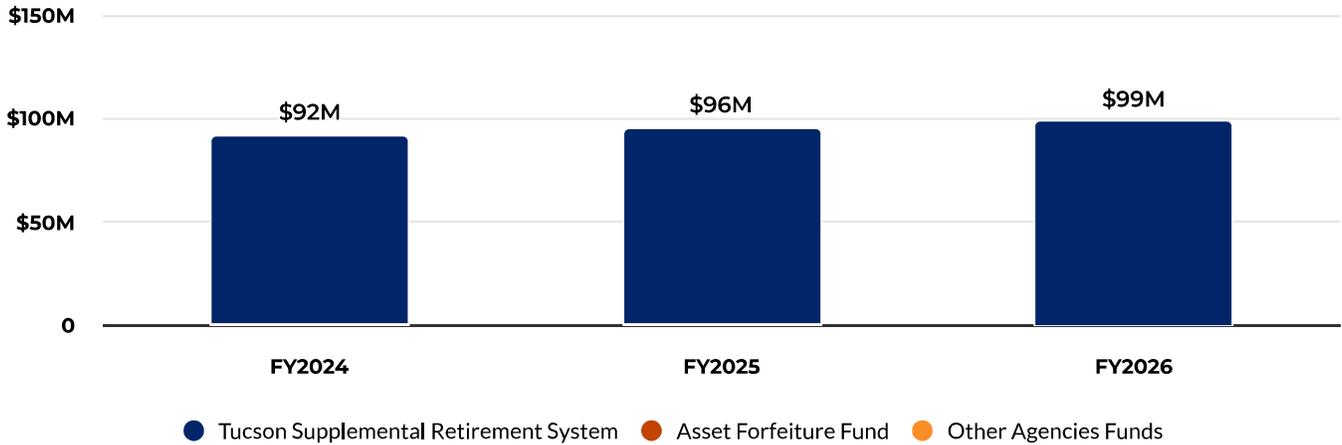
Fiduciary Expenditures by Fund

Fiduciary Funds are used by the City to manage assets held in trust or on behalf of others, such as employee retirement systems or funds collected for outside agencies.

Overall, the table reflects a steady increase from Fiscal Year 2024 through Fiscal Year 2025 and Fiscal Year 2026 projections follow the same trend.

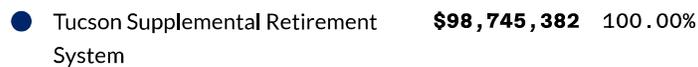
This trend illustrates the City's commitment to fulfilling fiduciary responsibilities while aligning spending with current trust obligations.

Historical Expenditures by Fund



Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Expenditures by Fund



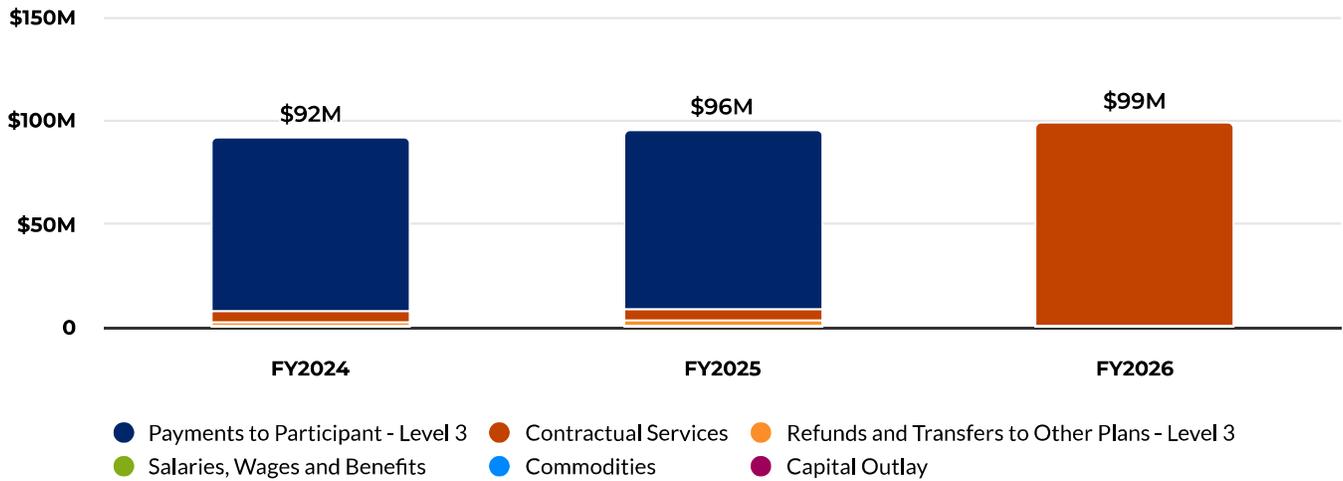
Fiduciary Expenditures by Type

Fiduciary Funds are used to manage resources the City holds on behalf of others—such as retirement benefits and specific trust obligations.

- The majority of expenditures were made up of Contractual Services, such as investment management and Payments to Participants, primarily related to retirement distributions.
- In Fiscal Year 2026, the budgeted spending is \$98.4 million, reflecting an increase from Fiscal Year 2024 and Fiscal Year 2025 expenditures.

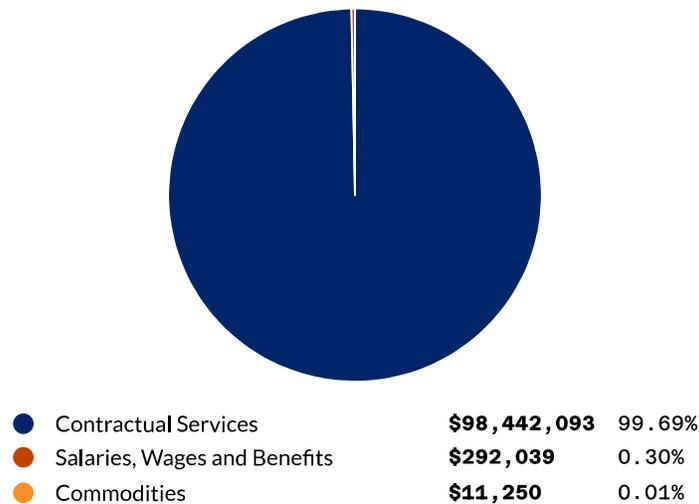
This pattern reflects the City’s ongoing responsibility to manage and distribute fiduciary funds transparently and in accordance with legal obligations.

Historical Expenditures by Type



Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Expenditures by Expense Type

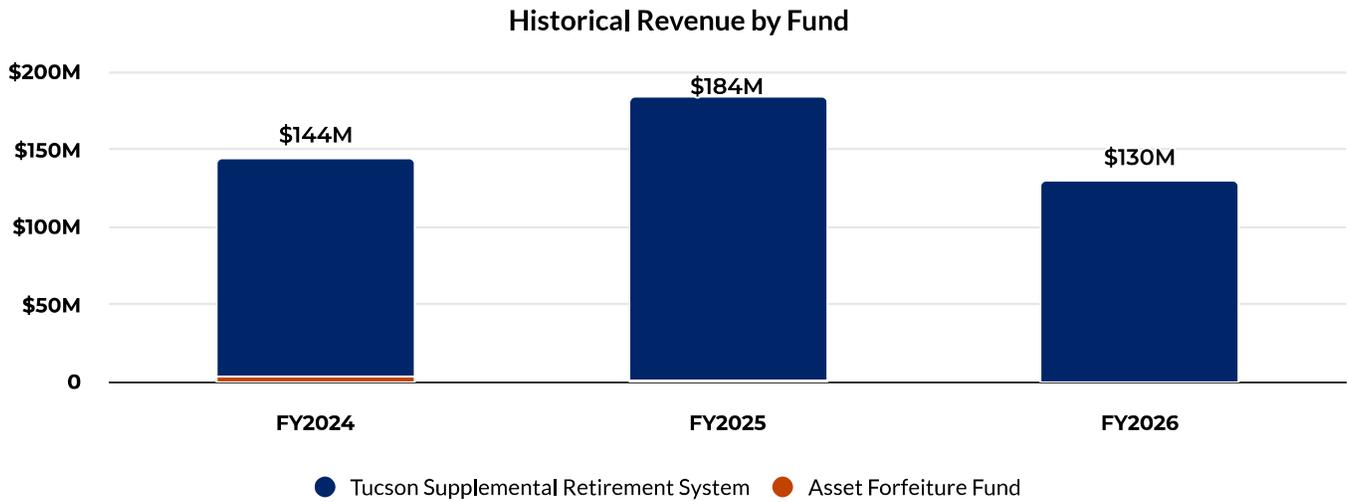


Fiduciary Revenues by Fund

Fiduciary revenues are collected and held by the City to benefit others—such as retirees — rather than for general City operations. These revenues are deposited into specific trust.

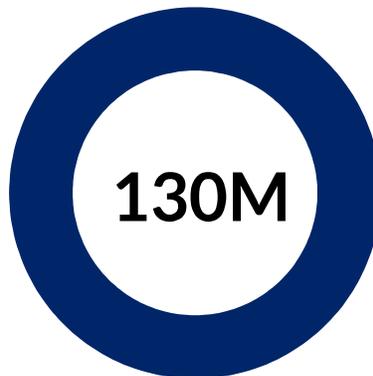
- In Fiscal Year 2026, total fiduciary revenues reached \$183.6 million:
 - The largest contributions came from the Tucson Supplemental Retirement System employer and employee pension contributions, and investment earnings.
- Revenues were \$142 million in Fiscal Year 2025 and \$183.6 million in Fiscal Year 2025, reflecting expected returns and deposits into the City’s TSRS trust fund.

This revenue helps ensure long-term security for retirees and fulfills the City's fiduciary obligations with transparency and accountability.



Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Revenues by Fund



- Tucson Supplemental Retirement System **\$129,668,640** 100.00%

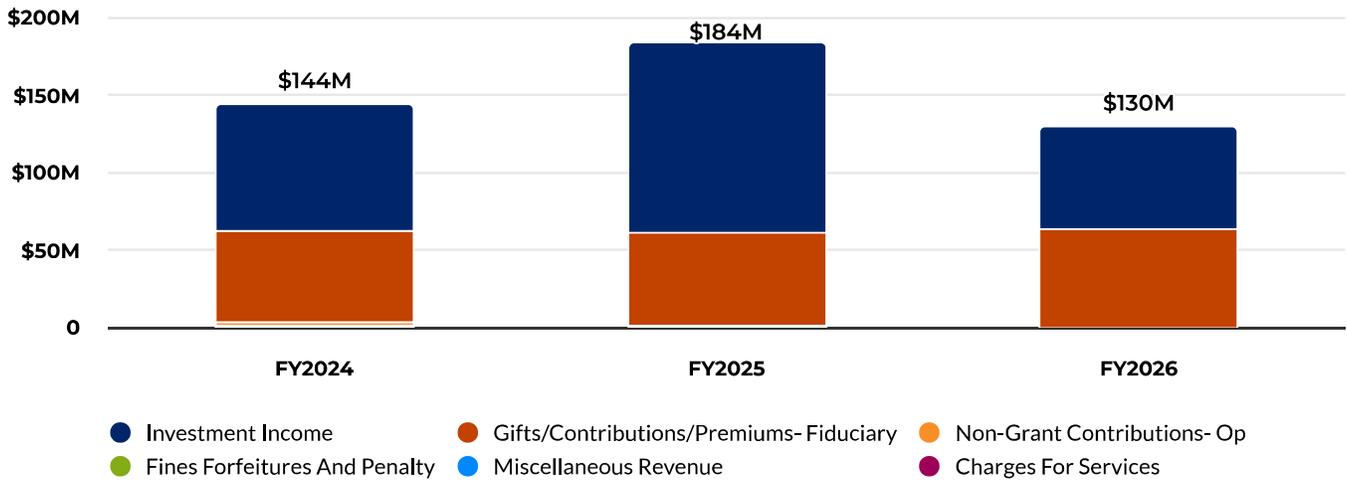
Fiduciary Revenues by Funding Source

Fiduciary revenues come from a variety of sources that support trust and agency funds, including retirement contributions and investment earnings.

- In Fiscal Year 2026, the City budgeted to collect \$129.5 million in fiduciary revenues:
 - The largest portion is projected to come from pension contributions and investment earnings.
- Revenues collected in Fiscal Year 2024 were \$141.9 million and \$183.7 million in Fiscal Year 2025.

Fiduciary funds are managed carefully to ensure they meet obligations like pension benefits, while maintaining financial trust and accountability.

Historical Revenue by Funding Source



Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Revenues by Funding Source

