



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

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CITY OF DOUGLAS, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

Donald C. Huish
Mayor

Margaret Morales

Mitch Lindemann

Danya Acosta

Ray Shelton

Michael Baldenegro
Councilmembers

Jose Grijalva

Ana Urquijo
City Manager

Prepared by: Finance Department

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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CITY MANAGER'S OFFICE
FINANCE DEPARTMENT
425 10TH STREET, DOUGLAS, ARIZONA 85607
Telephone (520) 417-7333 Fax (520) 417-7162

March 31, 2023

Mayor and Councilmembers
Citizens of the City of Douglas, Arizona

Requirements & Statements of Fact

The Arizona Auditor General Office requires all local government entities to file a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited. Audits are done in accordance with the generally accepted auditing standards by a licensed certified public accounting firm by December 31, or by March 31 of each year if an automatic extension is requested. Pursuant of that requirement, we hereby issue the annual comprehensive financial report of the City of Douglas, Arizona for the fiscal year ended June 30, 2022. As management, we assert that, **to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.**

Profile of the City

The City of Douglas is located in Southeastern Arizona 117 miles southeast of Tucson on the U.S./Mexico border. Although it has a population of 16,534 people, it serves a commercial market of approximately 160,000. Agua Prieta, Sonora, Mexico (just across the international border from Douglas) is a part of our market and has a population of approximately 125,000. Sitting at the Mexican border, Douglas considers itself a town without boundaries, seeing its history and its future through a bi-national lens.

Our two cities share an interdependent economy and culture. In 2022¹, 29,436 trucks, 1.6 million cars, 683,612 pedestrians crossed northbound totaling 3.5 million people; with a total value of imports/exports of \$4 billion. Similar to ecosystems in the surrounding Sonoran & Chiricahua Deserts, the culture of Douglas is a blended one; as seen in its multi-cultural architecture, Church Square (a unique square block containing four different churches on each corner), and the 1st International Airport of the Americas.

With family at its core, Douglas is a community deeply rooted in traditional values. Douglas' strength of family translates through the fiber of the education and entrepreneurial systems in the region. In 2021, Douglas boasted three A Schools, one elementary and two Charter Schools. A WalletHub analysis of Cochise College ranks third among Arizona community colleges in 2021, preparing many transferring students for the world-renowned University of Arizona and many other colleges in Arizona. Even visitors have the opportunity to learn its mining and ranching history at Slaughter Ranch, the Visitor's Center and the historic Gadsden Hotel built in the heyday of the copper mining and smelter operations of Phelps-Dodge.

¹ US Department of Transportation, Bureau of Transportation Statistics

Government Structure

The Douglas City government is comprised of a Mayor and six Councilmembers, elected by City residents for four-year terms. The Mayor is elected at-large, which means that registered voters from all City Wards cast their ballots for the mayoral candidates. Councilmembers are elected by registered voters from their respective Wards. The Mayor and Councilmembers have equal voting power to create, pass, or change local laws, ordinances, and resolutions that govern the City. The Mayor Pro Temp, or Vice Mayor, is appointed by the Mayor.

The City Manager, who is appointed by the City Council, is responsible for the overall operation and supervision of the government functions within the policy directives of the City Council. As the chief administrative officer (CAO) of the City government, the City Manager is responsible for Council relations, community relations and employee relations which includes the hiring, training and dismissal of all employees, except for the City Magistrate, City Clerk, City Treasurer, and City Attorney who are appointed by the Mayor and Council.

Economic Condition and Outlook

Currently the City's economy is primarily based on the international trade exchange with Mexico. The Douglas / Agua Prieta connection is very strong with the coordinated efforts of both local governments working for the expansion of the existing port and development of a new commercial port of entry. The City's major employers consist of governmental entities such as Customs and Border Protection, Arizona Department of Corrections Rehabilitation and Reentry, Douglas Unified School District, Cochise College and the City of Douglas. Private and major employers in the City include Advanced Call Center Technologies and Wal-Mart Stores. According to the Arizona Office of Economic Opportunity, the Sierra Vista-Douglas MSA unemployment rate at the end of June 2022 was at 8.5%, which is higher to the national and state unemployment rates of 3.6% and 3.3% respectively.

It is worth noting that it was not until November 8, 2021 that our land port of entry was re-opened for non-essential travelers; port of entry crossings have since increased to normal rates. At the end of FY 21/22 sales tax revenue came in above last year by 2.4% with a total collected amount of \$ 9,062,585.77. Growth in sales tax continued as a result of shopping local initiatives as well as additional online sales tax revenue that cities are now getting as a result of more retailers having to remit sales taxes to local jurisdictions. For Fiscal Year 21/22 we were pleased to report a \$2.9 million surplus for the General Fund that includes \$4 million from the PSPRS pledged revenue obligation contingency reserve.

Major Initiatives and Activities

In early 2022, the Mayor and Council along with staff developed a Vision Map that planned the future of Douglas in the next 10 years now knowing that the new commercial port of entry (POE) is funded and slated to be built in 2028. Named Vision 2032, the plan places priorities of the Mayor and Council to achieve goals of what the City will look like in the year 2032. The Mayor and Council, the City Manager and staff participated in this exercise and mapped out six policy priorities to improve including Infrastructure, Downtown Revitalization, Managing Growth and Annexations, Economy, Jobs and Amenities, Community Facilities Special Events and Tourism, and Streets and Roads.

Here are the major initiatives for FY 2022 in line with the 2032 Vision Map:

Infrastructure

- The City and County began a 30% design of water/sewer/broadband conduit for the new commercial POE in February 2022
- Cox Communications was awarded a broadband upgrade grant for Douglas service area and Cochise Community College
- GSA Environmental Study for new commercial POE site and Raul H. Castro POE is underway
- Installed sidewalk and curbing on 1st and 2nd Streets from E to G Avenue as part of a CDBG Grant
- Began Joe Causey Park Improvements to include sidewalks and lighting
- 15th & Florida by Douglas High School curbing and sidewalk improvements
- Chip seal improvements on 1st street from POE to A avenue
- Chip seal underway for B,C,D & E avenue from 5th to 8th street, A avenue from 1st to 3rd street, 5th street, and Dolores by Veteran's Park
- Phase I of Drainage & Road Improvements at Washington and Hohokam Drive by Huber Middle School
- 8th Street from Washington to Van Buren chip seal and driveway improvements

Community Facilities

- City Hall Council Chambers renovations completed
- Acquired new chipper with \$35,000 from Cochise County grant for recycling of brush and branches
- Golf Course Assessment and Inventory Study completed
- Painting of historic trains at Visitor Center
- New Dehumidifier for Aquatic Center from CDBG grant
- Airport Museum – New restroom, repair of display boards, HVAC improvements & new door
- New Security Fencing Grant Award for \$400,000 to fully enclose the Airport Property
- Awarded Design/Build for the construction of a new Animal Shelter
- Currently in contract negotiations for the sale of land around the Airport
- Community Housing Corporation Sale of La Perilla Apartments

Growth & Annexations

- Annexation fell short on May 2022 by 18% of property owners. A new attempt will begin in 2023.
- Planning for annexation 4.5 miles west of city limits toward the future POE site. A request for annexation approval has been submitted to the Arizona State Land Department as they own a large parcel within the annexation area.

Downtown Revitalization

- Adoption of Historic Preservation Overlay Zone District amendments allowing for mixed-use and adaptive reuse within the downtown promoting working and living in downtown buildings, light manufacturing such as craft manufacturing, and allowing microbrewery operations
- Adoption of Entertainment District encompassing the Historic Overlay District allows for Arizona state distance restrictions between drinking establishments and churches/schools to be eliminated
- Streetscape Project – Concept and next step proposals presented to Mayor & Council
- Historic Preservation Program under development for historic buildings
- Downtown speakers are operational

Economic Development

- The 99 Store opened
- Art Car World Monument sign permit issued
- New wireless tower permit issued
- Rezoning of parcel on Leslie Canyon Road and Highway 80 to Heavy Industrial for new fiberglass manufacturing business Terra Tough
- Harbor Freight Tools opened
- Meetings were held with 24 prospects for a variety of new business options to include grocery stores, hotels, fueling stations, housing development
- City Council considers purchase of buildings for economic development
- Rezoning from single family residential 32,000 to commercial parcel on NE corner of Washington

Grants

- Body Worn Cameras Grant for all officers.
- \$2,500 for gaming inventory for the Rec On-the-GO program from the Arizona Community Foundation
- Legacy Foundation Innovation Grant awarded January 2022 in the amount of \$96,471 for new Solar LED lighting for Airport Park walking path
- \$3,500 for gaming tables for Castro Park was awarded from the Legacy Foundation
- Grant Awarded to Fire Dept from Tohono O'odham \$168,960 for purchase of Fire Engine
- FEMA Grant for Sprinkler System at Fire Dept \$100,000
- Congressional Directed Spending Awards:
 - New SCADA system for water production and quality management \$850,000
 - New Flood Control Study \$100,000. Award in September 2022
- New Well for Port of Entry \$2.175 Million.
- Chino Road Extension to Highway 80 and 191 Intersection \$3 Million
- Freeport McMoRan grant - matching funds for new transit bus
- The Douglas Public Library obtained ARPA grant funding to enable digitization and inclusion in the Arizona State Library's "Arizona Memory Project" of 100+ years of the Douglas Daily Dispatch

Other

- Added a project coordinator and grants coordinator to spearhead city projects and grant writing
- Created Community Services and Economic Development Director and Neighborhood Resources and Grants Director by reorganizing the Management Services Director
- Changed Finance Manager to Finance Director
- Created Police Trainee and Community Resource Officer positions
- Made other organizational structure efficiency changes
- New DAZ-L App that provides direct citizen communication to report issues in the community, also provides City information and connects to City services
- Charter amendments passed that included reduction of 3 readings for ordinance passage to 2 readings, changing City election to state election cycle saving \$5.00 per voter, and other changes
- Launched City of Douglas Newsroom which contains articles and updates within the City of Douglas
- New Airport 100LL Fuel pump and terminal ordered
- Revamping structure, by-laws and developing training for the Industrial Development Authority (IDA)

Upcoming Year

The City is focusing on the POE project involving partnerships with federal and state agencies working on the construction of the POE with GSA, the connector road design concept report study, utility providers APS Southwest gas and broadband provider Cox, and the City engineers for the water and sewer infrastructure design. The City will seek attracting a new grocer after the City purchased the old Food City building for \$900,000. The City received a \$1.5 million grant from ADOT for the rehabilitation of the Douglas Municipal Airport runway. Water projects for the City are also a big focus with the development of 3 wells in the City. The City obtained a loan from WIFA for a new well, received a \$2.175 million grant from congressionally directed spending award for a new well by the POE and the rehabilitation of a dormant Well 14.

The City is also poised to develop various studies and planning initiatives to help it in positioning shovel ready status for grant and financing opportunities:

- Parks Master Plan Study
- ADOT Border Infrastructure Update Study
- Telecommunications Roadmap Study
- Downtown Streetscape Design
- Chino Road Phase I Study
- Castro Park Bandshell Addition Feasibility Study
- General Plan Update
- Army Corps of Engineer Flood Study
- Wastewater Plant Operations Manual
- RAISE Grant Submittal
- Downtown Preservation Programs

FURTHER EXPLANATION ABOUT THE AUDIT AND THIS REPORT

The following report consists of management's representations concerning the finances of the City of Douglas, Arizona. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report.

To provide a reasonable basis for making these representations, management of the City of Douglas, Arizona has established a comprehensive internal control framework that is designed both to protect the government assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of City of Douglas' financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Douglas' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The financial statements contained herein have been audited by The Pun Group LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Douglas, Arizona for the Fiscal-Year-Ended June 30, 2022 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion of **City of Douglas' financial statements for the Fiscal-Year-Ended June 30, 2022, and that they are fairly presented** in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Douglas' MD&A can be found immediately following the reports of the independent auditors.

The City of Douglas is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, comprised of the schedule of federal awards, findings and recommendations and auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report which is available for review at the City of Douglas offices.

This report includes all funds of the City of Douglas. The City of Douglas provides a full range of services that includes police and fire protection, emergency medical services, transit service, water, sewer and sanitation services; the construction and maintenance of highways, streets, cemetery, airport and infrastructure; parks, recreational activities including an aquatic center, library, visitor center and cultural events.

In addition to general government activities, the City of Douglas reports a governmental blended component unit: Douglas Housing Authority and one business-type discretely presented component unit Rancho La Perilla Apartments. Therefore, these activities are included as discretely presented component unit. The City has transferred Housing services to Cochise County effective January 1, 2023 and abolished the Douglas Housing Authority due to the opportunity to make the operation more efficient by consolidating with Cochise County. Additionally, the City will report the golf course as a blended component unit of the City, since the City established a separate municipal property corporation for the management of its golf course.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Douglas for its annual comprehensive financial report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgement

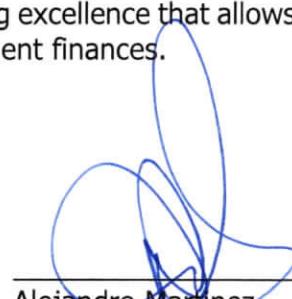
We would like to express our appreciation to each member of the Finance Department who has assisted in the preparation of this report. We are thankful for having the Finance Committee of the City of Douglas providing their support and having them evaluate this report. And also, thanks to our independent auditors The Pun Group LLP for their assistance in this process.

Finally, we extend heartfelt thanks to the Douglas Mayor and City Councilmembers for their support. It is their commitment to financial reporting excellence that allows the citizens of Douglas to be fully informed about their municipal government finances.

Respectfully Submitted,

A blue ink signature of Ana Urquijo, which appears to be "Ana Urquijo" written in a cursive, flowing script.

Ana Urquijo
City Manager

A blue ink signature of Alejandro Martinez, which appears to be "Alejandro Martinez" written in a cursive, flowing script.

Alejandro Martinez
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Douglas
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Monell

Executive Director/CEO

City of Douglas Organizational Chart

Fiscal Year 2021-2022

Fiscal Year 2021-2022



Total FTE's: 183
*not counted as FTEs

CITY OF DOUGLAS, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2022

ELECTED OFFICIALS

Mayor	Donald C. Huish
Mayor Pro Tempore	Margaret Morales
Councilmember	Mitch Lindemann
Councilmember	Danya Acosta
Councilmember	Ray Shelton
Councilmember	Michael Baldenegro
Councilmember	Jose Grijalva

APPOINTED OFFICIALS

City Manager	Ana Urquijo
City Clerk	Alma Andrade
City Attorney	Denis Fitzgibbons
City Treasurer	Luis Pedroza
City Magistrate	Alma Vildosola

DEPARTMENT DIRECTORS

Deputy City Manager	Luis Pedroza
Finance Director	Alejandro Martinez
Neighborhood Resources & Grants Director	Xenia Gonzalez
Community Services & Economic Dev. Director	Jennifer Smith
Public Works Director/City Engineer	Elise Moore
Police Chief	Kraig Fullen
Fire Chief	Kevin Lomeli

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the City Council of the City of Douglas
Douglas, Arizona

www.pungroup.cpa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglas, Arizona (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Douglas Community Housing Corporation – Rancho La Perilla Apartments (the "Component Unit"), which represent 100% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component unit as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Component Unit, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Implementation of New GASB Pronouncements

As discussed in Note 1, 4, 6 and 7 to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* during the year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

To the Honorable Mayor and Members
of the City Council of the City of Douglas
Douglas, Arizona
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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion, Analysis, the Budgetary Comparison Schedules – General Fund, the Schedules of Proportionate Share of the Pension/OPEB Liability and Related Ratios, the Schedules of Changes in Net Pension and OPEB Asset/(Liability) and Related Ratios, and Schedules of Contributions, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

To the Honorable Mayor and Members
of the City Council of the City of Douglas
Douglas, Arizona
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We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

The PricewaterhouseCoopers LLP

Phoenix, Arizona
March 31, 2023

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City of Douglas, Arizona

Management's Discussion and Analysis (Unaudited)
(Required Supplementary Information)
For the Fiscal Year Ended June 30, 2022

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
Management's Discussion and Analysis (Unaudited)
(Required Supplementary Information)
For the Year Ended June 30, 2022

Management of the City of Douglas (the “City”) provides the Management Discussion and Analysis of the City’s Annual Comprehensive Financial Report (ACFR) for readers of the City’s basic financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2022 (FY 2021-2022). We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City’s basic financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net position/fund balance, changes in net position and fund disclosures are discussed in more detail later in the report.

Financial Highlights – Primary Government

♦ *Government-Wide Highlights*

Net Position – Assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at fiscal year ending June 30, 2022, by \$35.7 million, this compared to \$38 million at fiscal year ended June 30, 2021. This is an overall decrease in net position of \$2.3 million or a decrease of 6% of prior year’s net position. Liabilities and deferred inflows of resources of the governmental activities exceeded assets and deferred outflows of resources by \$3.6 million, this compared to \$1.8 million at fiscal year ended June 30, 2021. This is a \$1.9 million (51%) improvement in the City’s deficit net position. Assets and deferred outflows of resources for business-type activities exceeded liabilities and deferred inflows of resources by \$40.4 million compared to \$39.8 million at June 30, 2021, an increase of 21%

Changes in Net Position – The City’s net position increased \$3.1 million in FY 2021-2022; this compared to \$6.8 million increase in FY 2019-2021. Net position of governmental activities increased \$3.5 million compared to an increase of \$2.4 million in 2019-2021. Net position of business-type activities decreased by \$.43 million compared to a \$4.5 million increase in FY 2020-2021.

♦ *Fund Highlights*

Governmental Funds – At the close of FY 2021-2022 the City’s total governmental funds reported a fund balance of \$19.7 million, a \$3.0 million increase from the FY 2020-2021 balance of \$16.6 million, an increase of 19%. The increase in fund balance was partially due to revenues in the General Fund exceeding expenditures by \$2.9 million as a result of salary savings from vacant positions and increase of local sales tax revenue exceeding projections by \$1.6 million.

General Fund – The fund balance of the general fund on June 30, 2022, was \$14.0 million. The fund balance increased \$6.8 million due to the \$4.0 million reserve from PRO issuance, better than expected sales tax and salary savings.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They are comprised of the following:

- *Statement of Net Position* - The Statement of Net Position presents summarized information of all the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This financial statement combines and consolidates governmental funds current financial resources with capital assets and long-term obligations.
- *Statement of Activities and Changes in Net Position* - The Statement of Activities and Changes in Net Position presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but uncollected taxes, earned but unused vacation leave).

The government-wide financial statements distinguish City functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions that intend to recover all or a significant portion of their costs from user fees and charges (business-type activities). The governmental activities of the City include general government, public safety (police, fire and emergency medical services), highways and streets, culture and recreation, and redevelopment and housing. The business-type activities of the City include water, sewer, and solid waste.

The government-wide financial statements include not only the City (known as the primary government), but also a legally separate non-profit corporation - proprietary component unit. The proprietary component unit is the Douglas Municipal Housing Corporation, which includes the Rancho La Perilla apartment complex. Although legally separate from the City, the component unit is discretely presented because of its financial relationship to the City.

Separate financial statements for Rancho La Parilla may be obtained at the City's Finance Department at 425 Tenth Street, Douglas, Arizona 85607.

The government-wide financial statements may be found on pages 24 - 27 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: Governmental funds and proprietary funds. The City does not have any fiduciary funds.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement No. 34 (GASB 34) and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, while all Non-Major Funds are aggregated and presented in a single column.

- *Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenses, and changes in fund balance with the governmental-wide financial statements can be found on pages 34 and 37.

The City of Douglas, Arizona maintains nine individual governmental funds. Financial activity is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Financial activity from remaining funds is combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of the combining statements in supplementary information.

The City of Douglas, Arizona adopts an annual appropriated budget for its General Fund by department. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The City adopts a budget by fund for all Special Revenue Funds with the exception of the Golf Course MPC and Public Housing Funds.

- *Proprietary Funds* - The City maintains two types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the water services, sewer services and sanitation services. The Internal service fund is an accounting device used to accumulate and allocate costs among the City's various functions. The City uses an internal service fund to account for insurance services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements, with a portion of the change in net position being allocated to the business type activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Solid Waste funds, which are considered to be major funds of the City. The internal service fund is presented in the proprietary fund financial statements as a separate column. The basic proprietary funds financial statements can be found on pages 42-45.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51-96.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes budgetary comparison schedule for the General Fund, and information regarding the obligation to provide pension and other postemployment benefits to employees. This information can be found on pages 99-123.

Government-Wide Financial Analysis

Comparative data is presented on the following pages for both the governmental activities and the business-type activities along with an analysis of significant variances between the current and prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38.0 million at the close of the current fiscal year. The following table is a condensed comparative analysis of the net position of governmental and business-type activities as of June 30, 2022, and June 30, 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current & Other Assets	\$ 26,473,676	\$ 18,269,382	\$ 11,653,497	\$ 11,183,472	\$ 38,127,173	\$ 29,452,854
Capital Assets	21,890,659	22,957,662	38,141,332	39,416,512	60,031,991	62,374,174
Total Assets	48,364,335	41,227,044	49,794,829	50,599,984	98,159,164	91,827,028
Deferred Outflows	4,200,109	41,900,719	484,526	365,066	4,684,635	42,265,785
Liabilities						
Current Liabilities	8,193,109	3,486,839	1,521,285	1,496,425	9,714,394	4,983,264
Long-term Liabilities	44,040,674	80,547,847	8,875,442	9,629,806	52,916,116	90,177,653
Total Liabilities	52,233,783	84,034,686	10,396,727	11,126,231	62,630,510	95,160,917
Deferred Inflows	4,269,730	869,247	519,132	47,288	4,788,862	916,535
Net Position						
Net Investment in						
Capital Assets	18,311,084	18,756,696	30,131,932	30,755,973	48,443,016	49,512,669
Restricted	6,672,623	6,676,023	1,254,565	1,210,316	7,927,188	7,886,339
Unrestricted (Deficit)	(23,484,892)	(27,208,889)	7,976,999	7,825,242	(15,507,893)	(19,383,647)
Total Net Position (Deficit)	\$ 1,498,815	\$ (1,776,170)	\$ 39,363,496	\$ 39,791,531	\$ 40,862,311	\$ 38,015,361

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

Analysis of Net Position

The City's total net position (government and business-type activities) increased by \$3.1 million, or 8.3% during the fiscal year.

Net investment in Capital Assets is the largest portion of the City's net position (118%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the assets themselves cannot be liquidated for these liabilities.

As of June 30, 2022, the City of Douglas, Arizona reported \$48.7 million as the net investment in capital assets. Another \$7.9 million of the resources are subject to external restrictions on how they may be used. Unrestricted net position is a deficit of \$15.5 million due to the recognition of the City's net pension and OPEB liability.

The City's net position increased approximately \$3.1 million over the prior fiscal year. Net investment in capital assets decreased \$0.77 million primarily due to larger depreciation calculations taking place for this fiscal year for the city's \$14 million wastewater treatment plant of \$312,756 versus partial depreciation last year when the plant came online. Current year debt payments were approximately \$3 million (including payments made on capital leases). The increase was due to the new 2021 Pledge Revenue Bond for PSPRS liability in the amount of \$1.5 million.

Restricted Net Position of \$7.9 million represents resources that are subject to external restrictions on their use, or by enabling legislation. Restricted net position remained the same compared to last year.

Unrestricted (Deficit) Net Position of \$15.5 million represents net position of the City that is not restricted for any project or purpose. The deficit change of \$3.8 million, or 20%, was primarily due to revenues exceeding expenditures by \$2.9 million in the General Fund under governmental activities.

Current and Other Assets increased by \$8.7 million, or 29% mainly due to \$6.5 million increase in Cash and Investments, \$0.47 million increase in taxes receivable and an increase in current lease receivable of \$0.6 million.

Current and Other Liabilities increased by \$4.7 million, or 95% while Long-term Liabilities decreased by \$37.2 million, or 41% mainly due to a \$3.6 million change in unearned revenue due to ARPA grant funds received and not yet expended.

Deferred Outflows and Inflows of Resources Deferred outflows of resources decreased by \$37.6 million, or 89% primarily due to the OPEB Related outflows recorded in FY 2021 for the 2021 Pledged Revenue Bond issuance while Deferred Inflows of Resources increased by \$3.9 million, or 423% due to changes in pension and OPEB related items of \$2.1 million and lease related deferred inflows of \$1.3 million not recognized in the prior year.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

Changes in Net Position

The following table is a condensed comparative analysis of the changes in net position of governmental and business-type activities for fiscal years ended June 30, 2022, and 2021:

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,961,307	\$ 2,526,804	\$ 5,451,539	\$ 6,247,949	\$ 8,412,846	\$ 8,774,753
Operating grants and contributions	5,176,427	6,834,439	-	-	5,176,427	6,834,439
Capital grants and contributions	-	-	95,797	3,685,847	95,797	3,685,847
Total program revenues	8,137,734	9,361,243	5,547,336	9,933,796	13,685,070	19,295,039
General revenues:						
Sales taxes	9,206,923	8,854,433	-	-	9,206,923	8,854,433
Property taxes	632,646	634,856	-	-	632,646	634,856
Motor vehicle in-lieu taxes	970,630	1,022,527	-	-	970,630	1,022,527
Franchise taxes	105,589	101,382	-	-	105,589	101,382
Transient occupancy taxes	332,951	324,192	-	-	332,951	324,192
Total taxes	11,248,739	10,937,390	-	-	11,248,739	10,937,390
State share revenue	4,497,215	4,235,232	-	-	4,497,215	4,235,232
Investment earnings	(17,951)	31,208	(11,293)	8,216	(29,244)	39,424
Gain on sale of asset	-	46,725	-	-	-	46,725
Miscellaneous	420,126	303,952	317,514	61,223	737,640	365,175
Total general revenues and transfers	16,148,129	15,554,507	306,221	69,439	16,454,350	15,623,946
Total revenues	24,285,863	24,915,750	5,853,557	10,003,235	30,139,420	34,918,985
Expenses:						
General government	3,671,088	3,928,915	-	-	3,671,088	3,928,915
Public safety	9,342,952	11,990,879	-	-	9,342,952	11,990,879
Highways and streets	2,761,152	2,418,139	-	-	2,761,152	2,418,139
Transportation	940,784	984,314	-	-	940,784	984,314
Culture and recreation	2,338,494	2,207,620	-	-	2,338,494	2,207,620
Redevelopment and housing	936,759	949,544	-	-	936,759	949,544
Interest and fiscal charges	1,228,719	261,413	-	-	1,228,719	261,413
Water	-	-	2,063,224	2,130,546	2,063,224	2,130,546
Sewer	-	-	2,333,894	2,045,785	2,333,894	2,045,785
Solid waste	-	-	1,675,404	1,182,167	1,675,404	1,182,167
Total expenses	21,219,948	22,740,824	6,072,522	5,358,498	27,292,470	28,099,322
Change in net position	3,065,915	2,174,926	(218,965)	4,644,737	2,846,950	6,819,663
Transfers	209,070	185,682	(209,070)	(185,682)	-	-
Increase in net position	3,274,985	2,360,608	(428,035)	4,459,055	2,846,950	6,819,663
Net position (deficit), beginning of year	(1,776,170)	(4,136,778)	39,791,531	35,332,476	38,015,361	31,195,698
Net position (deficit), end of year	\$ 1,498,815	\$ (1,776,170)	\$ 39,363,496	\$ 39,791,531	\$ 40,862,311	\$ 38,015,361

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

Analysis of Changes in Net Position

Governmental Activities – Governmental Activities increased the City’s net position (decreased deficit) by \$3.6 million, or 201% for the year ended June 30, 2022. Key factors of the overall increase in net position are as follows:

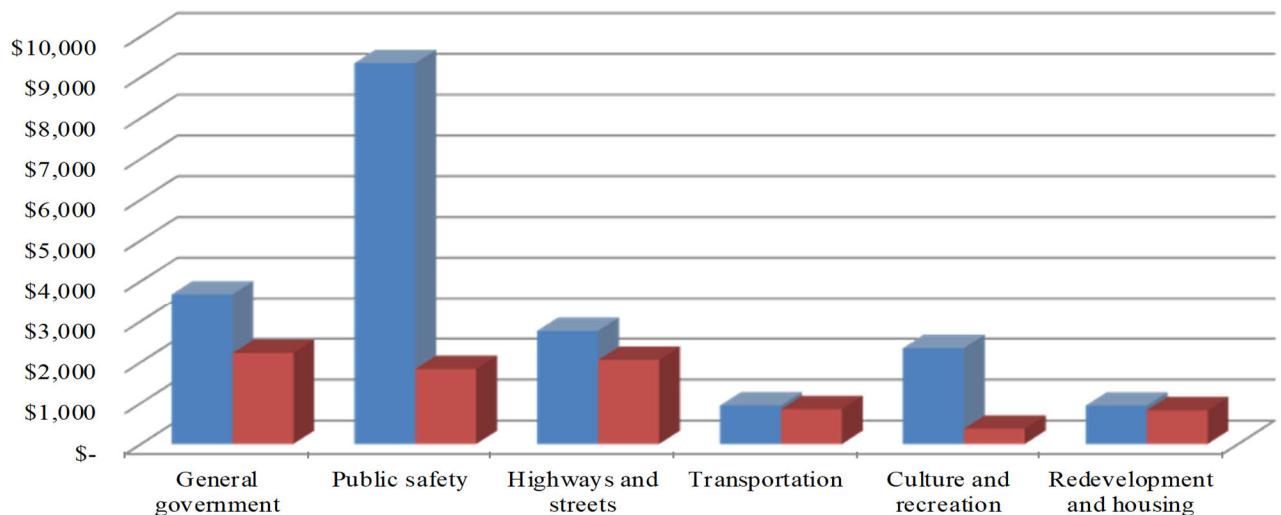
- Increase in local taxes compared to last year in the amount of \$352,490 due to increased local sales and economic activity.
- Increase in state shared revenues of \$261,983.
- Ambulance transports revenue increase of \$418,734.
- Savings in public safety pension costs from PSPRS contributions because of the bond issuance for a difference from last year of \$2.5 million.

The chart below illustrates the City’s governmental expenses and revenues by program: Public Safety (police, fire, and emergency medical services) is the largest expense (47%), followed by General Government (17%), Highway/Streets (14%), Culture/Recreation (12%), Transportation (5%), Redevelopment and Housing (5%). Public Safety is supported by General Government revenues. Program revenues as shown consist of charges for services and grants.

PROGRAM REVENUES AND EXPENSES

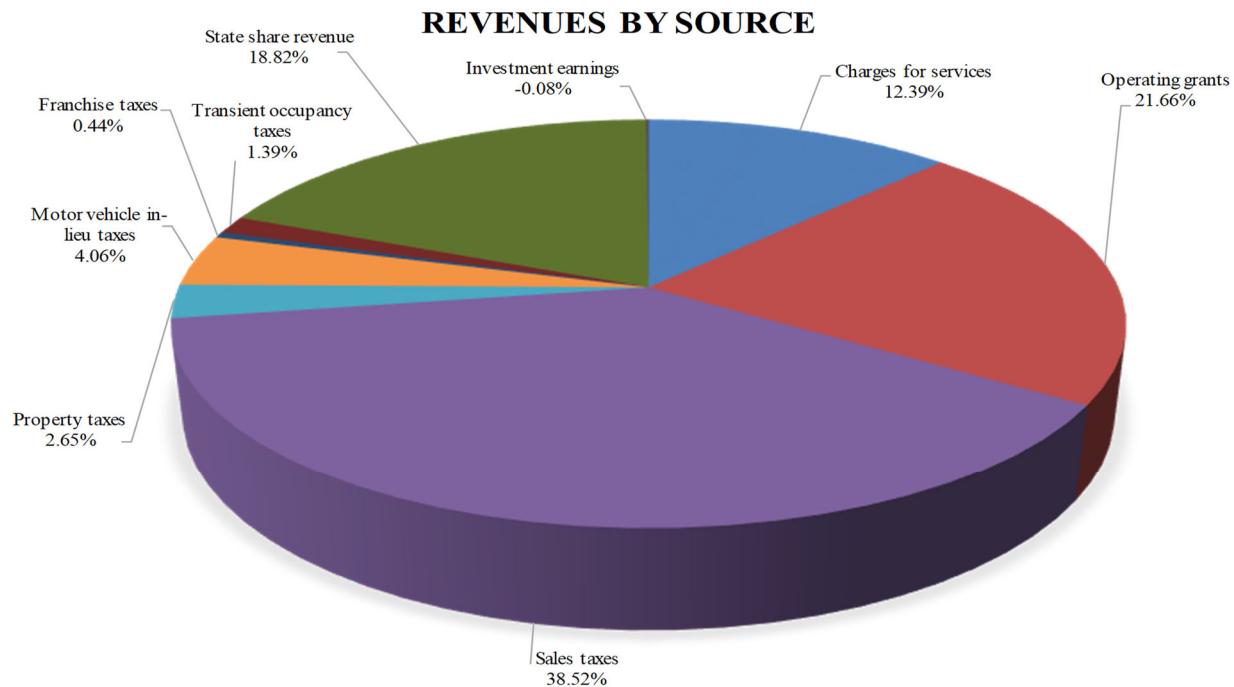
(Dollars in Thousands)

■ Expenses
■ Program Revenues



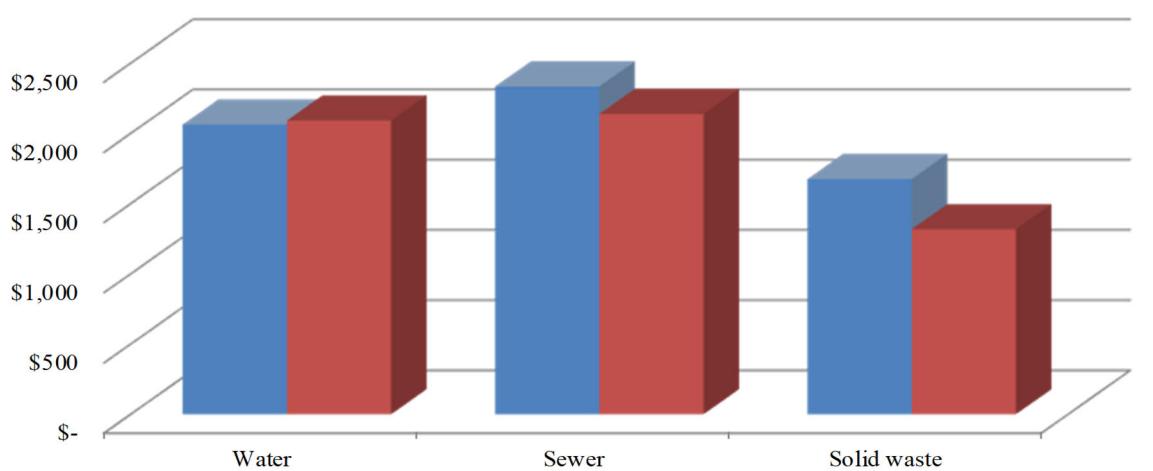
The chart below illustrates the City’s governmental revenues by source. General revenues such as property taxes, state shared revenues, and sales taxes are not shown by program but are effectively used to support program activities of the City as a whole. For governmental activities, sales tax revenues are the largest source of funds (39%) followed by operating grants (22%) and state shared revenues (19%) as illustrated in the chart below.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022



Business-Type Activities – Business-type activities decreased the City's net position by \$0.43 million. The decrease in net position was primarily the result of the solid waste fund costs of heavy equipment repairs, transfer station costs, increased fuel costs and increased depreciation costs caused an overage in the fund of \$203,226. The sewer fund also reported a deficit of \$195,835 due to a \$312,756 in depreciation costs because of the new wastewater treatment plant full depreciation costs for this fiscal year.

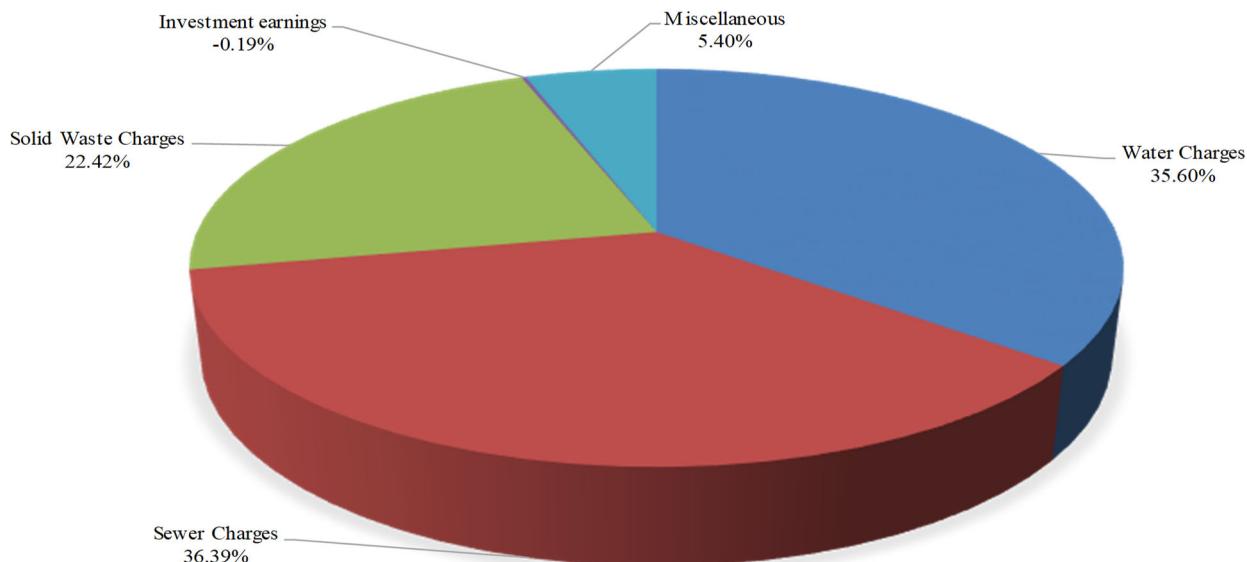
PROGRAM REVENUES AND EXPENSES
(Dollars in Thousands)



City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

As shown in the chart below, the largest of the City's business-type activities are water and sewer utilities. Sewer Fund revenues were \$2.14 million, with Water revenues at \$2.09 million, followed by Solid Waste at approximately \$1.3 million. There was a decrease in net position of \$0.43 million overall in the business-type activities summarized in large part due to a large increase in the Sewer Fund's increase in depreciation costs because of adding the \$14 million wastewater treatment plant to the depreciation schedule. The Solid Waste Fund also experienced an increase in its depreciation costs as well as increases to its operating costs.

REVENUE BY SOURCE



FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

As previously noted, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Please note that unlike the Government-wide financial statements displayed previously, the fund financial statements that follow are not reflected on a full accrual basis.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$19.7 million, an increase of \$3.1 million from the prior year.

Revenues for governmental funds overall totaled approximately \$24.3 million for the fiscal year ended June 30, 2022, which represents a decrease of 2% from the prior fiscal year. Although an increase in local sales tax revenue and charges for services, the decrease is primarily due to a loss of intergovernmental revenues (grants) compared to last year of \$1.4 million.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$11.8 million. As a measure of the General Fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. Unassigned General Fund balance represents 87% of the total General Fund expenditures of \$13.6 million.

The fund balance of the City's General Fund increased \$2.9 million. Revenues increased largely due to additional sales tax collected compared to last year as well as savings from vacancies primarily in the public safety divisions.

The Debt Service Fund accounts for principal and interest on outstanding debt of the City that is not specifically attributable to a specific fund. The debt service payments are funded through transfers from the general fund; therefore, the net change in fund balance was zero.

The Nonmajor Governmental Funds decreased slightly by \$30,380 due to a decrease in intergovernmental revenues received.

Proprietary Funds

Net position of the Enterprise Funds and the Internal Service Fund at the end of the fiscal year amounted to \$39.2 million and \$0.8 million, respectively. The decrease in net position in the Enterprise Funds of \$0.43 million from the prior fiscal year was primarily due to increases in depreciation costs and operating costs. Internal Service Fund net position balance increased due to charges to the departments for the current year were greater than actual claims paid during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not revise the budget during the current fiscal year.

Actual revenues were less than the budget by \$1.1 million and actual expenditures were more than budget by \$39.1 million mostly due to the uncertainty of the date of issuance of pledged revenue bonds for payment of the City's PSPRS net pension obligation to be issued in FY 20/21 or FY 21/22, which prompted the City to budget for this expense in Fiscal Year 21/22 even though it was issued in the prior year. The actual revenues were less than budget largely due to grants that were budgeted in the amount of \$3 million but not realized during the fiscal year. Still the City saw an increase in sales tax of \$1.6 million compared to budget.

The City exceeded the expenditures budget in the Management Information Systems, Cemetery, Community Development, Economic Development, Airport, Call Center, Fire, Recreation and Debt Service expenditures. The Fire and Emergency Medical Services shortfall was largely due to additional overtime expenses required for emergency room transports.

The legal level of budgetary control is at the departmental level in the General Fund; however, the City Council monitors the General Fund as a whole and the City Manager has the authority to make budget transfers between departments in the General Fund. The City maintains reserves for any expenditures in excess of the total General Fund budget. The reserves are monitored by City Council and the City Manager.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2022, amount to \$60.3 million (net of accumulated depreciation). Capital assets include land and improvements, infrastructure, buildings and improvements, machinery equipment, and vehicles, and construction in progress.

	Capital Assets (Net)					
	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and Land Improvements	\$ 1,932,367	\$ 2,507,699	\$ -	\$ -	\$ 1,932,367	\$ 2,507,699
Streets and Storm Drains	7,784,851	7,786,274	- -	- -	7,784,851	7,786,274
Buildings and Improvements	6,248,634	6,717,564	17,602,568	18,096,455	23,851,202	24,814,019
Water System	- -	- -	6,477,129	6,875,872	6,477,129	6,875,872
Wastewater System	- -	- -	13,080,121	12,957,409	13,080,121	12,957,409
Machinery, Equipment and Vehicles	3,925,274	3,457,500	833,665	1,125,655	4,758,939	4,583,155
Construction In Progress	1,999,533	2,565,374	147,849	361,121	2,147,382	2,926,495
Total	\$ 21,890,659	\$ 23,034,411	\$ 38,141,332	\$ 39,416,512	\$ 60,031,991	\$ 62,450,923

Major capital asset events during the current fiscal year include the following:

Governmental Activities

- EMS Cardiac monitors for \$236,592
- New Ambulance for \$152,500
- 5 New Police Vehicles for \$164,629
- Streets Improvements for \$858,293

Business-type Activities

- DOC Bar Screen and Compactor for \$180,047
- Wastewater system improvements for \$300,767
- Rehabilitation of Well #15 for \$22,640

For government-wide financial statement purposes, capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures. Additional information on the City's capital assets may be found in Note 6 to the basic financial statements.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

Debt Administration

At the end of the fiscal year, the City of Douglas, Arizona had total long-term obligations outstanding of \$49.1 million. The current year decrease was the result of no new debt issuances during the year and normal debt service annual obligations met for all outstanding loans.

The State constitution imposes certain debt limits on the issuance of General Obligation Bonds at six percent (6%) and twenty percent (20%) of the secondary assessed valuation of the City. The City has not issued any general obligation bonds. Therefore, the City's available debt margin at June 30, 2022 is \$3.5 million in the 6% capacity and \$11.6 million in the 20% capacity.

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space parks, playgrounds and recreational facilities. The current 20 percent debt limitation for the City is \$11.6 million. State statutes also currently limit the amount of general obligation debt a City may issue to six percent of its total assessed valuation for all other purposes. The current six percent debt limitation for the City is \$3.5 million. The City's outstanding bonds are not considered general obligation bonds subject to statutory limits because the bonds are secured by sales taxes.

	Long-Term Debt					
	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Financed purchase agreement	\$ 1,354,519	\$ 1,813,691	\$ 31,363	\$ 58,148	\$ 1,385,882	\$ 1,871,839
Lease payable	40,385	76,749	-	-	40,385	76,749
Bonds payable	37,400,000	38,885,000	-	-	37,400,000	38,885,000
Loans payable	2,250,000	2,625,000	7,978,037	8,602,391	10,228,037	11,227,391
Total	\$ 41,044,904	\$ 43,400,440	\$ 8,009,400	\$ 8,660,539	\$ 49,054,304	\$ 52,060,979

Additional information on the City's long-term debt can be found in Note 7 in the Notes to the basic financial statements.

Economic Factors and Next Year's Budget

Many factors were considered by the City's officials during the process of developing the fiscal year 2022-23 budget. Among them:

- The City implemented year one of its efforts to bring positions to market within three years which was an impact of \$336,000 to the General Fund. In addition it funded 3 full time limited status positions, 1 part time limited status position and additional budget for on call part time recreation and visitor center aides.
- Budgeted \$255,000 from carryover savings to combat police vacancies through a pilot program for police trainees and community service officers.
- Funded \$5.2 million in total capital projects that included the use of ARPA funds and the use of carryover funds from prior years. Projects included downtown revitalization, asphalt plant improvements, POE water/sewer improvements, parks master plan recommendation improvements, the Mayor and Council's Vision 2032 policy priority projects, a telecommunication roadmap study, animal shelter improvements, body worn cameras for police and various other projects.
- The upcoming budget also approved \$1.3 million in capital improvement projects in the Water Fund from fund balance that included the reactivation of Well #14. The Water fund also budgeted \$8.65 million for the POE water system improvements as well as SCADA water management system replacement and rehabilitation of Well 14.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2022

- The sewer fund budgeted \$2.4 million in wastewater improvements for the new POE sewer system. The sewer and water funds established programmed rate increases this year and for the next 4 years that will increase revenue for the funds.
- The Streets division was awarded \$1.4 million for streets improvement program, improvements to the asphalt plant, a new dump truck, laydown machine, street roller, crack seal machine and other small equipment.
- The golf course will continue to operate under the Municipal Property Corporation, however, the City budgeted the sale of the Rancho La Perilla Apartments that would bring those sale proceeds towards golf course improvements.
- The Douglas Municipal Airport was awarded a \$400,000 grant for phase III of perimeter security fencing. It applied for a runway rehabilitation grant that was also awarded in the amount of \$1.5 million. The Airport will seek NPIAS designation and has obtained management of the T-Hangars after a 30 year lease expiration with a private entity.
- The Housing division was programmed to be absorbed by Cochise County Housing and in fact executed as of January 1, 2023. The consolidation of the City's housing programs will bring efficiencies to both the City and the County, since the City was subsidizing its program, now the County can leverage its existing programs with other cities to run the program for Douglas.
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REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in the government's finances. If you have any questions about this report or need additional financial information, contact:

City of Douglas
Finance Department
425 Tenth Street
Douglas, Arizona 85607
520-417-7333

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
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Basic Financial Statements

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Annual Comprehensive Financial Report
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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Government-Wide Financial Statements

City of Douglas
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Douglas Community Housing Corp.
ASSETS				
Current assets:				
Cash and investments	\$ 18,365,050	\$ 8,454,261	\$ 26,819,311	\$ 7,696
Receivables:				
Accounts	426,065	495,875	921,940	159
Taxes	1,418,697	-	1,418,697	-
Intergovernmental	735,097	-	735,097	-
Inventories	65,228	-	65,228	-
Prepaid items	29,221	-	29,221	29,331
Internal balances	(1,289,523)	1,289,523	-	-
Lease receivable - current	590,027	-	590,027	-
Due from Component Unit	799,778	-	799,778	-
Total current assets	<u>21,139,640</u>	<u>10,239,659</u>	<u>31,379,299</u>	<u>37,186</u>
Noncurrent assets:				
Restricted cash and investments	4,469,396	1,358,702	5,828,098	443,318
Lease receivable - noncurrent	736,092	-	736,092	-
Aggregate net pension asset	4,701,792	-	4,701,792	-
Aggregate net OPEB asset	864,640	55,136	919,776	-
Capital assets:				
Nondepreciable	3,042,624	147,849	3,190,473	265,000
Depreciable/Amortizable, net	<u>18,848,035</u>	<u>37,993,483</u>	<u>56,841,518</u>	<u>2,432,983</u>
Total capital assets, net	<u>21,890,659</u>	<u>38,141,332</u>	<u>60,031,991</u>	<u>2,697,983</u>
Total noncurrent assets	<u>32,662,579</u>	<u>39,555,170</u>	<u>72,217,749</u>	<u>3,141,301</u>
Total assets	<u>53,802,219</u>	<u>49,794,829</u>	<u>103,597,048</u>	<u>3,178,487</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	4,157,984	474,817	4,632,801	-
OPEB-related deferred outflows	42,125	9,709	51,834	-
Total deferred outflows of resources	4,200,109	484,526	4,684,635	-

City of Douglas
Statement of Net Position (Continued)
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Douglas Community Housing Corp.
LIABILITIES				
Current liabilities:				
Accounts payable	117,020	511,611	628,631	21,914
Accrued wages and benefits	561,150	43,711	604,861	2,640
Insurance claims payable	212,811	-	212,811	-
Interest payable	206,823	85,038	291,861	9,825
Deposits payable	49,287	106,530	155,817	25,750
Unearned revenue	3,693,322	-	3,693,322	1,808
Due to Primary Government	-	-	-	799,778
Compensated absences - due within one year	1,327,174	118,887	1,446,061	-
Long-term debt - due within one year	2,025,522	655,508	2,681,030	84,848
Total current liabilities	<u>8,193,109</u>	<u>1,521,285</u>	<u>9,714,394</u>	<u>946,563</u>
Long-term liabilities:				
Compensated absences - due in more than one year	331,793	29,723	361,516	-
Long-term debt - due in more than one year	39,019,382	7,353,892	46,373,274	3,823,860
Aggregate net pension liability - due in more than one year	4,682,157	1,489,492	6,171,649	-
Aggregate net OPEB liability - due in more than one year	7,342	2,335	9,677	-
Total long-term liabilities	<u>44,040,674</u>	<u>8,875,442</u>	<u>52,916,116</u>	<u>3,823,860</u>
Total liabilities	<u>52,233,783</u>	<u>10,396,727</u>	<u>62,630,510</u>	<u>4,770,423</u>
DEFERRED INFLOWS OF RESOURCES				
Lease-related deferred inflows	1,307,923	-	1,307,923	-
Pension-related deferred inflows	2,554,602	471,924	3,026,526	-
OPEB-related deferred inflows	407,205	47,208	454,413	-
Total deferred inflows of resources	<u>4,269,730</u>	<u>519,132</u>	<u>4,788,862</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	<u>18,311,084</u>	<u>30,131,932</u>	<u>48,443,016</u>	<u>(793,157)</u>
Restricted for:				
PSPRS contingency reserve	3,963,013	-	3,963,013	-
Firefighters injured in line of duty	145,747	-	145,747	-
Federal and state grant programs	457,772	-	457,772	-
Law enforcement operations	124,161	-	124,161	-
Local transportation	367,924	-	367,924	-
Highways and streets by A.R.S. 28-6533	1,345,888	-	1,345,888	-
Housing and redevelopment	268,118	-	268,118	-
Debt service	-	799,290	799,290	-
Repair and replacement	-	348,745	348,745	-
Other restricted deposits	-	106,530	106,530	-
Total restricted	<u>6,672,623</u>	<u>1,254,565</u>	<u>7,927,188</u>	<u>-</u>
Unrestricted (deficit)	<u>(23,484,892)</u>	<u>7,976,999</u>	<u>(15,507,893)</u>	<u>(798,779)</u>
Total net position (deficit)	<u>\$ 1,498,815</u>	<u>\$ 39,363,496</u>	<u>\$ 40,862,311</u>	<u>\$ (1,591,936)</u>

City of Douglas
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues				Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental activities:						
General government	\$ 3,671,088	\$ 1,411,983	\$ 805,933	\$ -	\$ 2,217,916	
Public safety	9,342,952	1,239,376	590,069	-	1,829,445	
Highways and streets	2,761,152	-	2,050,469	-	2,050,469	
Transportation	940,784	19,091	829,596	-	848,687	
Culture and recreation	2,338,494	290,857	79,553	-	370,410	
Redevelopment and housing	936,759	-	820,807	-	820,807	
Interest and fiscal charges	1,228,719	-	-	-	-	
Total governmental activities	21,219,948	2,961,307	5,176,427	-	8,137,734	
Business-Type activities:						
Water	2,063,224	2,056,697	-	35,000	2,091,697	
Sewer	2,333,894	2,077,262	-	60,797	2,138,059	
Solid waste	1,675,404	1,317,580	-	-	1,317,580	
Total business-type activities	6,072,522	5,451,539	-	95,797	5,547,336	
Total primary government	\$ 27,292,470	\$ 8,412,846	\$ 5,176,427	\$ 95,797	\$ 13,685,070	
Component unit:						
Douglas Community Housing Corporation	\$ 703,850	\$ 599,636	\$ -	\$ -	\$ 599,636	
Total component unit	\$ 703,850	\$ 599,636	\$ -	\$ -	\$ 599,636	

City of Douglas
Statement of Activities (Continued)
For the Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit	
				Douglas Community Housing Corp.	
	Governmental Activities	Business-Type Activities	Total		
Primary government:					
Governmental activities:					
General government	\$ (1,453,172)	\$ -	\$ (1,453,172)	\$ -	
Public safety	(7,513,507)	-	(7,513,507)	-	
Highways and streets	(710,683)	-	(710,683)	-	
Transportation	(92,097)	-	(92,097)	-	
Culture and recreation	(1,968,084)	-	(1,968,084)	-	
Redevelopment and housing	(115,952)	-	(115,952)	-	
Interest and fiscal charges	(1,228,719)	-	(1,228,719)	-	
Total governmental activities	(13,082,214)	-	(13,082,214)	-	
Business-Type activities:					
Water	-	28,473	28,473	-	
Sewer	-	(195,835)	(195,835)	-	
Solid waste	-	(357,824)	(357,824)	-	
Total business-type activities	-	(525,186)	(525,186)	-	
Total primary government	(13,082,214)	(525,186)	(13,607,400)	-	
Component unit:					
Douglas Community Housing Corporation	-	-	-	-	(104,214)
Total component unit	-	-	-	-	(104,214)
General revenues:					
Taxes:					
Sales taxes	9,206,923	-	9,206,923	-	
Property taxes	632,646	-	632,646	-	
Motor vehicle in-lieu taxes	970,630	-	970,630	-	
Franchise taxes	105,589	-	105,589	-	
Transient occupancy taxes	332,951	-	332,951	-	
Total taxes	11,248,739	-	11,248,739	-	
State share revenue	4,497,215	-	4,497,215	-	
Investment income (loss)	(17,951)	(11,293)	(29,244)	-	
Miscellaneous	420,126	317,514	737,640	38,180	
Transfers	209,070	(209,070)	-	-	
Total general revenues and transfers	16,357,199	97,151	16,454,350	38,180	
Change in net position	3,274,985	(428,035)	2,846,950	(66,034)	
Net position (deficit) - beginning of year	(1,776,170)	39,791,531	38,015,361	(1,525,902)	
Net position (deficit) - end of year	\$ 1,498,815	\$ 39,363,496	\$ 40,862,311	\$ (1,591,936)	

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
Annual Comprehensive Financial Report
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Fund Financial Statements

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Governmental Fund Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Funds of the City are outlined below:

The General Fund – This fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Douglas, these services include general government, public safety, highways and streets, and culture and recreation.

City Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the debt.

City of Douglas
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds				
	General Fund	City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds	
ASSETS					
Cash and investments	\$ 15,075,204	\$ -	\$ 2,269,164	\$ 17,344,368	
Receivables:					
Accounts	296,218	-	129,705	425,923	
Taxes	1,418,697	-	-	1,418,697	
Intergovernmental	225,692	-	509,405	735,097	
Lease receivable	1,326,119	-	-	1,326,119	
Inventories	65,228	-	-	65,228	
Prepaid items	29,221	-	-	29,221	
Advances to other funds	24,225	-	-	24,225	
Due from Component Unit	799,778	-	-	799,778	
Restricted cash and investments	4,420,109	-	49,287	4,469,396	
Total assets	\$ 23,680,491	\$ -	\$ 2,957,561	\$ 26,638,052	
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 82,273	\$ -	\$ 34,747	\$ 117,020	
Accrued wages and benefits	520,244	-	40,906	561,150	
Deposits payable	-	-	49,287	49,287	
Unearned revenue	3,673,469	-	19,853	3,693,322	
Advances from other funds	1,140,000	-	24,225	1,164,225	
Total liabilities	5,415,986	-	169,018	5,585,004	
Deferred Inflows of Resources:					
Lease-related deferred inflows	1,307,923	-	-	1,307,923	
Unavailable revenue	50,479	-	1,731	52,210	
Total deferred inflows of resources	1,358,402	-	1,731	1,360,133	
Fund Balances:					
Nonspendable	918,452	-	-	918,452	
Restricted	4,174,089	-	2,670,571	6,844,660	
Committed	-	-	116,241	116,241	
Unassigned	11,813,562	-	-	11,813,562	
Total fund balances	16,906,103	-	2,786,812	19,692,915	
Total liabilities, deferred inflows of resources and fund balances	\$ 23,680,491	\$ -	\$ 2,957,561	\$ 26,638,052	

See accompanying Notes to Basic Financial Statements.

City of Douglas
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds	\$ 19,692,915
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>21,890,659</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Compensated absences - due within one year	(1,327,174)
Compensated absences - due in more than one year	(331,793)
Long-term debt - due within one year	(2,025,522)
Long-term debt - due in more than one year	<u>(39,019,382)</u>
	<u>(42,703,871)</u>
Aggregate net Pension asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>4,701,792</u>
Aggregate net OPEB asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>864,640</u>
Actuarially determined deferred outflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	4,157,984
OPEB-related deferred outflows	<u>42,125</u>
	<u>4,200,109</u>
Aggregate net pension liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	<u>(4,682,157)</u>
Aggregate net OPEB liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	<u>(7,342)</u>
Actuarially determined deferred inflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	(2,554,602)
OPEB-related deferred outflows	<u>(407,205)</u>
	<u>(2,961,807)</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	<u>(206,823)</u>
Unavailable revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available were recognized as revenues in the Government-Wide Financial Statements.	<u>52,210</u>
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were reported with governmental activities.	808,013
Less: amount attributable to the Business-Type Activities	<u>(149,523)</u>
Net Position of Governmental Activities	<u>\$ 1,498,815</u>

City of Douglas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds			
	General Fund	City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Sales taxes	\$ 9,206,923	\$ -	\$ -	\$ 9,206,923
Property taxes	635,658	-	-	635,658
Franchise taxes	332,951	-	-	332,951
Transient occupancy taxes	105,589	-	-	105,589
Intergovernmental	7,179,117	-	3,584,331	10,763,448
Fines and forfeitures	75,800	-	-	75,800
Licenses and permits	261,235	-	-	261,235
Charges for services	1,526,523	-	244,005	1,770,528
Rentals and leases	722,981	-	-	722,981
Investment income (loss)	(23,134)	-	4,583	(18,551)
Miscellaneous	168,195	-	263,518	431,713
	<u>20,191,838</u>	<u>-</u>	<u>4,096,437</u>	<u>24,288,275</u>
EXPENDITURES:				
General government	3,384,945	-	40,435	3,425,380
Public safety	7,390,655	-	38,761	7,429,416
Highways and streets	573,429	-	923,699	1,497,128
Transportation	-	-	845,525	845,525
Culture and recreation	1,682,545	-	159,658	1,842,203
Redevelopment and housing	-	-	936,759	936,759
Capital outlay	433,038	-	1,618,109	2,051,147
Debt service:				
Principal	116,964	2,233,027	5,545	2,355,536
Interest and fiscal charges	41,649	990,418	1,664	1,033,731
Total expenditures	13,623,225	3,223,445	4,570,155	21,416,825
REVENUES OVER (UNDER) EXPENDITURES	6,568,613	(3,223,445)	(473,718)	2,871,450
OTHER FINANCING SOURCES (USES):				
Transfers in	181,827	3,223,445	719,552	4,124,824
Transfers out	(3,816,871)	-	(98,883)	(3,915,754)
Total other financing sources (uses)	(3,635,044)	3,223,445	620,669	209,070
Net changes in fund balances	2,933,569	-	146,951	3,080,520
FUND BALANCES:				
Beginning of year	13,972,534	-	2,639,861	16,612,395
End of year	<u>\$ 16,906,103</u>	<u>\$ -</u>	<u>\$ 2,786,812</u>	<u>\$ 19,692,915</u>

City of Douglas
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
 and Changes in Fund Balance to the Government-Wide Statement of Activities**
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 3,080,520
Governmental funds report capital outlay as expenditures. Capital outlay expenditures were included in the Statement of Revenue, Expenditures, and Changes in Fund Balances through out various departments. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. (\$341,341 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	1,709,806
Depreciation and amortization expense on capital assets was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation or amortization expense was not reported as expenditures in governmental funds.	(2,853,558)
Repayment of long-term liabilities was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt	2,355,536
Interest expenses on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year.	(194,988)
The net effect of various miscellaneous transactions involving pension plans (i.e. changes in the net pension liability, deferred inflow/outflow amortization, contributions after measurement date) does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(1,232,364)
The net effect of various miscellaneous transactions involving OPEB plans (i.e. changes in the net OPEB (asset) liability, deferred inflow/outflow amortization, contributions after measurement date) does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	157,004
Certain long-term assets and liabilities were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, long-term assets and liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.	
Changes in compensated absences	(97,242)
Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.	(3,012)
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds was reported with governmental activities.	374,204
Less: amount attributable to the Business-Type Activities	<u>(20,921)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 3,274,985</u></u>

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Proprietary Fund Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund – This fund is used to account for the provision of water services to the residential, commercial, and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewer Fund – This fund is used to account for the provision of wastewater collection and treatment services to the residential, commercial, and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Solid Waste Fund – This fund is used to account for the costs to operate, construct and finance the City's solid waste operations.

Internal Service Fund – This fund is used to account for the activity of the City's limited risk, self-insurance program for employee and dependent medical care.

City of Douglas
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Total	
ASSETS					
Current assets:					
Cash and cash investments	\$ 3,869,074	\$ 3,636,311	\$ 948,876	\$ 8,454,261	\$ 1,020,682
Receivables:					
Accounts	212,113	186,534	97,228	495,875	142
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total current assets	<u>4,081,187</u>	<u>3,822,845</u>	<u>1,046,104</u>	<u>8,950,136</u>	<u>1,020,824</u>
Noncurrent assets:					
Advances to other funds	633,283	315,779	190,938	1,140,000	-
Restricted cash and cash equivalents	307,755	1,025,570	25,377	1,358,702	-
Net OPEB Asset	22,258	15,939	16,939	55,136	-
Capital assets:					
Non-depreciable	137,553	-	10,296	147,849	-
Depreciable, net	6,558,061	30,855,120	580,302	37,993,483	-
Total capital assets	<u>6,695,614</u>	<u>30,855,120</u>	<u>590,598</u>	<u>38,141,332</u>	-
Total noncurrent assets	<u>7,658,910</u>	<u>32,212,408</u>	<u>823,852</u>	<u>40,695,170</u>	-
Total assets	<u>11,740,097</u>	<u>36,035,253</u>	<u>1,869,956</u>	<u>49,645,306</u>	<u>1,020,824</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows	191,683	137,265	145,869	474,817	-
OPEB-related deferred outflows	3,919	2,807	2,983	9,709	-
Total deferred outflows of resources	<u>195,602</u>	<u>140,072</u>	<u>148,852</u>	<u>484,526</u>	-
LIABILITIES					
Current liabilities:					
Accounts payable	253,437	248,326	9,848	511,611	-
Accrued payroll and related liabilities	22,804	10,868	10,039	43,711	-
Insurance claims payable	-	-	-	-	212,811
Interest payable	17,997	67,041	-	85,038	-
Deposits payable	39,097	34,409	33,024	106,530	-
Due to other funds	-	-	-	-	-
Compensated absences - due within one year	57,186	42,219	19,482	118,887	-
Long-term debt - due within one year	148,219	507,289	-	655,508	-
Total current liabilities	<u>538,740</u>	<u>910,152</u>	<u>72,393</u>	<u>1,521,285</u>	<u>212,811</u>
Noncurrent liabilities:					
Compensated absences - due in more than one year	14,297	10,555	4,871	29,723	-
Long term debt - due in more than one year	1,063,553	6,290,339	-	7,353,892	-
Aggregate net pension liability	601,305	430,599	457,588	1,489,492	-
Aggregate net OPEB liability	943	675	717	2,335	-
Total noncurrent liabilities	<u>1,680,098</u>	<u>6,732,168</u>	<u>463,176</u>	<u>8,875,442</u>	-
Total liabilities	<u>2,218,838</u>	<u>7,642,320</u>	<u>535,569</u>	<u>10,396,727</u>	<u>212,811</u>
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred inflows	190,515	136,429	144,980	471,924	-
OPEB-related deferred inflows	19,059	13,649	14,500	47,208	-
Total deferred inflows of resources	<u>209,574</u>	<u>150,078</u>	<u>159,480</u>	<u>519,132</u>	-
NET POSITION					
Net investment in capital assets	5,483,842	24,057,492	590,598	30,131,932	-
Restricted for:					
Debt service	277,474	521,816	-	799,290	-
Repair and replacement	-	348,745	-	348,745	-
Other restricted deposits	39,097	34,409	33,024	106,530	-
Total restricted	316,571	904,970	33,024	1,254,565	-
Unrestricted	3,706,874	3,420,465	700,137	7,827,476	808,013
Total net position	<u>\$ 9,507,287</u>	<u>\$ 28,382,927</u>	<u>\$ 1,323,759</u>	<u>\$ 39,213,973</u>	<u>\$ 808,013</u>

City of Douglas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Water	Sewer	Solid Waste	Total	Fund
OPERATING REVENUES:					
Charges for services	\$ 2,056,697	\$ 2,077,262	\$ 1,317,580	\$ 5,451,539	\$ -
Other revenue	69,041	248,268	205	317,514	2,290,986
Total operating revenues	2,125,738	2,325,530	1,317,785	5,769,053	2,290,986
OPERATING EXPENSES:					
Salaries and benefits	577,385	575,475	699,759	1,852,619	-
Materials, supplies and operational expenses	905,881	676,242	676,050	2,258,173	-
Insurance claims, premiums, and administration	57,473	32,729	54,725	144,927	1,917,382
Depreciation	448,332	919,227	247,230	1,614,789	-
Total operating expenses	1,989,071	2,203,673	1,677,764	5,870,508	1,917,382
OPERATING INCOME					
	136,667	121,857	(359,979)	(101,455)	373,604
NONOPERATING REVENUES (EXPENSES):					
Impact fees	35,000	60,797	-	95,797	-
Investment income	393	(12,951)	1,265	(11,293)	600
Interest expense	(35,647)	(137,230)	-	(172,877)	-
Gain/(loss) on sale of property	(50,058)	-	-	(50,058)	-
Total nonoperating revenues (expenses)	(50,312)	(89,384)	1,265	(138,431)	600
INCOME BEFORE TRANSFERS					
	86,355	32,473	(358,714)	(239,886)	374,204
TRANSFERS:					
Transfers out	(96,677)	(65,262)	(47,131)	(209,070)	-
Total transfers	(96,677)	(65,262)	(47,131)	(209,070)	-
Changes in net position	(10,322)	(32,789)	(405,845)	(448,956)	374,204
NET POSITION:					
Beginning of year	9,517,609	28,415,716	1,729,604		433,809
End of year	\$ 9,507,287	\$ 28,382,927	\$ 1,323,759		\$ 808,013
	Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				20,921
	End of year change in net position of business-type activities				\$ (428,035)

See accompanying Notes to the Basic Financial Statements.

City of Douglas
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and others	\$ 2,100,232	\$ 2,098,710	\$ 1,342,276	\$ 5,541,218	\$ -
Cash received from interfund services provided	-	-	-	-	(142)
Cash payments to suppliers for goods and services	(934,722)	(702,066)	(760,715)	(2,397,503)	(1,942,090)
Cash payments to employees for services	(682,764)	(474,894)	(498,306)	(1,655,964)	-
Other operating revenues and expenses	69,041	248,268	205	317,514	2,290,986
Net cash provided by operating activities	551,787	1,170,018	83,460	1,805,265	348,754
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	(96,677)	(65,262)	(47,131)	(209,070)	-
Net cash provided by (used in) noncapital financing activities	(96,677)	(65,262)	(47,131)	(209,070)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Impact fees received	35,000	60,797	-	95,797	-
Capital grants received	-	1,030,071	-	1,030,071	-
Acquisition of capital assets	(169,503)	(203,630)	(16,534)	(389,667)	-
Proceeds from issuance of capital-related debt	-	-	-	-	-
Principal paid on capital-related debt	(152,058)	(499,081)	-	(651,139)	-
Interest paid on capital-related debt	(32,187)	(142,112)	-	(174,299)	-
Net cash provided by (used in) capital and related financing activities	(318,748)	246,045	(16,534)	(89,237)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	393	(12,951)	1,265	(11,293)	600
Net cash provided by investing activities	393	(12,951)	1,265	(11,293)	600
Net increase in cash and cash equivalents	136,755	1,337,850	21,060	1,495,665	349,354
CASH AND CASH EQUIVALENTS:					
Beginning of year	4,040,074	3,324,031	953,193	8,317,298	671,328
End of year	\$ 4,176,829	\$ 4,661,881	\$ 974,253	\$ 9,812,963	\$ 1,020,682
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:					
Cash and cash investments	\$ 3,869,074	\$ 3,636,311	\$ 948,876	\$ 8,454,261	\$ 1,020,682
Restricted cash and investments	307,755	1,025,570	25,377	1,358,702	-
Total cash and cash equivalents	\$ 4,176,829	\$ 4,661,881	\$ 974,253	\$ 9,812,963	\$ 1,020,682

City of Douglas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Water	Sewer	Solid Waste	Total		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income						
\$ 136,667	\$ 121,857	\$ (359,979)	\$ (101,455)	\$ 373,604		
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	448,332	919,227	247,230	1,614,789		-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
Accounts receivable	34,719	13,481	17,049	65,249		(142)
Aggregate net OPEB asset	(21,272)	(14,273)	(13,214)	(48,759)		-
Pension-related deferred outflows	(4,233)	(46,731)	(77,297)	(128,261)		-
OPEB-related deferred outflows	588	2,028	6,185	8,801		-
Accounts payable	28,632	6,905	(29,940)	5,597		-
Accrued payroll and related liabilities	(4,700)	(1,351)	(1,882)	(7,933)		-
Insurance claims payable	-	-	-	-		(24,708)
Deposits payable	8,816	7,967	7,647	24,430		-
Compensated absences	(6,517)	7,448	(1,154)	(223)		-
Aggregate net pension liability	(255,351)	16,855	144,213	(94,283)		-
Aggregate net OPEB liability	(2,771)	(1,119)	(641)	(4,531)		-
Pension-related deferred inflows	172,016	127,494	138,212	437,722		-
OPEB-related deferred outflows	16,861	10,230	7,031	34,122		-
Total adjustments	415,120	1,048,161	443,439	1,906,720		(24,850)
Net cash provided by operating activities	\$ 551,787	\$ 1,170,018	\$ 83,460	\$ 1,805,265		\$ 348,754

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Notes to the Basic Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
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For the Year Ended June 30, 2022

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City of Douglas
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Douglas, Arizona (the “City”), have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Financial Reporting Entity

The City was incorporated on May 15, 1905. The City operates under a Mayor-Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, transportation, social services, culture-leisure, public improvements, community development (planning, building and zoning), public utilities (water, wastewater, solid waste), and general administrative services.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude its financial statements. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units

The financial reporting entity consists of the primary government, the City, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government’s operation and so financial statements from these units are combined with financial statements of the primary government. Discretely presents component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Although the following are legally separate from the City, they have been “blended” as though they are part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blended Component Units (Continued)

Douglas Public Facility Municipal Property Corporation – The Douglas Public Facility Municipal Property Corporation’s (the “DMPC”) board of directors consists of six members which are appointed by the Douglas City Council. The DMPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the City in the management of the Douglas Golf Course. The DMPC operates the day-to-day operations of the golf course and receives subsidies from the City to operate. All capital assets and related debt are held by the City. The DMPC provides a service directly to the City by providing management of day- to-day operations. All related receivables and payables between the City and the DMPC have been eliminated. Separate financial statements for the Douglas Public Facility Property Municipal Property Corporation are not prepared.

Douglas Housing Authority – The Douglas Housing Authority (the “Authority”) is a public benefit corporation created by the City to provide subsidized public housing in accordance with federal legislation. The City Council acts as the governing body of the Authority and as such employs executives, authorizes contracts of subsidy with the U.S. Department of Housing and Urban Development pursuant to the latter agency’s regulations and statutory authorizations, and causes the corporation to construct, own and operate public housing facilities within the boundaries of the City. The financial liability of the housing agency is essentially supported by the operating and debt service subsidies received under contract from the federal government, although services or cash subsidies may be, and from time to time, are received from the City as well. Separate financial statements for the Douglas Housing Authority are not prepared.

Discretely Presented Component Units

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Douglas Community Housing Corporation (Rancho La Perilla Apartments) – The Douglas Community Housing Corporation the (“DCHC”) is a nonprofit 501(c)(3) corporation created by the City to eliminate the financial burden on the City to provide financing for the construction and operation of apartments. The City Council appoints members of the Governing Board; they, in turn, elect a chairman. The Governing Board employs executives, authorizes contracts, and causes the corporation to construct and operate an apartment complex of 80 units. The Community Housing Corporation has appointed a management corporation to promote the apartments and manage the daily activities of the apartments. The financial liability of the Corporation is solely dependent upon the rental revenue received from the tenants. Financial statements of the Douglas Community Housing Corporation may be obtained at the offices of the corporation.

Separately issued financial statements for Rancho La Perilla have been prepared in conformity with the Financial Accounting Standards Board (FASB) Accounting Standards Codification and are available from the Essex Corporation.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Statement of Net Position or Balance Sheet Governmental Fund reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net assets) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Government–Wide Financial Statements

The City's government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. The effect of interfund activity has been removed from these statements except for interfund services provided and used, which are not eliminated in the consolidation. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the *primary government* is financially accountable.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. (In the statement of activities, internal service fund transactions have been eliminated.) However, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Advances to/from other funds
- Transfers in/out

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences between fund balance in these statement and net position as presented in the government-wide financial statements. The City has presented all major funds that meet the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both “measurable” and “available” to finance expenditures of the current period.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, franchise taxes, state shared revenues, licenses and permits, charges for services, intergovernmental revenues, charges for services, and investment income. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until cash is received. Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Unearned revenues arise when resources are received by the City before it has a legal claim to them, such as when grant revenue is received prior to meeting all eligibility requirements imposed by the grantor.

Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. As permitted by generally accepted accounting principles the City applies the “early recognition” option for debt service payments when there are sufficient resources to offset the liability. Pledged sales tax is recognized during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liability are recognized in the current period.

Major governmental funds of the City are outlined below:

General Fund – This fund accounts for all revenues from and expenditures for services associated with the operations of a municipal government which are not accounted for in the other funds. These services include general government, public safety, highways and streets, transportation, and culture and recreation.

City Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the debt.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows for each major proprietary fund and non-major funds in the aggregate. The City reports the following major proprietary fund types:

Water Fund – This fund accounts for the costs to operate, construct and finance the City’s water system.

Wastewater Fund – This fund accounts for the costs to operate, construct and finance the wastewater treatment system.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Solid Waste Fund – This fund is used to account for the costs to operate, construct and finance the City's solid waste operations.

A separate column representing internal service funds is also presented in these statements. The City's internal service fund accounts for the activity of the City's limited risk, self-insurance program for employee and dependent medical care. By providing additional health benefits the City hopes to also help decrease medical claims and therefore medical insurance costs. For the government-wide financial statements, the internal service fund balances and activities have been combined with the governmental activities.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts. Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. The principal activities are charges to customers for water and wastewater services and expenditures for maintenance, operations, administration, depreciation. Revenues not meeting this definition are reported as non-operating revenues and expenses.

Discretely Presented Component Unit Financial Statements

The activities of DCHC closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. DCHC provides services on a continuous basis and its activities are substantially financed by revenues derived from user charges and contributions from the member agencies. DCHC utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

C. Cash, Cash Equivalents and Investments

The City considers all highly liquid market investments (including restricted investments) with maturities of three months or less at time of purchase to be cash equivalents. Cash equivalents consist of cash on hand, cash in bank, cash held by fiscal agents, and cash and investment held in the State Treasurer's Local Government Investment Pool. Money market investments are carried at cost. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Cash and investments are pooled, except for investments that are restricted under provisions of bond indentures or other restrictions that are required to be reported in the individual funds. All expenditures of the City are made out of the General Fund operations account with a corresponding interfund receivable recorded in the general fund with an interfund payable recorded in the applicable borrowing fund. At the end of the month, the interfund receivable and payables are liquidated when cash is transferred. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities or duly organized school districts, improvement districts in this state, and the State Treasurer's LGIP.

The City participates in an investment pool, *State Treasurer's Local Government Investment Pool* (LGIP), managed by the State of Arizona. The LGIP has invested a portion of the pool funds in structured notes and asset-backed securities. LGIP's investments are subject to credit risk with the full faith and credit of the State of Arizona collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (the "Administrator") in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

The Arizona Government Code requires Arizona banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. Arizona law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits; however, the City has not waived the collateralization requirements.

The business-type component unit invests cash and investments in local financial institutions.

D. Restricted Cash and Investments

Certain cash and investments held by a fiscal agent from bond proceeds of City issued bond and loans, as well as certain resources set aside for their repayment, are classified as restricted cash and investments because their use is limited by applicable bond indentures or loan covenants. In addition, deposits received from customers for utility services are classified as restricted assets because their use is limited to the repayment to those customers.

As required by applicable loan documents, certain resources are set aside for debt service requirements on loans, the repair and replacement of utility infrastructure, or are restricted for the purchase of assets. The City's component units also record restrictions on certain assets for replacement reserves, residual receipts and funds with the escrow agent for requirements set forth by the holder of the mortgage notes payable.

E. Receivables

All trade and property taxes receivables are shown net of an allowance for uncollectible accounts. All revenues of governmental activities were considered collectible and therefore there was no provision. The business-type activities reported an allowance of \$11,959.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Receivables (Continued)

Cochise County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

F. Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, this statement defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

G. Due from Component Unit

Due from component unit recorded in the governmental activities column of the government-wide financial statements represents a loan due from DCHC. DCHC reports an offsetting due to primary government.

H. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$15,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Leases (Continued)

Lessee (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The City is a lessor for leases of special purpose facilities, office and commercial space, and land. The City recognizes leases receivable and deferred inflows of resources in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets, which include land, rights of way, structures, equipment, and infrastructure assets, the right to use leased equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost (except for intangible right-to-use lease assets) or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. City policy has set the capitalization threshold for capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Asset Category	Estimated Useful Life (Years)
Buildings and improvements	30 Years
Improvements other than buildings	6 - 50 Years
Wastewater system	6 - 50 Years
Water system	6 - 50 Years
Infrastructure	6 - 50 Years
Furniture, machinery and equipment	3 - 6 Years
Vehicles	5 - 7 Years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. The carrying amount of the subsystems are not required to be separately classified and reported in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting. Infrastructure assets acquired prior to 1980 are not included in the government-wide financial statements. Infrastructure assets acquired after that date are recorded at historical cost, or estimated historical cost if actual historical cost is not available.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized.

J. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed in the period when incurred.

Fund Financial Statements

The fund financial statements do not present long-term debt but rather show it in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

Government-Wide Financial Statements

City employees have vested interest in varying levels of vacation and sick leave based on both their length of employment and their bargaining unit. Vacation leave is payable to employees at the time a vacation is taken or upon termination of employment with the City. The amount of compensated absences is accrued when earned in the government-wide financial statements.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. When an employee is terminated at fiscal year end, the amount of his or her reimbursable unused vacation and/or sick leave is recorded as a liability in the governmental funds. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

L. Pensions Plans and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

The following timeframes are used for pension/OPEB reporting:

ASRS	
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021
PSPRS	
Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension/OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions/OPEB and are to be recognized in future pension/OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Net Position

For government-wide and proprietary fund financial statements, net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets and unspent bond proceeds.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

N. Fund Balances

For governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories and long-term receivables, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations imposed by the formal action of the government's highest level of decision-making authority normally through resolutions, etc., and that remain binding unless rescinded or modified in the same manner. The City Council is considered the highest authority for the City.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. With approving Resolution No. 11-859 on June 15, 2010, the City Council adopted the fund balance policy authorizing the City Manager to make the assignments.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that can report a deficit unassigned fund balance amount. In other governmental funds, it is not appropriate to report a deficit unassigned fund balance amount. However, in a governmental fund other than the general fund, expenditures incurred for a specific purpose might exceed the amounts in the fund that are restricted, committed, and assigned to that purpose and a negative residual balance for that purpose may result. If that occurs, amounts assigned to other purposes in that fund should be reduced to eliminate the deficit. If the remaining deficit eliminates all other assigned amounts in the fund, or if there are no amounts assigned to other purposes, the negative residual amount is classified as unassigned fund balance. When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed. When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

P. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2022. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the City's financial statements for the year ended June 30, 2022.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

GASB Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022 (Continued)

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

Q. Upcoming Government Accounting Standards Implementations

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Upcoming Government Accounting Standards Implementations (Continued)

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

GASB Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2024.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2025.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the government-wide Statement of Net Position as "Cash and investments" and "Restricted cash and investments". The following is a summary of cash and investments and restricted cash and investments at June 30, 2022:

	Primary Government			Component Unit	Government Wide
	Governmental Activities	Business-type Activities	Total		
Cash and investments	\$ 18,365,050	\$ 8,454,261	\$ 26,819,311	\$ 7,696	\$ 26,827,007
Restricted cash and investments	4,469,396	1,358,702	5,828,098	443,318	6,271,416
Total	\$ 22,834,446	\$ 9,812,963	\$ 32,647,409	\$ 451,014	\$ 33,098,423

Cash, cash equivalents, and investments, excluding investments with fiscal agents, consisted of the following at June 30, 2022:

Cash and cash equivalents:	
Petty cash	\$ 5,400
Demand deposits	3,363,412
Restricted demand deposits	1,549,642
Investments:	
Local Government Investment Pool - Pool 5	23,458,195
Restricted Local Government Investment Pool - Pool 500	4,721,774
Total	\$ 33,098,423

The City's investments at June 30, 2022, categorized within the fair value hierarchy as described in Note 1F are as follows:

Investment Type	Total Fair Value	Measurement Inputs
External Investment Pools measured at Fair Value		
Local Government Investment Pool - Pool 5	\$ 23,458,195	Uncategorized
Local Government Investment Pool - Pool 500	4,721,774	Uncategorized
Total investment pools measured at fair value	28,179,969	
Total investments	\$ 28,179,969	

A. Cash Deposits

The carrying value of the City's demand deposits at June 30, 2022 was \$4,605,177 and the bank balance was \$4,618,579. Of the bank balance, \$1,758,575 was covered by federal depository insurance, \$2,860,004 was uninsured and covered by collateral held by the City's custodial bank in the City's name. Cash on deposit with the county attorney was insured by federal depository insurance or was uninsured and collateralized by securities held by the pledging financial institution in the trustee's name.

B. Investments

Under the provisions of the City's investment policy, and in accordance with Arizona Government Code (A.S.R.), the following investments are authorized:

- Securities of the U.S. Government or its agencies
- Interest-bearing savings Accounts and Certificates of Deposit
- State Treasurer's Local Government Investment Pools
- County Treasurer's Investment Pool
- Collateralized Repurchase Agreements
- Certain Obligations of U.S. corporations
- Certain Other Securities

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

C. External Investment Pool

The State Treasurer's Pool is an external investment pool, the Local Government Investment Pool (Pool 5 and Pool 500), with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The City's investments in the State Treasurer's investment pools in the amount of \$28,179,969 are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2022, the City's investments had the following maturities:

	Amount	Weighted Average Maturities (in Years)	
		1 year or less	1 - 5 years
Investments:			
Local Government Investment Pool - Pool 5	\$ 23,458,195	\$ 23,458,195	\$ -
Local Government Investment Pool - Pool 500	4,721,774	-	4,721,774
Total	\$ 28,179,969	\$ 23,458,195	\$ 4,721,774

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified thru the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in the type of investments allowed for municipalities by City resolution and Arizona State Statutes as listed on the City's investment policy and in instruments that are most credit worthy.

	Amount	Credit Quality Ratings	
		Standard &	Poor's
Investments:			
Local Government Investment Pool - Pool 5	\$ 23,458,195	AAA	Not applicable
Local Government Investment Pool - Pool 500	4,721,774	AA-2	Not applicable
Total	\$ 28,179,969		

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Statutes and the City's investment policy require collateral for demand deposits, certificates of deposit, and repurchase agreements at 102 percent of all deposits not covered by federal depository insurance. All investments are either registered in the City's name or are held by a third party in the City's name. All deposits were collateralized as of June 30, 2021.

Concentration of Credit Risk

The City invests in funds authorized by Arizona state law and currently only invests in the State Treasurer Investment Pool.

E. Restricted Cash and Investments

Restricted cash and investments at June 30, 2022, consisted of the following:

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Loan debt service reserve requirement	\$ -	\$ 1,252,172	\$ 1,252,172	\$ -
Restricted customer deposits	-	106,530	106,530	25,750
Housing restricted cash and investments	49,855	-	49,855	-
Unspent capital lease proceeds	65,329	-	65,329	-
Unspent bond proceeds	4,354,212	-	4,354,212	-
Funds held by mortgage (HUD required)	-	-	-	417,568
Total	\$ 4,469,396	\$ 1,358,702	\$ 5,828,098	\$ 443,318

Note 3 – Intergovernmental Receivables

Receivable balances, net of allowance for uncollectible accounts, have been disaggregated by type and presented separately in the financial statements with the exception of intergovernmental receivables. Intergovernmental receivables, as of year-end for the City's individual governmental funds were as follows:

	General Fund	Non-Major Governmental Funds	Governmental Funds Subtotal
Due from federal government	\$ 79,393	\$ 83,862	\$ 163,255
Due from state government	139,981	368,646	508,627
Due from local government	6,318	56,897	63,215
Total	\$ 225,692	\$ 509,405	\$ 735,097

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Intergovernmental Receivables (Continued)

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable:		
(General Fund)	\$ 50,479	\$ -
Unavailable grant revenue:		
(Nonmajor Governmental Funds)	1,731	-
Unearned revenue:		
(General Fund)	-	3,673,469
(Nonmajor Governmental Funds)	-	19,853
	<hr/> <u>\$ 52,210</u>	<hr/> <u>\$ 3,693,322</u>

Note 4 – Lease Receivable

A. Governmental Activities

A portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the City recognized \$606,486 in lease revenue and \$18,562 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2022 is as follows:

	Balance			Balance	Classification	
	July 1, 2021, as restated	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 1,914,409	\$ -	\$ (588,290)	\$ 1,326,119	\$ 590,027	\$ 736,092

As of June 30, 2022, the required payments for these leases, including interest, are:

Year Ending	Principal			Interest	Total
	June 30,	Principal	Interest		
2023	\$ 590,027	\$ 13,183	\$ 603,210		
2024	303,565	6,503	310,068		
2025	597	5,403	6,000		
2026	905	5,395	6,300		
2027	1,823	5,377	7,200		
2028-2032	23,976	26,424	50,400		
2033-2037	71,234	23,266	94,500		
2038-2042	95,297	18,103	113,400		
2043-2047	124,805	11,275	136,080		
2048-2051	113,890	2,749	116,639		
Total	\$ 1,326,119	\$ 117,678	\$ 1,443,797		

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 4 – Lease Receivable (Continued)

A. Governmental Activities (Continued)

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2023	\$ 606,486
2024	310,549
2025	14,613
2026	14,613
2027	14,613
2028-2032	87,676
2028-2032	58,450
2033-2037	73,063
2038-2042	73,063
2043	54,797
Total	<u>\$ 1,307,923</u>

Note 5 – Interfund Balances and Transactions

A. Transfers

For the year ended June 30, 2022, the City had the following transfers:

Transfers In	Transfers Out	Amount	Purpose
General Fund	HURF Fund	\$ 28,926	Administrative cost
General Fund	Water Fund	54,158	Administrative cost
General Fund	Sewer Fund	56,338	Administrative cost
General Fund	Solid Waste Fund	42,405	Administrative cost
	Subtotal	181,827	
Debt Service Fund	General Fund	3,097,319	Debt service
Debt Service Fund	HURF Fund	69,957	Debt service
Debt Service Fund	Water Fund	42,519	Debt service
Debt Service Fund	Sewer Fund	8,924	Debt service
Debt Service Fund	Solid Waste Fund	4,726	Debt service
	Subtotal	3,223,445	
Grants Special Revenue Fund	General Fund	629	Capital projects
Capital Projects Fund	General Fund	718,923	Capital projects
	Total	<u>\$ 4,124,824</u>	

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 5 – Interfund Balances and Transactions (Continued)

B. Long-Term Advances

At June 30, 2022, the balances of long-term advances were as follows:

Advances To	Advances From	Amount
General Fund	Water Fund	\$ 633,283
General Fund	Sewer Fund	315,779
General Fund	Solid Waste Fund	190,938
	Total	\$ 1,140,000
Golf Course MPC Fund	General Fund	24,225
	Total	\$ 24,225

Enterprise Funds Advance to the General Fund

The advances from the Water, Sewer and Sanitation Funds to the General Fund were made to fund the early repayment of the GADA loan in the amount of \$1,800,000. The City plans to repay the advance over a 10-year period. At June 30, 2022, the outstanding balance of the agreement was \$1,140,000.

General Fund Advance to the Golf Course Fund

The General Fund loan is the result of the Nonmajor Golf Course MPC Fund requiring a cash flow loan for operating expenses. The repayment of the loan is to be funded through operating activities. At June 30, 2022, the outstanding balance of the advance was \$24,225.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2022 is as follows:

	Balance				Balance
	July 1, 2021, as restated	Additions	Deletions	Transfers	June 30, 2022
Nondepreciable assets:					
Land	\$ 1,043,091	\$ -	\$ -	\$ -	\$ 1,043,091
Construction in progress	2,565,374	579,715	-	(1,145,556)	1,999,533
Total nondepreciable assets	3,608,465	579,715	-	(1,145,556)	3,042,624
Depreciable assets					
Land improvements	5,630,383	-	-	-	5,630,383
Streets and storm drains	23,695,585	65,246	-	793,047	24,553,878
Buildings and improvements	16,246,036	71,941	-	106,690	16,424,667
Machinery and equipment	15,072,012	538,304	(1,095)	93,319	15,702,540
Vehicles	7,657,594	454,600	-	152,500	8,264,694
Subtotal	68,301,610	1,130,091	(1,095)	1,145,556	70,576,162
Less accumulated depreciation					
Land improvements	(4,165,775)	(575,332)	-	-	(4,741,107)
Streets and storm drains	(15,909,311)	(859,716)	-	-	(16,769,027)
Buildings and improvements	(9,605,221)	(610,721)	-	-	(10,215,942)
Machinery and equipment	(13,078,326)	(414,806)	1,095	-	(13,492,037)
Vehicles	(6,193,780)	(356,143)	-	-	(6,549,923)
Subtotal	(48,952,413)	(2,816,718)	1,095	-	(51,768,036)
Total depreciable assets, net	19,349,197	(1,686,627)	-	1,145,556	18,808,126
Leased assets					
Buildings and improvements	76,749	-	-	-	76,749
Subtotal	76,749	-	-	-	76,749
Less accumulated amortization					
Buildings and improvements	-	(36,840)	-	-	(36,840)
Subtotal	-	(36,840)	-	-	(36,840)
Total leased assets, net	76,749	(36,840)	-	-	39,909
Total	\$ 23,034,411	\$ (1,143,752)	\$ -	\$ -	\$ 21,890,659

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 6 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Governmental activities depreciation and amortization expenses for capital assets for the year ended June 30, 2022 are as follows:

General government	\$ 406,631
Public safety	666,121
Highways and streets	1,250,000
Transportation	81,235
Culture and recreation	493,295
Total depreciation/amortization expense	<u>\$ 2,897,282</u>

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Transfers /Reclassifications	Balance June 30, 2022
Nondepreciable assets:					
Construction in progress	\$ 361,121	\$ 137,552	\$ (50,058)	\$ (300,766)	\$ 147,849
Total nondepreciable assets	361,121	137,552	(50,058)	(300,766)	147,849
Depreciable assets					
Water distribution system	18,434,369	22,640	-	-	18,457,009
Wastewater systems	20,931,577	180,047	-	300,766	21,412,390
Building and improvements	22,093,298	-	-	-	22,093,298
Vehicles, machinery and equipment	4,642,097	49,428	-	-	4,691,525
Subtotal	66,101,341	252,115	-	300,766	66,654,222
Less accumulated depreciation					
Water distribution system	(11,558,497)	(421,383)	-	-	(11,979,880)
Wastewater systems	(7,974,168)	(358,101)	-	-	(8,332,269)
Building and improvements	(3,996,843)	(493,887)	-	-	(4,490,730)
Vehicles, machinery and equipment	(3,516,442)	(341,418)	-	-	(3,857,860)
Subtotal	(27,045,950)	(1,614,789)	-	-	(28,660,739)
Total depreciable assets, net	39,055,391	(1,362,674)	-	300,766	37,993,483
Total	\$ 39,416,512	\$ (1,225,122)	\$ (50,058)	\$ -	\$ 38,141,332

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2022 are as follows:

Water	\$ 448,332
Sewer	919,227
Solid Waste	247,230
Total depreciation expense	<u>\$ 1,614,789</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 6 – Capital Assets (Continued)

C. Component Unit

The summary of changes in capital assets for the component unit for the year ended June 30, 2022, is as follows:

	Balance			Balance
	July 1, 2021	Additions	Deletions	June 30, 2022
Nondepreciable assets:				
Land	\$ 265,000	\$ -	\$ -	\$ 265,000
Total nondepreciable assets	265,000	-	-	265,000
Depreciable assets				
Buildings and improvements	5,207,564	-	-	5,207,564
Furniture and equipment	26,278	-	-	26,278
Subtotal	5,233,842	-	-	5,233,842
Less accumulated depreciation				
Buildings and improvements	(2,645,407)	(130,186)	-	(2,775,593)
Furniture and equipment	(24,508)	(758)	-	(25,266)
Subtotal	(2,669,915)	(130,944)	-	(2,800,859)
Total depreciable assets, net	2,563,927	(130,944)	-	2,432,983
Total	\$ 2,828,927	\$ (130,944)	\$ -	\$ 2,697,983

Depreciation expense for the component unit for the year ended June 30, 2022 was \$130,944.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt

A. Summary

	Final Maturity	Remaining Interest Rate	Remaining Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2022
Governmental Activities					
Public borrowings:					
2021 Pledged Revenue Bonds	1/1/2039	0.27 - 2.92%	\$1,555,000 - \$2,795,000	\$ 38,885,000	\$ 37,400,000
Direct borrowings:					
Lease payable	8/11/2024	0.55%	\$3,120 - \$37,265	\$ 76,749	\$ 40,385
Finance purchase agreements	3/30/2028	2.56 - 6.03%	\$98,971 - \$451,498	\$ 2,902,773	\$ 1,354,519
Call Center loan payable	7/1/2028	4.29 - 5.63%	\$375,000	<u>9,000,000</u>	2,250,000
Total Governmental Activities				<u>\$ 50,864,522</u>	<u>\$ 41,044,904</u>
Business-Type Activities					
Direct borrowings:					
Finance purchase agreements	2/1/2023	6.42%	\$10,927	\$ 106,637	\$ 31,363
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2029	2.00%	\$90,887 - \$104,417	\$ 2,677,286	\$ 585,166
Water Infrastructure Finance Authority of Arizona Issued 2018-2019 (WIFA)	7/1/2033	1.81%	\$46,403 - \$51,669	\$ 1,500,000	\$ 615,678
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2027	2.81%	\$234,017 - \$262,660	\$ 1,500,000	\$ 2,002,410
Water Infrastructure Finance Authority of Arizona Issued 2015-2016 (WIFA)	7/1/2034	2.00%	\$41,896 - \$56,267	\$ 900,000	\$ 633,861
Water Infrastructure Finance Authority of Arizona Issued 2016-2017 (WIFA)	7/1/2037	1.89%	\$224,227 - \$291,427	\$ 5,500,000	\$ 4,140,922
Total Business-Type Activities				<u>\$ 12,183,923</u>	<u>\$ 8,009,400</u>
Component Unit					
Direct borrowings:					
HUD mortgage note payable	5/1/2042	2.95%	\$84,848 - \$3,643,617	\$ 5,008,546	\$ 3,908,708
Total Component Unit				<u>\$ 5,008,546</u>	<u>\$ 3,908,708</u>

B. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2022 is as follows:

	Balance			Classification	
	July 1, 2021, as restated	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Finance Purchase Agreements	\$ 1,813,691	\$ -	\$ (459,172)	\$ 1,354,519	\$ 433,257
Lease Payable	76,749	-	(36,364)	40,385	37,265
2021 Pledged Revenue Bonds	38,885,000	-	(1,485,000)	37,400,000	1,555,000
Call Center Loan Payable	2,625,000	-	(375,000)	2,250,000	-
Total long-term debt	\$ 43,400,440	\$ -	\$ (2,355,536)	\$ 41,044,904	\$ 2,025,522
					\$ 39,019,382

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

Finance Purchase Agreements

The City has entered into several lease agreements for the financing of a fire truck, street sweeper, exercise equipment, and police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

The annual debt service requirements for the finance purchase agreements outstanding at June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 433,257	\$ 45,408	\$ 478,665
2024	382,429	28,945	411,374
2025	220,438	18,137	238,575
2026	98,971	11,385	110,356
2027	106,010	7,484	113,494
2028	113,414	3,306	116,720
Total	\$ 1,354,519	\$ 114,665	\$ 1,469,184

The City entered into finance purchase agreements whereby the lessor acquired certain capital assets and leased them to the City with the option to purchase. Unspent finance purchase agreement proceeds are included in restricted cash and investments. The financed assets are included in capital assets and are summarized by major asset class below:

Construction in progress	\$ 663,765
Buildings and improvements	895,329
Machinery and equipment	651,894
Vehicles	526,531
Less: accumulated depreciation	(1,008,177)
Subtotal	1,729,342
Unspent finance purchase agreement proceeds	65,329
Total	\$ 1,794,671

2021 Pledged Revenue Bonds

On June 29, 2021, the City issued Pledged Revenue Refunding Bonds, Series 2021 in the amount of \$38,885,000, maturing through 2039 in annual principal payments ranging in amounts from \$1,485,000 to \$2,795,000. Interest is payable semi-annually ranging from 0.27% to 2.92%. The proceeds of the bonds were used to: (i) fund all or a portion of the City's unfunded liabilities with respect to Arizona Public Safety Personnel Retirement System ("PSPRS"), (ii) fund amounts all or portion of which will fund future portions of the City's unfunded liabilities with respect to PSPRS and, (iii) paying costs incurred in connection with the execution and delivery of the Bonds. The total of \$34,317,039 was deposited to PSPRS, \$4,070,000 to the additional projects fund, and \$497,961 for payment of costs of issuance. The bonds are secured by the City's Excise Tax Revenues and State Shared Revenues. Bonds outstanding at June 30, 2022 were \$37,400,000. Amounts due before July 1, 2031 cannot be prepaid prior to those due dates.

The 2021 bonds requires that the City maintain a 3.0 times coverage ratio of limited sales tax, inclusive of excise tax revenues and state shared revenues, all within and for the most recently completed fiscal year, to current year debt service payments. The City has met its coverage requirements.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

2021 Pledged Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,555,000	\$ 779,950	\$ 2,334,950
2024	1,585,000	770,755	2,355,755
2025	1,620,000	757,554	2,377,554
2026	1,655,000	740,805	2,395,805
2027	1,805,000	718,747	2,523,747
2028-2032	11,150,000	3,026,908	14,176,908
2033-2037	12,520,000	1,656,656	14,176,656
2038-2039	<u>5,510,000</u>	<u>161,838</u>	<u>5,671,838</u>
Total	<u>\$ 37,400,000</u>	<u>\$ 8,613,213</u>	<u>\$ 46,013,213</u>

Call Center Loan Payable

In 2009, the City issued two loans totaling \$9,000,000 for the acquisition and construction of a call center. The IT Loan for \$2,400,000 is payable from a 0.3% City sales tax, and the building loan for \$6,600,000 is payable from lease revenues received on the lease agreement with a third-party. The IT Loan was paid in full on June 30, 2013. The lease of the call center is a direct borrowing 15-year lease with annual payments plus property expenses.

The lease revenues are to be used for payment of the debt, then for maintenance and operations costs. The loan is expected to have a 4.76 times coverage ratio of pledged revenue to current year debt services payments. The City met the coverage requirements. The call center lease agreement expires fiscal year 2024; however, the City anticipates extending the lease agreement to cover the loan obligation period. The total principal and interest remaining to be paid on the loan is \$2,693,710. Principal and interest paid for the current year was \$522,788 and the City sales tax and lease revenues were \$9,206,923 and \$619,344, respectively.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ 126,675	\$ 126,675
2024	375,000	105,852	480,852
2025	375,000	84,450	459,450
2026	375,000	63,338	438,338
2027	375,000	42,225	417,225
2028-2029	<u>750,000</u>	<u>21,170</u>	<u>771,170</u>
Total	<u>\$ 2,250,000</u>	<u>\$ 443,710</u>	<u>\$ 2,693,710</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

Lease Payable

The City has entered into leases for building space and equipment use. The terms of the agreements range from 2 to 3 years. The calculated interest rates varied based on the length of the lease.

The annual debt service requirements are as follows:

Year Ending				
June 30,	Principal	Interest	Total	
2023	\$ 37,265	\$ 129	\$ 37,394	
2024	3,120	1	3,121	
Total	\$ 40,385	\$ 130	\$ 40,515	

C. Business-Type Activities

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Classification	
					Due Within One Year	Due In More Than One Year
Water Fund:						
Finance Purchase Agreements	\$ 29,005	\$ -	\$ (18,078)	\$ 10,927	\$ 10,927	\$ -
2010 WIFA Loan	673,567	-	(88,401)	585,166	90,889	494,277
2019 WIFA Loan	661,257	-	(45,579)	615,678	46,403	569,275
Total water fund	1,363,829	-	(152,058)	1,211,771	148,219	1,063,552
Sewer Fund:						
Finance Purchase Agreements	29,143	-	(8,707)	20,436	7,149	13,287
2010 WIFA Loan	2,231,837	-	(229,427)	2,002,410	234,017	1,768,393
2016 WIFA Loan	674,740	-	(40,879)	633,861	41,896	591,965
2017 WIFA Loan	4,360,990	-	(220,068)	4,140,922	224,227	3,916,695
Total sewer fund	7,296,710	-	(499,081)	6,797,629	507,289	6,290,340
Total business-type activities	\$ 8,660,539	\$ -	\$ (651,139)	\$ 8,009,400	\$ 655,508	\$ 7,353,892

Finance Purchase Agreements

The City has entered into several lease agreements for the financing of city vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

C. Business-Type Activities (Continued)

The annual debt service requirements for the finance purchase agreements outstanding at June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 18,076	\$ 1,046	\$ 19,122
2024	4,659	598	5,257
2025	4,915	343	5,258
2026	3,713	79	3,792
Total	\$ 31,363	\$ 2,066	\$ 33,429

The City entered into finance purchase agreements whereby the lessor acquired certain capital assets and leased them to the City with the option to purchase. The financed assets are included in capital assets and are summarized by major asset class below:

	Amount
Vehicles	\$ 129,757
Less: accumulated depreciation	(93,268)
Total	\$ 36,489

Water Infrastructure Financing Authority Loans

The City has five loans through the Water Infrastructure Financing Authority of Arizona (WIFA). The loans are payable from water and sewer charges for services through the fiscal year 2034. The City draws the loan as funds are utilized and pays interest on the outstanding principal balance. The loan agreement requires that the City maintain a 1.2 times coverage ratio of net water and sewer system revenues to current year debt service payments. The City has met its coverage requirements. The total principal and interest remaining to be paid on the loans are \$9,026,592. Principal and interest paid for the current year and total pledged revenues were \$624,355 and \$167,301, respectively.

The annual requirements to amortize the bonds outstanding at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 637,432	\$ 155,001	\$ 792,433
2024	650,789	141,501	792,290
2025	664,433	127,710	792,143
2026	678,370	113,624	791,994
2027	692,607	99,234	791,841
2028-2032	2,679,639	305,344	2,984,983
2033-2037	1,680,829	103,363	1,784,192
2038-2039	293,938	2,778	296,716
Total	\$ 7,978,037	\$ 1,048,555	\$ 9,026,592

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

D. Component Unit

Summary of changes in long-term liabilities for the component unit for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Classification	
					Due Within One Year	Due In More Than One Year
HUD mortgage note payable	\$ 3,991,093	\$ -	\$ (82,385)	\$ 3,908,708	\$ 84,848	\$ 3,823,860
Total long-term debt	\$ 3,991,093	\$ -	\$ (82,385)	\$ 3,908,708	\$ 84,848	\$ 3,823,860

HUD Mortgage

The note is insured by HUD and is secured by the projects land and buildings. The notes are being repaid through federal subsidies and tenant rent. The future principal payments are scheduled based on estimated principal retirement. The component unit pays principal as cash is available; the maturity date of the outstanding debt is May 1, 2042. The mortgage has an interest rate of 0% and is insured by HUD.

The annual requirements to amortize the bonds outstanding at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 84,848	\$ -	\$ 84,848
2024	87,385	-	87,385
2025	89,999	-	89,999
2026	92,690	-	92,690
2027	95,461	-	95,461
Thereafter	3,458,325	-	3,458,325
Total	\$ 3,908,708	\$ -	\$ 3,908,708

Note 8 – Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick leave) has been accrued and amounts to \$1,807,577 at June 30, 2022. Summary of changes in compensated absences for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences:						
Governmental Activities	\$ 1,561,725	\$ 1,000,403	\$ (903,161)	\$ 1,658,967	\$ 1,327,174	\$ 331,793
Business-Type Activities	148,833	107,971	(108,194)	148,610	118,887	29,723
Total compensated absences	\$ 1,710,558	\$ 1,108,374	\$ (1,011,355)	\$ 1,807,577	\$ 1,446,061	\$ 361,516

For the Governmental Activities, compensated absences are generally liquidated by the General Fund. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits

A. Summary – Pension and OPEB

Deferred Outflows of Resources

Pension-related deferred outflows of resources:

Pension contributions made after measurement date:

	Governmental Activities	Business-Type Activities	Total
ASRS	\$ 462,595	\$ 147,161	\$ 609,756
PSPRS - Police Plan - Tier 1 & 2	263,799	-	263,799
PSPRS - Fire Plan - Tier 1 & 2	271,805	-	271,805
PSPRS - Police Plan - Tier 3	37,404	-	37,404
PSPRS - Fire Plan - Tier 3	55,644	-	55,644
Total pension contributions made after measurement date	1,091,247	147,161	1,238,408

Change in assumptions:

ASRS	609,421	193,869	803,290
PSPRS - Police Plan - Tier 1 & 2	135,105	-	135,105
PSPRS - Fire Plan - Tier 1 & 2	497,908	-	497,908
PSPRS - Police Plan - Tier 3	170	-	170
PSPRS - Fire Plan - Tier 3	409	-	409
Total change in assumption	1,243,013	193,869	1,436,882

Difference between expected and actual experience

ASRS	71,375	22,706	94,081
PSPRS - Police Plan - Tier 1 & 2	595,579	-	595,579
PSPRS - Fire Plan - Tier 1 & 2	648,784	-	648,784
PSPRS - Police Plan - Tier 3	40,163	-	40,163
PSPRS - Fire Plan - Tier 3	96,364	-	96,364
Total difference between expected and actual experience	1,452,265	22,706	1,474,971

Change in proportion and differences between employer contributions and proportionate share of contributions

ASRS	349,177	111,081	460,258
PSPRS - Fire Plan - Tier 3	22,282	-	22,282
Total change in proportion and differences between employer contributions and proportionate share of contributions	371,459	111,081	482,540

Total pension-related deferred outflows of resources

ASRS	1,492,568	474,817	1,967,385
PSPRS - Police Plan - Tier 1 & 2	994,483	-	994,483
PSPRS - Fire Plan - Tier 1 & 2	1,418,497	-	1,418,497
PSPRS - Police Plan - Tier 3	77,737	-	77,737
PSPRS - Fire Plan - Tier 3	174,699	-	174,699
Total pension-related deferred outflows of resources	\$ 4,157,984	\$ 474,817	\$ 4,632,801

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

A. Summary – Pension and OPEB (Continued)

Deferred Outflows of Resources (Continued)

	Governmental Activities	Business-Type Activities	Total
OPEB-related deferred outflows of resources:			
OPEB contributions made after measurement date:			
ASRS - Health Benefit Supplement Plan	\$ 8,089	\$ 2,573	\$ 10,662
ASRS - Long-Term Disability Plan	7,318	2,329	9,647
PSPRS - Police Plan - Tier 1 & 2	3,921	-	3,921
PSPRS - Fire Plan - Tier 1 & 2	3,323	-	3,323
PSPRS - Police Plan - Tier 3	530	-	530
PSPRS - Fire Plan - Tier 3	788	-	788
Total OPEB contributions made after measurement date	<u>23,969</u>	<u>4,902</u>	<u>28,871</u>
Change in assumptions:			
ASRS - Health Benefit Supplement Plan	8,593	2,733	11,326
ASRS - Long-Term Disability Plan	2,348	747	3,095
PSPRS - Police Plan - Tier 1 & 2	524	-	524
PSPRS - Fire Plan - Tier 1 & 2	1,627	-	1,627
Total change in assumption	<u>13,092</u>	<u>3,480</u>	<u>16,572</u>
Difference between expected and actual experience			
ASRS - Long-Term Disability Plan	2,120	675	2,795
PSPRS - Police Plan - Tier 3	61	-	61
PSPRS - Fire Plan - Tier 3	146	-	146
Total difference between expected and actual experience	<u>2,327</u>	<u>675</u>	<u>3,002</u>
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Long-Term Disability Plan	2,051	652	2,703
PSPRS - Fire Plan - Tier 3	<u>686</u>	<u>-</u>	<u>686</u>
Total change in proportion and differences between employer contributions and proportionate share of contributions	<u>2,737</u>	<u>652</u>	<u>3,389</u>
Total OPEB-related deferred outflows of resources			
ASRS - Health Benefit Supplement Plan	16,682	5,306	21,988
ASRS - Long-Term Disability Plan	13,837	4,403	18,240
PSPRS - Police Plan - Tier 1 & 2	4,445	-	4,445
PSPRS - Fire Plan - Tier 1 & 2	4,950	-	4,950
PSPRS - Police Plan - Tier 3	591	-	591
PSPRS - Fire Plan - Tier 3	1,620	-	1,620
Total OPEB-related deferred outflows of resources	<u>\$ 42,125</u>	<u>\$ 9,709</u>	<u>\$ 51,834</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

A. Summary – Pension and OPEB (Continued)

Pension/OPEB Assets and Liabilities

	Governmental Activities	Business-Type Activities	Total
Net pension asset			
PSPRS - Police Plan - Tier 1 & 2	\$ 2,954,592	\$ -	\$ 2,954,592
PSPRS - Fire Plan - Tier 1 & 2	1,672,484	-	1,672,484
PSPRS - Police Plan - Tier 3	21,980	-	21,980
PSPRS - Fire Plan - Tier 3	52,736	-	52,736
Total net pension asset	<u>4,701,792</u>	<u>-</u>	<u>4,701,792</u>
Net pension liability			
ASRS	\$ 4,682,157	\$ 1,489,492	\$ 6,171,649
Total net pension liability	<u>\$ 4,682,157</u>	<u>\$ 1,489,492</u>	<u>\$ 6,171,649</u>
Net OPEB asset			
ASRS - Health Benefit Supplement Plan	\$ 173,316	\$ 55,136	\$ 228,452
PSPRS - Police Plan - Tier 1 & 2	336,383	-	336,383
PSPRS - Fire Plan - Tier 1 & 2	348,162	-	348,162
PSPRS - Police Plan - Tier 3	1,994	-	1,994
PSPRS - Fire Plan - Tier 3	4,785	-	4,785
Total Net OPEB asset	<u>\$ 864,640</u>	<u>\$ 55,136</u>	<u>\$ 919,776</u>
Net OPEB liability			
ASRS - Long-Term Disability Plan	\$ 7,342	\$ 2,335	\$ 9,677
Total Net OPEB liability	<u>\$ 7,342</u>	<u>\$ 2,335</u>	<u>\$ 9,677</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

A. Summary – Pension and OPEB (Continued)

Deferred Inflows of Resources

	Governmental Activities	Business-Type Activities	Total
Pension-related deferred inflows of resources:			
Projected earnings on pension plan investments in excess of actual earnings:			
ASRS	\$ 1,483,472	\$ 471,924	\$ 1,955,396
PSPRS - Police Plan - Tier 1 & 2	400,320	-	400,320
PSPRS - Fire Plan - Tier 1 & 2	311,318	-	311,318
PSPRS - Police Plan - Tier 3	14,732	-	14,732
PSPRS - Fire Plan - Tier 3	35,348	-	35,348
	<hr/>	<hr/>	<hr/>
Total projected earnings on pension plan investments in excess of actual earnings	2,245,190	471,924	2,717,114
	<hr/>	<hr/>	<hr/>
Difference between expected and actual experience			
PSPRS - Fire Plan - Tier 1 & 2	306,058	-	306,058
	<hr/>	<hr/>	<hr/>
Total difference between expected and actual experience	306,058	-	306,058
	<hr/>	<hr/>	<hr/>
Change in proportion and differences between employer contributions and proportionate share of contributions			
PSPRS - Police Plan - Tier 3	3,354	-	3,354
	<hr/>	<hr/>	<hr/>
Total change in proportion and differences between employer contributions and proportionate share of contributions	3,354	-	3,354
	<hr/>	<hr/>	<hr/>
Total pension-related deferred inflows of resources			
ASRS	1,483,472	471,924	1,955,396
PSPRS - Police Plan - Tier 1 & 2	400,320	-	400,320
PSPRS - Fire Plan - Tier 1 & 2	617,376	-	617,376
PSPRS - Police Plan - Tier 3	18,086	-	18,086
PSPRS - Fire Plan - Tier 3	35,348	-	35,348
	<hr/>	<hr/>	<hr/>
Total pension-related deferred inflows of resources	\$ 2,554,602	\$ 471,924	\$ 3,026,526
	<hr/>	<hr/>	<hr/>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

A. Summary – Pension and OPEB (Continued)

Deferred Inflows of Resources (Continued)

	Governmental Activities	Business-Type Activities	Total
OPEB-related deferred inflows of resources:			
Projected earnings on pension plan investments in excess of actual earnings:			
ASRS - Health Benefit Supplement Plan	\$ 64,292	\$ 20,452	\$ 84,744
ASRS - Long-Term Disability Plan	5,085	1,617	6,702
PSPRS - Police Plan - Tier 1 & 2	66,882	-	66,882
PSPRS - Fire Plan - Tier 1 & 2	53,702	-	53,702
PSPRS - Police Plan - Tier 3	453	-	453
PSPRS - Fire Plan - Tier 3	1,087	-	1,087
Total projected earnings on pension plan investments in excess of actual earnings	<u>191,501</u>	<u>22,069</u>	<u>213,570</u>
Change in assumptions:			
ASRS - Health Benefit Supplement Plan	7,007	2,229	9,236
ASRS - Long-Term Disability Plan	9,250	2,943	12,193
PSPRS - Police Plan - Tier 3	1	-	1
PSPRS - Fire Plan - Tier 3	2	-	2
Total change in assumption	<u>16,260</u>	<u>5,172</u>	<u>21,432</u>
Difference between expected and actual experience			
ASRS - Health Benefit Supplement Plan	60,107	19,121	79,228
ASRS - Long-Term Disability Plan	599	190	789
PSPRS - Police Plan - Tier 1 & 2	67,277	-	67,277
PSPRS - Fire Plan - Tier 1 & 2	69,034	-	69,034
PSPRS - Police Plan - Tier 3	89	-	89
PSPRS - Fire Plan - Tier 3	213	-	213
Total difference between expected and actual experience	<u>197,319</u>	<u>19,311</u>	<u>216,630</u>
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Health Benefit Supplement Plan	1,226	390	1,616
ASRS - Long-Term Disability Plan	838	266	1,104
PSPRS - Police Plan - Tier 3	61	-	61
Total change in proportion and differences between employer contributions and proportionate share of contributions	<u>2,125</u>	<u>656</u>	<u>2,781</u>
Total OPEB-related deferred inflows of resources			
ASRS - Health Benefit Supplement Plan	132,632	42,192	174,824
ASRS - Long-Term Disability Plan	15,772	5,016	20,788
PSPRS - Police Plan - Tier 1 & 2	134,159	-	134,159
PSPRS - Fire Plan - Tier 1 & 2	122,736	-	122,736
PSPRS - Police Plan - Tier 3	604	-	604
PSPRS - Fire Plan - Tier 3	1,302	-	1,302
Total OPEB-related deferred inflows of resources	<u>\$ 407,205</u>	<u>\$ 47,208</u>	<u>\$ 454,413</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

A. Summary – Pension and OPEB (Continued)

Pension/OPEB Expenses/(Income)

	Governmental Activities	Business-Type Activities	Total
Pension expenses/(income):			
ASRS	\$ 543,658	\$ 172,949	\$ 716,607
PSPRS - Police Plan - Tier 1 & 2	1,187,509	-	1,187,509
PSPRS - Fire Plan - Tier 1 & 2	740,804	-	740,804
PSPRS - Police Plan - Tier 3	(219)	-	(219)
PSPRS - Fire Plan - Tier 3	2,208	-	2,208
Total net pension expenses/(income)	<u><u>\$ 2,473,960</u></u>	<u><u>\$ 172,949</u></u>	<u><u>\$ 2,646,909</u></u>
OPEB expenses/(income):			
ASRS - Health Benefit Supplement Plan	\$ (20,281)	\$ (6,452)	\$ (26,733)
ASRS - Long-Term Disability Plan	5,604	1,783	7,387
PSPRS - Police Plan - Tier 1 & 2	(77,681)	-	(77,681)
PSPRS - Fire Plan - Tier 1 & 2	(42,844)	-	(42,844)
PSPRS - Police Plan - Tier 3	(164)	-	(164)
PSPRS - Fire Plan - Tier 3	(334)	-	(334)
Total net OPEB expenses/(income)	<u><u>\$ (135,700)</u></u>	<u><u>\$ (4,669)</u></u>	<u><u>\$ (140,369)</u></u>

B. Arizona State Retirement System (“ASRS”) Plans

Plan Description

City employees, not covered by the other pension plans described below, participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer health insurance premium benefit supplemental program (OPEB), and a cost-sharing multiple-employer long-term disability (OPEB) for actively contributing members. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

B. Arizona State Retirement System (“ASRS”) Plans (Continued)

Benefits Provided

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

Retirement Initial Membership Date:		
	Before July 1, 2011	On or After July 1, 2011
Sum of years and age equals		
Years of credited service and age required to receive benefit	80 or more 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Employees Covered

At June 30, 2022 the City had 160 active and contributing employees were covered by the benefit terms the Plan. As of the date of the audit report, the City was unable to determine the number of transferred/separated employees not receiving benefits or the number of retired employees receiving benefits.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

B. Arizona State Retirement System (“ASRS”) Plans (Continued)

Contributions

In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members’ annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members’ annual covered payroll. The City’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, were:

	Contributions - employer
Pension Plan	\$ 609,756
Health Benefit Supplement Plan	10,662
Long-Term Disability Plan	9,647
Total	\$ 630,065

During fiscal year 2022, the City paid for ASRS pension and OPEB contributions as follows: 75.9 percent from the Governmental Funds, 9.7 percent from the Water Fund, 7.0 percent from the Sewer Fund, and 7.4 percent from the Solid Waste Fund.

Assets, Liabilities, Expenses and Deferred Outflows/Inflows of Resources Related to Pension/ASRS Plans

At June 30, 2022, the City’s reported proportionate share of pension and OPEB liability/(asset)’s for the City was:

	Net pension/OPEB (asset) liability
Pension Plan	\$ 6,171,649
Health Benefit Supplement Plan	(228,452)
Long-Term Disability Plan	9,677
Total	\$ 5,952,874

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The City’s proportion of the net asset or net liability was based on the City’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2021. The City’s proportions measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

B. Arizona State Retirement System (“ASRS”) Plans (Continued)

Assets, Liabilities, Expenses and Deferred Outflows/Inflows of Resources Related to Pension/OPEB Plans (Continued)

	Pension Plan	Health Benefit Supplement Plan	Long-Term Disability Plan
Proportion June 30, 2019	0.0436400%	0.0430100%	0.0432100%
Proportion June 30, 2020	0.0469700%	0.0468900%	0.0468800%
Change - Increase (Decrease)	<u>0.0033300%</u>	<u>0.0038800%</u>	<u>0.0036700%</u>

As of June 30, 2022, the City reported net pension and OPEB liability/(asset) for its proportionate shares of the net pension and OPEB liability/(asset) of the ASRS Plans as follows:

	Plan's Net Pension and OPEB Liability/(Asset)		
	Pension Plan	Health Benefit Supplement Plan	Long-Term Disability Plan
Balance at: 6/30/20 (Valuation date)	\$ 7,561,293	\$ (30,451)	\$ 32,780
Balance at: 6/30/21 (Measurement date)	6,171,649	(228,452)	9,677
Net Changes during 2020-2021	<u>\$ (1,389,644)</u>	<u>\$ (198,001)</u>	<u>\$ (23,103)</u>

The City recognized the following pension/OPEB expenses (for the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022:

	Pension/OPEB expenses (income)
Pension Plan	\$ 716,607
Health Benefit Supplement Plan	(26,733)
Long-Term Disability Plan	7,387
Total	<u>\$ 697,261</u>

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the ASRS Plans from the following sources:

	Pension Plan		Health Benefit Supplement Plan		Long-Term Disability Plan	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Contributions made subsequent to measurement date	\$ 609,756	\$ -	\$ 10,662	\$ -	\$ 9,647	\$ -
Difference between projected and actual earning on pension plan investments	-	(1,955,396)	-	(84,744)	-	(6,702)
Changes in assumptions	803,290	-	11,326	(9,236)	3,095	(12,193)
Difference between actual and expected experience	94,081	-	-	(79,228)	2,795	(789)
Changes in proportion and differences between employer contributions and proportionate share of contributions	460,258	-	-	(1,616)	2,703	(1,104)
Total	<u>\$ 1,967,385</u>	<u>\$ (1,955,396)</u>	<u>\$ 21,988</u>	<u>\$ (174,824)</u>	<u>\$ 18,240</u>	<u>\$ (20,788)</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

B. Arizona State Retirement System (“ASRS”) Plans (Continued)

Assets, Liabilities, Expenses and Deferred Outflows/Inflows of Resources Related to Pension/OPEB Plans (Continued)

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources		
	Pension Plan	Health Benefit Supplement Plan	Long-Term Disability Plan
2023	\$ 325,053	\$ (38,340)	\$ (1,685)
2024	182,089	(36,764)	(1,569)
2025	(431,065)	(40,274)	(1,811)
2026	(673,844)	(44,433)	(2,826)
2027	-	(3,687)	(963)
Thereafter	-	-	(3,341)
	\$ (597,767)	\$ (163,498)	\$ (12,195)

Actuarial Methods and Assumptions Used to Determine Total Pension and OPEB Liability

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. Both the June 30, 2020 and the June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68/75
Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial Assumptions:	
Investment rate of return	7.0%
Projected salary increases	2.9–8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

B. Arizona State Retirement System (“ASRS”) Plans (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension and OPEB Liability (Continued)

Asset Class	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity	50.00%	4.90%	2.45%
Fixed income - credit	20.00%	5.20%	1.04%
Fixed income - interest rate sensitive	10.00%	0.70%	0.70%
Real Estate	20.00%	5.70%	1.14%
Total	100.00%		5.33%

Discount Rate

At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the City’s proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the City’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the City’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	Aggregate Net Pension and OPEB Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.00%)	Rate (7.00%)	(8.00%)
Pension Plan	\$ 9,707,488	\$ 6,171,649	\$ 3,223,739
Health Benefit Supplement Plan	\$ (151,259)	\$ (228,452)	\$ (294,091)
Long-Term Disability Plan	\$ 12,601	\$ 9,677	\$ 6,848
Total	\$ 9,568,830	\$ 5,952,874	\$ 2,936,496

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued report at www.azasrs.gov.

Payable to the Pension Plan

At June 30, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

C. Arizona Public Safety Retirement System (“PSPRS”) Plans

Plan Description

The City’s public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:		
	Before January 1, 2012	On or After January 1, 2012 and Before July 1, 2017	On or After July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5* 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years 50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years 1.5% to 2.5% per year of credited service, not to exceed 80%
Normal retirement			
Accidental disability retirement		50% or normal retirement, whichever is greater	
Catastrophic disability retirement		90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement		Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor benefit			
Retired members		80% to 100% of retired member’s pension benefit	
Active members		80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member’s compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

C. Arizona Public Safety Retirement System (“PSPRS”) Plans (Continued)

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for each Plan:

	Police Plan (Tier 1 & 2)		Fire Plan (Tier 1 & 2)		Police Plan (Tier 3)		Fire Plan (Tier 3)	
	Pension	Health	Pension	Health	Pension	Health	Pension	Health
Active employees	22	22	12	12	8	8	9	9
Transferred and terminated employees	5	5	13	13	1	1	3	3
Retired employees and beneficiaries	38	38	26	26	0	0	0	0
Total	65	65	51	51	9	9	12	12

Contributions

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Police Plan (Tier 1 & 2)		Fire Plan (Tier 1 & 2)		Police Plan (Tier 3)		Fire Plan (Tier 3)	
	(Tier 1) 7.65%		(Tier 2 - hired after 7/2011) 11.65%		10.41%		9.81%	
Active members - pension								
City of Cottonwood, Arizona:								
Pension	11.21%		9.05%		9.81%		9.81%	
Health Insurance	0.43%		0.13%		0.13%		0.13%	

Also statutes required the City was required to contribute at the actuarially determined rate for Police Tier 1 & 2, Police Tier 3, Fire Tier 1 & 2, Fire Tier 3 of 11.64%, 9.94%, 9.18%, and 9.94%, respectively, of annual covered payroll for Police Plan and Fire Plan retired members, respectively who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

For the year ended June 30, 2022, the City’s contributions made for each Plan was as follows:

	Police Plan (Tier 1 & 2)		Fire Plan (Tier 1 & 2)		Police Plan (Tier 3)		Fire Plan (Tier 3)	
	Pension	Health	Pension	Health	Pension	Health	Pension	Health
Contributions - employer	\$ 263,799	\$ 3,921	\$ 271,805	\$ 3,323	\$ 37,404	\$ 530	\$ 55,644	\$ 788

During fiscal year 2022, the City paid for the total PSPRS pension and OPEB contributions from the general fund.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

C. Arizona Public Safety Retirement System (“PSPRS”) Plans (Continued)

Net Pension and OPEB Liability/(Asset)

The City’s net assets and net liabilities were measured as of June 30, 2021, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

The City’s proportions measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

	Police Pension Plan (Tier 3)	Police OPEB Plan (Tier 3)	Fire Pension Plan (Tier 3)	Fire OPEB Plan (Tier 3)
Proportion June 30, 2020	0.0212430%	0.01849%	0.2021680%	0.2838920%
Proportion June 30, 2021	0.1889850%	0.16364%	0.1605670%	0.2257850%
Change - Increase (Decrease)	<u>0.1677420%</u>	<u>0.1451530%</u>	<u>-0.0416010%</u>	<u>-0.0581070%</u>

Actuarial Assumptions

The total pension and liabilities/(assets) in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return ¹
U.S. public equity	24.00%	4.08%
International public equity	16.00%	5.20%
Global private equity	20.00%	7.67%
Other assets (capital appreciation)	7.00%	5.43%
Core bonds	2.00%	0.42%
Private credit	20.00%	5.74%
Diversifying strategies	10.00%	3.99%
Cash - Mellon	1.00%	-0.31%
	<u>100.00%</u>	

¹An expected inflation of 2.25% used for this period

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

C. Arizona Public Safety Retirement System (“PSPRS”) Plans (Continued)

Discount Rate

At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the Net Pension and OPEB Liability/(Asset)

The following table shows the changes in net pension liability for Tier 1 and Tier 2 recognized over the measurement period:

Police Plan (Tier 1 & 2) - 009					
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Total OPEB Liability	Plan Fiduciary Net Position
	\$	\$	\$	\$	\$
Balance at June 30, 2020 (Valuation Date)	\$ 27,540,190	\$ 8,154,397	\$ 19,385,793	\$ 385,101	\$ 578,439
Changes in the year:					
Service cost	310,697	-	310,697	7,800	-
Interest on the total pension liabilities	1,971,357	-	1,971,357	27,830	-
Differences between expected and actual experience	161,907	-	161,907	(21,882)	-
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of members contributions	(1,691,994)	(1,691,994)	-	(23,331)	(23,331)
Contributions - employer	-	22,337,549	(22,337,549)	-	-
Contributions - employee	-	157,455	(157,455)	-	-
Net investment income	-	2,300,114	(2,300,114)	-	157,440
Administrative expenses	-	(10,772)	10,772	-	(647)
Net changes	751,967	23,092,352	(22,340,385)	(9,583)	133,462
Balance at June 30, 2021 (Measurement Date)	<u>\$ 28,292,157</u>	<u>\$ 31,246,749</u>	<u>\$ (2,954,592)</u>	<u>\$ 375,518</u>	<u>\$ 711,901</u>
	\$ (336,383)				

Fire Plan (Tier 1 & 2) - 008					
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Total OPEB Liability	Plan Fiduciary Net Position
	\$	\$	\$	\$	\$
Balance at June 30, 2020 (Valuation Date)	\$ 18,363,686	\$ 5,471,875	\$ 12,891,811	\$ 240,443	\$ 463,152
Changes in the year:					
Service cost	331,050	-	331,050	6,781	-
Interest on the total pension liabilities	1,326,995	-	1,326,995	17,602	-
Differences between expected and actual experience	427,129	-	427,129	(24,027)	-
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of members contributions	(1,033,446)	(1,033,446)	-	(12,211)	(12,211)
Contributions - employer	-	14,921,252	(14,921,252)	-	-
Contributions - employee	-	133,682	(133,682)	-	-
Net investment income	-	1,601,908	(1,601,908)	-	126,328
Administrative expenses	-	(7,373)	7,373	-	(519)
Net changes	1,051,728	15,616,023	(14,564,295)	(11,855)	113,598
Balance at June 30, 2021 (Measurement Date)	<u>\$ 19,415,414</u>	<u>\$ 21,087,898</u>	<u>\$ (1,672,484)</u>	<u>\$ 228,588</u>	<u>\$ 576,750</u>
	\$ (348,162)				

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

C. Arizona Public Safety Retirement System (“PSPRS”) Plans (Continued)

Sensitivity of the Net Pension and OPEB Liability/(Asset) to Changes in the Discount Rate

Sensitivity of the City’s net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the City’s net pension/OPEB (assets) liabilities calculated using the discount rate of 7.3 percent, as well as what the City’s net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	Plan's Net Pension/OPEB (Asset) Liability		
	Discount Rate - 1% (6.30%)	Current Discount Rate (7.30%)	Discount Rate + 1% (8.30%)
Police Pension Plan (Tier 1 & 2)	\$ 705,837	\$ (2,954,592)	\$ (5,948,875)
Police OPEB Plan (Tier 1 & 2)	\$ (293,817)	\$ (336,383)	\$ (372,131)
Fire Pension Plan (Tier 1 & 2)	\$ 923,749	\$ (1,672,484)	\$ (3,790,200)
Fire OPEB Plan (Tier 1 & 2)	\$ (319,972)	\$ (348,162)	\$ (371,797)
Aggregate Total	\$ 1,015,797	\$ (5,311,621)	\$ (10,483,003)

	Plan's Aggregate Proportionate Share of Net Pension/OPEB (Asset) Liability		
	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Police Pension Plan (Tier 3)	\$ 6,189	\$ (21,980)	\$ (42,943)
Police OPEB Plan (Tier 3)	\$ (1,655)	\$ (1,994)	\$ (2,261)
Fire Pension Plan (Tier 3)	\$ 14,850	\$ (52,736)	\$ (103,035)
Fire OPEB Plan (Tier 3)	\$ (3,972)	\$ (4,785)	\$ (5,424)
Aggregate Total	\$ 15,412	\$ (81,495)	\$ (153,663)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expenses (Income) and Deferred Outflows/Inflows of Resources Related to Pension/OPEB Plans

For the year ended June 30, 2022, the City recognized the following pension and OPEB expense (income):

Pension/OPEB expense/(income)		
Pension Plan - Police (Tier 1 & 2)	\$ 1,187,509	
Pension Plan - Fire (Tier 1 & 2)	740,804	
Pension Plan - Police (Tier 3)	(219)	
Pension Plan - Fire (Tier 3)	2,208	
OPEB Plan - Police (Tier 1 & 2)	(77,681)	
OPEB Plan - Fire (Tier 1 & 2)	(42,844)	
OPEB Plan - Police (Tier 3)	(164)	
OPEB Plan - Fire (Tier 3)	(334)	
Total	\$ 1,809,279	

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

C. Arizona Public Safety Retirement System (“PSPRS”) Plans (Continued)

Pension Expenses (Income) and Deferred Outflows/Inflows of Resources Related to Pension/OPEB Plans (Continued)

At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Police Plan (Tier 1 & 2)		OPEB Plan	
		Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 263,799	\$ -	\$ 3,921	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	-	(400,320)	-	-	(66,882)
Changes in assumptions	135,105	-	524	-	-
Difference between actual and expected experience	595,579	-	-	-	(67,277)
Total	\$ 994,483	\$ (400,320)	\$ 4,445	\$ -	\$ (134,159)

		Fire Plan (Tier 1 & 2)		OPEB Plan	
		Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 271,805	\$ -	\$ 3,323	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	-	(311,318)	-	-	(53,702)
Changes in assumptions	497,908	-	1,627	-	-
Difference between actual and expected experience	648,784	(306,058)	-	-	(69,034)
Total	\$ 1,418,497	\$ (617,376)	\$ 4,950	\$ -	\$ (122,736)

		Police Plan (Tier 3)		OPEB Plan	
		Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 37,404	\$ -	\$ 530	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	-	(14,732)	-	-	(453)
Changes in assumptions	170	-	-	-	(1)
Difference between actual and expected experience	40,163	-	61	-	(89)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(3,354)	-	-	(61)
Total	\$ 77,737	\$ (18,086)	\$ 591	\$ -	\$ (604)

		Fire Plan (Tier 3)		OPEB Plan	
		Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 55,644	\$ -	\$ 788	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	-	(35,348)	-	-	(1,087)
Changes in assumptions	409	-	-	-	(2)
Difference between actual and expected experience	96,364	-	146	-	(213)
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,282	-	686	-	-
Total	\$ 174,699	\$ (35,348)	\$ 1,620	\$ -	\$ (1,302)

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Pension Plans and Other Postemployment Benefits (Continued)

C. Arizona Public Safety Retirement System (“PSPRS”) Plans (Continued)

Pension Expenses (Income) and Deferred Outflows/Inflows of Resources Related to Pension/OPEB Plans (Continued)

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources			
	Police Pension Plan (Tier 1 & 2)	Police OPEB Plan (Tier 1 & 2)	Fire Pension Plan (Tier 1 & 2)	Fire OPEB Plan (Tier 1 & 2)
2023	\$ 423,489	\$ (54,176)	\$ 166,959	\$ (30,984)
2024	148,255	(34,579)	208,130	(31,332)
2025	(52,195)	(21,662)	130,220	(31,409)
2026	(189,185)	(23,218)	24,007	(23,379)
2027	-	-	-	(4,005)
Thereafter	-	-	-	-
	\$ 330,364	\$ (133,635)	\$ 529,316	\$ (121,109)

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources			
	Police Pension Plan (Tier 3)	Police OPEB Plan (Tier 3)	Fire Pension Plan (Tier 3)	Fire OPEB Plan (Tier 3)
2023	\$ (378)	\$ (117)	\$ 1,827	\$ (221)
2024	(379)	(117)	1,826	(221)
2025	(352)	(116)	1,890	(217)
2026	(689)	(126)	1,082	(242)
2027	3,234	(6)	10,493	47
Thereafter	20,811	(61)	66,589	384
	\$ 22,247	\$ (543)	\$ 83,707	\$ (470)

Note 10 – Risk Management

The City of Douglas, Arizona, is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City’s insurance protection is provided by a private carrier (State National Insurance Company), of which the City is a participating member. The limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$5,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The City is also insured by State Compensation Fund for workers compensation for potential worker related accidents.

The City is self-insured for individual health claims up to \$50,000 per covered person. Coverage in excess of this amount is provided through the purchase of commercial insurance. Settlements have not exceeded the City’s excess insurance coverage amounts for claims in any of the last three fiscal years.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Risk Management (Continued)

The City reports its self-insurance activity as an internal service fund. The City allocates the cost of claims by charging a premium to each fund based on a percentage of each fund's estimated current-year payroll. Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

The liability claims amount recorded in the accompanying financial statements is based on reported pending claims, effects of inflation, recent claim settlement trends and other economic and social trends. At June 30, 2022, the self-insured benefit claims payable reported within the internal service fund, including amounts incurred, but not yet reported totaled \$212,811.

	Beginning of Fiscal Year Liability	Current Year			Balance at Fiscal Year End
		Claims and Changes in Estimates	Claim Payments		
2019-2020	\$ 145,851	\$ 1,190,031	\$ (1,201,020)	\$ 134,862	
2020-2021	134,862	1,231,035	(1,128,378)	237,519	
2021-2022	237,519	1,892,675	(1,917,383)	212,811	

Note 11 – Classification of Fund Balances

The City classifies fund balances, as shown on the Balance Sheet – Governmental Funds as of June 30, 2022 as follows:

	Major Funds			Other Governmental Funds	Total
	General Fund	City Debt Service Fund			
Nonspendable:					
Inventories	\$ 65,228	\$ -	\$ -	\$ 65,228	
Prepaid items	29,221	-	-	29,221	
Advance to other funds	24,225	-	-	24,225	
Due from component unit	799,778	-	-	799,778	
Total nonspendable	918,452				918,452
Restricted:					
PSPRS contingency reserve	3,963,013	-	-	3,963,013	
Firefighters injured in line of duty	145,747	-	-	145,747	
Capital lease proceeds	65,329	-	-	65,329	
Federal and state grant programs	-	-	456,041	456,041	
Golf course operations	-	-	108,439	108,439	
Law enforcement operations	-	-	124,161	124,161	
Local transportation	-	-	367,924	367,924	
Highways and streets by A.R.S. 28-6533	-	-	1,345,888	1,345,888	
Housing and redevelopment	-	-	268,118	268,118	
Total restricted	4,174,089		2,670,571		6,844,660
Committed:					
Capital projects	-	-	116,241	116,241	
Total committed	-		116,241		116,241
Unassigned					
Total fund balances	\$ 16,906,103		\$ 2,786,812		\$ 19,692,915

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30 consisted of the following:

	Governmental Activities	Business-Type Activities	Component Unit
Net investment in capital assets:			
Capital assets, nondepreciable	\$ 3,042,624	\$ 147,849	\$ 265,000
Capital assets, depreciable, net	18,848,035	37,993,483	2,432,983
Unspent proceeds	65,329	-	417,568
Long-term debt:			
Finance Purchase Agreements	(1,354,519)	(31,363)	-
Lease Payable	(40,385)	-	-
Note/Loan Payable	(2,250,000)	-	(3,908,708)
WIFA Loans	-	(7,978,037)	-
Total net investment in capital assets	<u>\$ 18,311,084</u>	<u>\$ 30,131,932</u>	<u>\$ (793,157)</u>

Note 13 – Other Required Disclosures

A. Deficit Fund Balance/Net Position

At June 30, 2022, the Governmental Activities Net Position had an unrestricted deficit of (\$23,484,892). The deficit was due to recording the net pension and OPEB liability for the City's proportionate share of the Arizona State Retirement System and the Arizona Public Safety Retirement System. The City does not anticipate recovering the deficit in the near-term; however, the unfunded pension and OPEB liability will be reduced through future contributions to the plans.

The Douglas Community Housing Corporation (Discretely Presented Component Unit) reported a deficit net position of (\$1,591,936). The deficit is expected to be recovered through operations and subsidies from the City.

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2022, expenditures exceeded appropriations in the following function(s) by fund:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government:	
	Management information systems	\$ 19,486
	Cemetery	44,271
	Community development	29,755
	Economic development	15,449
	Airport	16,310
	Call center	700
	Public safety:	
	Fire	412,514
	Culture and recreation:	
	Recreation	34,683
	Debt Service:	
	Principal	2,308
	Interest and fiscal charges	15,712

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 14 – Commitments and Contingencies

A. Litigation

The City is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable; however, City management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

B. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

C. Construction Commitments

Various construction projects in all fund types were in progress at June 30, 2022 with a planned cost to complete of approximately \$2,041,000 (If we use approximate, should we round).

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Required Supplementary Information (Unaudited)

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2022

Note 1 – Budgetary Information

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 2022 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2022 will provide authority to complete those transactions.

The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts become the "annual appropriated budget."

The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budget amounts within any fund during the budget year as long as it does not increase the total budget within the fund. However, any revisions that alter total expenditures of any fund without coinciding revenue increases must be approved by the City Council.

The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

The City adopts a budget by department for each separate fund and establishes the legal level of local budgetary control at this level. The adopted budget cannot be amended in any way without City Council approval.

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1, to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited basic financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. Per state law, expenditures may not legally exceed the expenditure limitation of all fund types as a whole on an annual basis. For management and legal purposes, the City Council adopts a budget by department for the General Fund and in total by other funds. The City Manager, subject to City Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures. No budget was appropriated for the Golf Course MPC and Public Housing Funds during the fiscal year.

No supplementary budgetary appropriations were necessary during the year.

City of Douglas
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes:				
Sales taxes	\$ 7,600,000	\$ 7,600,000	\$ 9,206,923	\$ 1,606,923
Property taxes	643,000	643,000	635,658	(7,342)
Franchise taxes	323,000	323,000	332,951	9,951
Transient occupancy taxes	95,000	95,000	105,589	10,589
Intergovernmental	10,205,482	10,205,482	7,179,117	(3,026,365)
Fines and forfeitures	21,400	21,400	75,800	54,400
Licenses and permits	154,600	154,600	261,235	106,635
Charges for services	1,383,051	1,383,051	1,526,523	143,472
Rents and royalties	714,066	714,066	722,981	8,915
Investment income (loss)	25,000	25,000	(23,134)	(48,134)
Miscellaneous	98,412	98,412	168,195	69,783
Total revenues	21,263,011	21,263,011	20,191,838	(1,071,173)
EXPENDITURES:				
Current:				
General government:				
Administration	709,249	709,249	650,665	58,584
Finance	598,186	598,186	510,441	87,745
Personnel	484,019	484,019	430,941	53,078
General government	585,866	585,866	584,008	1,858
Management information systems	498,188	498,188	517,674	(19,486)
Cemetery	261,668	261,668	305,939	(44,271)
Community development	-	-	29,755	(29,755)
Golf course	161,828	161,828	154,960	6,868
Economic development	10,273	10,273	25,722	(15,449)
Airport	116,565	116,565	132,875	(16,310)
Call center	41,265	41,265	41,965	(700)
 Subtotal	3,467,107	3,467,107	3,384,945	82,162
Public safety:				
Police	44,683,956	44,683,956	4,335,450	40,348,506
Fire	1,279,263	1,279,263	1,691,777	(412,514)
Emergency medical services	1,396,706	1,396,706	1,363,428	33,278
 Subtotal	47,359,925	47,359,925	7,390,655	39,969,270
Highways and streets				
Public works	636,730	636,730	573,429	63,301
 Subtotal	636,730	636,730	573,429	63,301

City of Douglas
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund (Continued)
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable/ (Unfavorable)
EXPENDITURES (Continued):				
Culture and recreation:				
Parks	625,202	625,202	613,164	12,038
Recreation	287,547	287,547	322,230	(34,683)
Library	444,916	444,916	414,899	30,017
Aquatics	346,864	346,864	237,446	109,418
Visitor center	101,237	101,237	94,806	6,431
Subtotal	1,805,766	1,805,766	1,682,545	123,221
Capital outlay	433,838	433,838	433,038	800
Debt Service:				
Principal	114,656	114,656	116,964	(2,308)
Interest and fiscal charges	25,937	25,937	41,649	(15,712)
Total expenditures	53,843,959	53,843,959	13,623,225	40,220,734
REVENUES OVER (UNDER) EXPENDITURES	(32,580,948)	(32,580,948)	6,568,613	39,149,561
OTHER FINANCING SOURCES (USES):				
Inception of lease payable	143,959	143,959	-	(143,959)
Transfers in	458,739	458,739	181,827	(276,912)
Transfers out	(8,021,750)	(8,021,750)	(3,816,871)	4,204,879
Total other financing sources (uses)	32,580,948	32,580,948	(3,635,044)	(36,215,992)
Net change in fund balance	\$ -	\$ -	2,933,569	\$ 2,933,569
FUND BALANCE:				
Beginning of year			13,972,534	
End of year			\$ 16,906,103	

City of Douglas
Schedules of the Proportionate Share of the Net Pension/OPEB Asset (Liability)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Employees' Retirement System ("AS RS") Pension Plan								
Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014 ¹
City's Proportion of the Net Pension Liability	0.04697%	0.04364%	0.04102%	0.04456%	0.04460%	0.04396%	0.04547%	0.04940%
City's Proportionate Share of the Net Pension Liability	\$ 6,171,649	\$ 7,561,293	\$ 5,968,887	\$ 6,214,551	\$ 6,947,811	\$ 7,095,586	\$ 7,082,217	\$ 7,309,573
City's Covered Payroll	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323	\$ 4,108,769	\$ 4,015,976
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	134.66%	169.93%	138.17%	138.53%	153.04%	174.15%	172.37%	182.01%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Employees' Retirement System ("ASRS") Health Insurance Premium Benefit

Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016 ¹
City's Proportion of the Net OPEB (Asset)/Liability	0.04689%	0.04301%	0.04056%	0.04421%	0.04444%	0.04444%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (228,452)	\$ (30,451)	\$ (11,209)	\$ (15,920)	\$ (24,193)	\$ 12,850
City's Covered Payroll	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-4.98%	-0.68%	-0.26%	-0.35%	-0.53%	0.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	130.24%	104.33%	101.62%	102.20%	103.57%	103.57%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Employees' Retirement System ("ASRS") Long-Term Disability

Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016 ¹
City's Proportion of the Net OPEB (Asset)/Liability	0.04688%	0.04321%	0.04067%	0.04456%	0.04441%	0.04441%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ 9,677	\$ 32,780	\$ 26,494	\$ 23,283	\$ 16,098	\$ 15,959
City's Covered Payroll	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	0.21%	0.74%	0.61%	0.52%	0.35%	0.39%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.38%	68.01%	72.85%	77.83%	84.44%	84.44%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Police Pension Plan (Tier 3)

Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018 ¹
City's Proportion of the Net Pension (Asset)/Liability	0.23739%	0.02124%	0.18381%	0.12677%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (21,980)	\$ 687	\$ (2,640)	\$ 250
City's Covered Payroll	\$ 93,988	\$ 91,251	\$ 88,593	\$ 41,792
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-23.39%</u>	<u>0.75%</u>	<u>-2.98%</u>	<u>0.60%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>121.67%</u>	<u>98.82%</u>	<u>116.90%</u>	<u>89.24%</u>

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which the plan is in effect.

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PS PRS") Fire Pension Plan (Tier 3)

Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018 ¹
City's Proportion of the the Net Pension (Asset)/Liability	0.56959%	0.20217%	0.74068%	1.95874%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (606)	\$ (606)	\$ (10,637)	\$ 3,861
City's Covered Payroll	\$ 299,077	\$ 290,366	\$ 281,909	\$ 236,240
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.20%</u>	<u>-0.21%</u>	<u>-3.77%</u>	<u>1.63%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension (Assets)/Liability	<u>121.67%</u>	<u>98.82%</u>	<u>116.90%</u>	<u>89.24%</u>

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which the plan is in effect.

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PS PRS") Police OPEB Plan (Tier 3)

Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018 ¹
City's Proportion of the the Net OPEB (Asset)/Liability	0.20556%	0.19956%	0.18320%	0.12678%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (65)	\$ (65)	\$ (269)	\$ (5)
City's Covered Payroll	\$ 93,988	\$ 91,251	\$ 88,593	\$ 41,792
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.07%</u>	<u>-0.07%</u>	<u>-0.30%</u>	<u>-0.01%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>242.50%</u>	<u>198.90%</u>	<u>205.30%</u>	<u>110.51%</u>

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which the plan is in effect.

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Fire OPEB Plan (Tier 3)

Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018 ¹
City's Proportion of the the Net OPEB (Asset)/Liability	0.49320%	0.50580%	0.65145%	1.95873%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (992)	\$ (992)	\$ (957)	\$ (82)
City's Covered Payroll	\$ 299,077	\$ 290,366	\$ 281,909	\$ 236,240
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.33%</u>	<u>-0.34%</u>	<u>-0.34%</u>	<u>-0.03%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>242.50%</u>	<u>198.90%</u>	<u>205.30%</u>	<u>110.51%</u>

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which the plan is in effect.

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Police Pension Plan

Total Pension Liability	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 310,697	\$ 323,894	\$ 357,391	\$ 351,906	\$ 503,156	\$ 348,598	\$ 350,912	\$ 397,560
Interest on total pension liability	1,971,357	1,880,058	1,777,275	1,710,405	1,518,655	1,555,542	1,536,369	1,299,915
Changes in assumptions	-	-	540,419	-	838,776	776,728	-	2,630,528
Differences between expected and actual experience	161,907	681,622	532,860	23,777	1,102,554	(895,420)	(298,004)	(586,401)
Changes in benefit terms	-	-	-	-	343,604	(35,698)	-	572,866
Benefit payments, including refunds of employee contributions	(1,691,994)	(1,551,430)	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
Net change in total pension liability	751,967	1,334,144	1,884,481	681,784	2,978,515	289,725	361,555	2,984,211
Total pension liability - beginning	27,540,190	26,206,046	24,321,565	23,639,781	20,661,266	20,371,541	20,009,986	17,025,775
Total pension liability - ending (a)	\$ 28,292,157	\$ 27,540,190	\$ 26,206,046	\$ 24,321,565	\$ 23,639,781	\$ 20,661,266	\$ 20,371,541	\$ 20,009,986

Plan fiduciary net position

Contributions - employer	\$ 22,337,549	\$ 1,508,149	\$ 1,167,128	\$ 1,291,506	\$ 1,313,766	\$ 1,078,409	\$ 730,718	\$ 731,085
Contributions - employee	157,455	163,157	145,425	208,160	237,017	263,157	211,626	201,922
Investment income (net of administrative expenses)	2,300,114	101,243	408,395	499,040	740,758	36,786	233,285	814,052
Benefit payments	(1,691,994)	(1,551,430)	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
Administrative expenses	(10,772)	(8,256)	(8,096)	(8,295)	(6,954)	(5,693)	(6,060)	(6,556)
Other	-	1	(6,180)	(374,047)	171,793	38	(53,348)	-
Net change in plan fiduciary net position	23,092,352	212,864	383,208	212,060	1,128,150	(87,328)	(111,501)	410,246
Plan fiduciary net position - beginning	8,154,397	7,941,533	7,558,325	7,346,265	6,218,115	6,305,443	6,416,944	6,006,698
Plan fiduciary net position - ending (b)	\$ 31,246,749	\$ 8,154,397	\$ 7,941,533	\$ 7,558,325	\$ 7,346,265	\$ 6,218,115	\$ 6,305,443	\$ 6,416,944
Net pension liability (assets) - ending (a)-(b)	\$ (2,954,592)	\$ 19,385,793	\$ 18,264,513	\$ 16,763,240	\$ 16,293,516	\$ 14,443,151	\$ 14,066,098	\$ 13,593,042

Plan fiduciary net position as a percentage of the total pension liability

110.44% 29.61% 30.30% 31.08% 31.08% 30.10% 30.95% 32.07%

Covered payroll

\$ 1,732,921 \$ 1,682,448 \$ 1,726,895 \$ 1,787,233 \$ 2,218,501 \$ 1,824,164 \$ 1,799,959 \$ 1,865,208

Net pension liability as a percentage of covered payroll

-170.50% 1152.24% 1057.65% 937.94% 734.44% 791.77% 781.47% 728.77%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Fire Pension Plan

Total Pension Liability	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 331,050	\$ 323,838	\$ 331,808	\$ 327,237	\$ 383,056	\$ 300,094	\$ 258,460	\$ 288,434
Interest on total pension liability	1,326,995	1,260,594	1,244,802	1,230,876	1,130,984	1,140,961	1,111,551	909,525
Changes in assumptions	-	-	386,244	-	776,695	560,384	-	1,830,655
Differences between expected and actual experience	427,129	460,619	(152,972)	(381,235)	(142,300)	(610,416)	(86,876)	36,351
Changes in benefit terms	-	-	-	-	264,068	(16,539)	-	444,603
Benefit payments, including refunds of employee contributions	(1,033,446)	(1,251,867)	(1,458,448)	(855,310)	(806,531)	(934,899)	(923,685)	(918,315)
Net change in total pension liability	1,051,728	793,184	351,434	321,568	1,605,972	439,585	359,450	2,591,253
Total pension liability - beginning	18,363,686	17,570,502	17,219,068	16,897,500	15,291,528	14,851,943	14,492,493	11,901,240
Total pension liability - ending (a)	\$ 19,415,414	\$ 18,363,686	\$ 17,570,502	\$ 17,219,068	\$ 16,897,500	\$ 15,291,528	\$ 14,851,943	\$ 14,492,493
 Plan fiduciary net position								
Contributions - employer	\$ 14,921,252	\$ 1,111,263	\$ 1,140,235	\$ 1,062,651	\$ 1,086,339	\$ 996,227	\$ 570,035	\$ 613,837
Contributions - employee	133,682	130,500	123,484	173,036	179,196	184,516	151,481	146,888
Investment income (net of administrative expenses)	1,601,908	69,540	286,520	334,620	482,843	21,858	133,862	473,107
Benefit payments	(1,033,446)	(1,251,867)	(1,458,448)	(855,310)	(806,531)	(934,899)	(923,685)	(918,315)
Administrative expenses	(7,373)	(5,668)	(5,961)	(5,793)	(4,672)	(3,545)	(3,626)	(3,810)
Other	-	(312)	(415)	(221,078)	45	(24,570)	(2,812)	22,909
Net change in plan fiduciary net position	15,616,023	53,456	85,415	488,126	937,220	239,587	(74,745)	334,616
Plan fiduciary net position - beginning	5,471,875	5,418,419	5,333,004	4,844,878	3,907,658	3,668,071	3,742,816	3,408,200
Plan fiduciary net position - ending (b)	\$ 21,087,898	\$ 5,471,875	\$ 5,418,419	\$ 5,333,004	\$ 4,844,878	\$ 3,907,658	\$ 3,668,071	\$ 3,742,816
 Net pension liability - ending (a)-(b)	\$ (1,672,484)	\$ 12,891,811	\$ 12,152,083	\$ 11,886,064	\$ 12,052,622	\$ 11,383,870	\$ 11,183,872	\$ 10,749,677
 Plan fiduciary net position as a percentage of the total pension liability	108.61%	29.80%	30.84%	30.97%	28.67%	25.55%	24.70%	25.83%
Covered payroll	\$ 1,497,061	\$ 1,453,457	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918	\$ 1,517,157	\$ 1,263,573	\$ 1,273,229
Net pension liability as a percentage of covered payroll	-111.72%	886.98%	883.52%	789.65%	762.38%	750.34%	885.10%	844.28%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Police OPEB Plan

Total OPEB Liability	2020-21	2019-20	2018-19	2017-18	2016-17¹
Service cost	\$ 7,800	\$ 8,129	\$ 5,898	\$ 6,077	\$ 9,096
Interest on total OPEB liability	27,830	31,521	34,038	38,285	39,621
Changes in assumptions	-	-	2,097	-	(11,281)
Differences between expected and actual experience	(21,882)	(60,594)	(54,457)	(78,964)	(20,280)
Changes in benefit terms	-	-	-	-	1,263
Benefit payments, including refunds					
of employee contributions	(23,331)	(23,568)	(24,066)	(27,231)	(28,426)
Net change in total OPEB liability	(9,583)	(44,512)	(36,490)	(61,833)	(10,007)
Total OPEB liability - beginning	385,101	429,613	466,103	527,936	537,943
Total OPEB liability - ending (a)	\$ 375,518	\$ 385,101	\$ 429,613	\$ 466,103	\$ 527,936

Plan fiduciary net position

Contributions - employer	\$ -	\$ -	\$ 4,885	\$ 1,883	\$ -
Contributions - employee	-	-	-	-	-
Investment income (net of administrative expenses)	157,440	7,430	30,872	38,643	61,283
Benefit payments	(23,331)	(23,568)	(24,066)	(27,231)	(28,426)
Administrative expenses	(647)	(604)	(533)	(588)	(543)
Other	-	-	6,180	(1)	-
Net change in plan fiduciary net position	133,462	(16,742)	17,338	12,706	32,314
Plan fiduciary net position - beginning	578,439	595,181	577,843	565,137	532,823
Plan fiduciary net position - ending (b)	\$ 711,901	\$ 578,439	\$ 595,181	\$ 577,843	\$ 565,137
Net OPEB asset - ending (a)-(b)	\$ (336,383)	\$ (193,338)	\$ (165,568)	\$ (111,740)	\$ (37,201)

Plan fiduciary net position as a percentage of the total OPEB liability	189.58%	150.20%	138.54%	123.97%	107.05%
Covered payroll	\$ 1,732,921	\$ 1,682,448	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501
Net OPEB liability (asset) as a percentage of covered payroll	-19.41%	-11.49%	-9.59%	-6.25%	-1.68%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Fire OPEB Plan

Total OPEB Liability	2020-21	2019-20	2018-19	2017-18	2016-17¹
Service cost	\$ 6,781	\$ 7,351	\$ 4,666	\$ 4,516	\$ 5,217
Interest on total OPEB liability	17,602	17,313	21,427	20,792	21,133
Changes in assumptions	-	-	1,921	-	1,867
Differences between expected and actual experience	(24,027)	(4,663)	(74,385)	(7,997)	(16,822)
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds					
of employee contributions	(12,211)	(12,326)	(11,509)	(10,746)	(12,963)
Net change in total OPEB liability	(11,855)	7,675	(57,880)	6,565	(1,568)
Total OPEB liability - beginning	240,443	232,768	290,648	284,083	285,651
Total OPEB liability - ending (a)	\$ 228,588	\$ 240,443	\$ 232,768	\$ 290,648	\$ 284,083
 Plan fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ -	\$ (415)	\$ -
Contributions - employee	-	-	-	-	-
Investment income (net of administrative expenses)	126,328	5,889	24,478	30,276	46,965
Benefit payments	(12,211)	(12,326)	(11,509)	(10,746)	(12,963)
Administrative expenses	(519)	(479)	(423)	(461)	(415)
Other	-	-	415	-	-
Net change in plan fiduciary net position	113,598	(6,916)	12,961	18,654	33,587
Plan fiduciary net position - beginning	463,152	470,068	457,107	438,453	404,866
Plan fiduciary net position - ending (b)	\$ 576,750	\$ 463,152	\$ 470,068	\$ 457,107	\$ 438,453
 Net OPEB liability - ending (a)-(b)	\$ (348,162)	\$ (222,709)	\$ (237,300)	\$ (166,459)	\$ (154,370)
 Plan fiduciary net position as a percentage of the total OPEB liability	252.31%	192.62%	201.95%	157.27%	154.34%
Covered payroll	\$ 1,497,061	\$ 1,453,457	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918
Net OPEB liability (asset) as a percentage of covered payroll	-23.26%	-15.32%	-17.25%	-11.06%	-9.76%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

City of Douglas
Schedules of Contributions
Last Ten Years
For the Year Ended June 30, 2022

Arizona State Retirement System ("ASRS") Pension Plan

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Statutorily required contribution	\$ 609,756	\$ 597,938	\$ 522,637	\$ 476,805	\$ 485,199	\$ 469,070	\$ 449,208	\$ 449,025	\$ 476,481
Contributions in relation to the statutorily required contributions	<u>(609,756)</u>	<u>(597,938)</u>	<u>(522,637)</u>	<u>(476,805)</u>	<u>(485,199)</u>	<u>(469,070)</u>	<u>(449,208)</u>	<u>(449,025)</u>	<u>(476,481)</u>
Contribution deficiency (excess)	\$ -								
Covered payroll	\$ 4,813,865	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323	\$ 4,108,769	\$ 4,015,976
Contributions as a percentage of covered payroll	12.67%	12.79%	11.52%	11.04%	10.82%	10.33%	11.03%	10.93%	11.86%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

Notes to Schedule

Valuation date: 6/30/2020

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Employees' Retirement System ("ASRS") Health Insurance Premium Benefit Plan

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17¹
Statutorily required contribution	\$ 10,662	\$ 20,012	\$ 22,234	\$ 19,617	\$ 18,976	\$ 23,923
Contributions in relation to the statutorily required contributions	<u>(10,662)</u>	<u>(20,012)</u>	<u>(22,234)</u>	<u>(19,617)</u>	<u>(18,976)</u>	<u>(23,923)</u>
Contribution deficiency (excess)	\$ -					
Covered payroll	\$ 4,813,865	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864
Contributions as a percentage of covered payroll	0.22%	0.43%	0.49%	0.45%	0.42%	0.53%

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

Notes to Schedule

Valuation date: 6/30/2020

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Employees' Retirement System ("ASRS") Long-Term Disability Plan

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17¹
Statutorily required contribution	\$ 9,647	\$ 9,237	\$ 7,762	\$ 6,825	\$ 7,071	\$ 6,040
Contributions in relation to the statutorily required contributions	(9,647)	(9,237)	(7,762)	(6,825)	(7,071)	(6,040)
Contribution deficiency (excess)	\$ -					
Covered payroll	\$ 4,813,865	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864
Contributions as a percentage of covered payroll	0.20%	0.20%	0.17%	0.16%	0.16%	0.13%

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

Notes to Schedule

Valuation date: 6/30/2020

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Police Pension Plan (Tiers 1 & 2)

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Actuarially determined contribution	\$ 263,799	\$ 22,364,390	\$ 1,505,378	\$ 1,167,128	\$ 1,291,506	\$ 1,313,766	\$ 1,078,409	\$ 730,718	\$ 731,085
Contributions in relation to the actuarially determined contributions	<u>(263,799)</u>	<u>(22,364,390)</u>	<u>(1,505,378)</u>	<u>(1,167,128)</u>	<u>(1,291,506)</u>	<u>(1,313,766)</u>	<u>(1,078,409)</u>	<u>(730,718)</u>	<u>(731,085)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,784,909	\$ 1,732,921	\$ 1,682,448	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501	\$ 1,824,164	\$ 1,799,959	\$ 1,865,208
Contributions as a percentage of covered payroll	14.78%	1290.56%	89.48%	67.59%	72.26%	59.22%	59.12%	40.60%	39.20%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

Notes to Schedule

Valuation date: 6/30/2021

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to actuarially determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed fair value; 20% corridor
Wage inflation	3.50%
Price inflation	2.50%
Salary increases	3.50% to 7.50% including inflation.
Investment rate of return	7.30%, net of investment and administrative expenses
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB.
Mortality	PubS-2010 tables.

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Fire Pension Plan (Tiers 1 & 2)

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Actuarially determined contribution	\$ 271,805	\$ 14,954,585	\$ 1,106,632	\$ 1,140,235	\$ 1,062,651	\$ 1,086,339	\$ 996,227	\$ 570,035	\$ 613,837
Contributions in relation to the actuarially determined contributions	(271,805)	(14,954,585)	(1,106,632)	(1,140,235)	(1,062,651)	(1,086,339)	(996,227)	(570,035)	(613,837)
Contribution deficiency (excess)	\$ -								
Covered payroll	\$ 1,541,973	\$ 1,497,061	\$ 1,453,457	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918	\$ 1,517,157	\$ 1,263,573	\$ 1,273,229
Contributions as a percentage of covered payroll	17.63%	998.93%	76.14%	82.90%	70.60%	68.72%	65.66%	45.11%	48.21%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

Notes to Schedule

Valuation date: 6/30/2021

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to actuarially determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed fair value; 20% corridor
Wage inflation	3.50%
Price inflation	2.50%
Salary increases	3.50% to 7.50% including inflation.
Investment rate of return	7.30%, net of investment and administrative expenses
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB.
Mortality	PubS-2010 tables.

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PS PRS") Police OPEB Plan (Tiers 1 & 2)

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17¹
Actuarially determined contribution	\$ 3,921	\$ -	\$ -	\$ 4,885	\$ 1,883	\$ -
Contributions in relation to the actuarially determined contributions	(3,921)	-	-	(4,885)	(1,883)	-
Contribution deficiency (excess)	\$ -					
Covered payroll	\$ 1,784,909	\$ 1,732,921	\$ 1,682,448	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501
Contributions as a percentage of covered payroll	0.22%	0.00%	0.00%	0.28%	0.11%	0.00%

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

Notes to Schedule

Valuation date: 6/30/2021

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to actuarially determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed fair value; 20% corridor
Wage inflation	3.50%
Price inflation	2.50%
Salary increases	3.50% to 7.50% including inflation.
Investment rate of return	7.30%, net of investment and administrative expenses
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB.
Mortality	PubS-2010 tables.

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Fire OPEB Plan (Tiers 1 & 2)

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17¹
Actuarially determined contribution	\$ 3,323	\$ -	\$ -	\$ -	\$ (415)	\$ -
Contributions in relation to the actuarially determined contributions	<u>(3,323)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 1,541,973	\$ 1,497,061	\$ 1,453,457	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918
Contributions as a percentage of covered payroll	0.22%	0.00%	0.00%	0.00%	-0.03%	0.00%

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

Notes to Schedule

Valuation date: 6/30/2021

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to actuarially determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed fair value; 20% corridor
Wage inflation	3.50%
Price inflation	2.50%
Salary increases	3.50% to 7.50% including inflation.
Investment rate of return	7.30%, net of investment and administrative expenses
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB.
Mortality	PubS-2010 tables.

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PSPRS") Police Pension Plan (Tier 3)

	2021-22	2020-21	2019-20	2018-19	2017-18¹
Statutorily required contribution	\$ 37,404	\$ 21,136	\$ 5,780	\$ 6,772	\$ 999
Contributions in relation to					
the statutorily required contributions	(37,404)	(21,136)	(5,780)	(6,772)	(999)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 167,285	\$ 162,412	\$ 157,682	\$ 88,593	\$ 41,792
Contributions as a percentage of covered payroll	22.36%	13.01%	3.67%	7.64%	2.39%

¹ Historical information is presented only for measurement periods for which the plan was in effect.

Notes to Schedule

Valuation date: 6/30/2021

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PS PRS") Fire Pension Plan (Tier 3)

	2021-22	2020-21	2019-20	2018-19	2017-18¹
Statutorily required contribution	\$ 55,644	\$ 51,190	\$ 39,082	\$ 27,287	\$ 15,439
Contributions in relation to					
the statutorily required contributions	(55,644)	(51,190)	(39,082)	(27,287)	(15,439)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 426,122	\$ 413,711	\$ 401,661	\$ 281,909	\$ 236,240
Contributions as a percentage of covered payroll	13.06%	12.37%	9.73%	9.68%	6.54%

¹ Historical information is presented only for measurement periods for which the plan was in effect.

Notes to Schedule

Valuation date: 6/30/2021

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PS PRS") Police OPEB Plan (Tier 3)

	2021-22	2020-21	2019-20	2018-19	2017-18¹
Statutorily required contribution	\$ 530	\$ 3,311	\$ 331	\$ 206	\$ 27
Contributions in relation to					
the statutorily required contributions	(530)	(3,311)	(331)	(206)	(27)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 167,285	\$ 162,412	\$ 157,682	\$ 88,593	\$ 41,792
Contributions as a percentage of covered payroll	0.32%	2.04%	0.21%	0.23%	0.06%

¹ Historical information is presented only for measurement periods for which the plan was in effect.

Notes to Schedule

Valuation date: 6/30/2021

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

Arizona Public Safety Public Retirement System ("PS PRS") Fire OPEB Plan (Tier 3)

	2021-22	2020-21	2019-20	2018-19	2017-18¹
Statutorily required contribution	\$ 788	\$ 778	\$ 843	\$ 734	\$ 415
Contributions in relation to					
the statutorily required contributions	(788)	(778)	(843)	(734)	(415)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 426,122	\$ 413,711	\$ 401,661	\$ 281,909	\$ 236,240
Contributions as a percentage of covered payroll	0.18%	0.19%	0.21%	0.26%	0.18%

¹ Historical information is presented only for measurement periods for which the plan was in effect.

Notes to Schedule

Valuation date: 6/30/2021

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Supplementary Information

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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Non-Major Governmental Funds

Highway Users Fund (HURF) Special Revenue Fund – This fund is used to account for the City's share of state taxes on gasoline, diesel fuels and other transportation related fees to be used solely for street and highway purposes. Eligible expenditures include the cost of personnel, right-of-way acquisitions, construction, reconstruction, maintenance, repair, roadside development of city roads, streets and bridges and the payment of the principal and interest on highway and street bonds.

Grant Special Revenue Fund – This fund is used to account for the activity of federal and state grants received by the City restricted for specific projects and awards.

Police Grants Special Revenue Fund – This fund is used to account for the activity of restricted grants received by the City's police department.

Local Transportation Assistance (LTAF) Special Revenue Fund - This fund accounts for the Local Transportation Assistance of the City. The LTAF receives assistance from the State of Arizona to support the development and operation of transportation programs.

Golf Course Municipal Property Corporation (MPC) Special Revenue Fund – This fund is used to account for operations of the golf course. The MPC operates the golf course; however, the City owns all golf course assets and liabilities.

Public Housing Special Revenue Fund – This fund is used to account for the Douglas Housing Authority component unit of the City. The Douglas Housing Authority receives federal assistance and provides low rent housing for the area.

City Capital Projects Fund – This fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

City of Douglas
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

	Special Revenue Fund			
	HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
ASSETS				
Cash and investments	\$ 1,209,820	\$ 368,203	\$ 124,161	\$ 233,617
Receivables:				
Accounts	-	4,000	-	2,697
Intergovernmental	151,018	92,117	-	158,342
Restricted cash and investments	-	-	-	-
Total assets	\$ 1,360,838	\$ 464,320	\$ 124,161	\$ 394,656
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,187	\$ 5,488	\$ -	\$ 13,673
Accrued wages and benefits	10,763	-	-	13,059
Deposits payable	-	-	-	-
Unearned revenue	-	1,060	-	-
Advances to other funds	-	-	-	-
Total liabilities	14,950	6,548	-	26,732
Deferred Inflows of Resources:				
Unavailable revenue	-	1,731	-	-
Total deferred inflows of resources	-	1,731	-	-
Fund Balances:				
Restricted	1,345,888	456,041	124,161	367,924
Committed	-	-	-	-
Total fund balances	1,345,888	456,041	124,161	367,924
Total liabilities and fund balances	\$ 1,360,838	\$ 464,320	\$ 124,161	\$ 394,656

City of Douglas
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2022

	Special Revenue Fund			Total Non-major Governmental Funds	
	Golf Course MPC Fund	Public Housing Fund	City Capital Projects Fund		
ASSETS					
Cash and investments	\$ 18,105	\$ 302,945	\$ 12,313	\$ 2,269,164	
Receivables:					
Accounts	114,559	8,449	-	129,705	
Intergovernmental	-	-	107,928	509,405	
Restricted cash and investments	-	49,287	-	49,287	
Total assets	\$ 132,664	\$ 360,681	\$ 120,241	\$ 2,957,561	
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 7,399	\$ 4,000	\$ 34,747	
Accrued wages and benefits	-	17,084	-	40,906	
Deposits payable	-	49,287	-	49,287	
Unearned revenue	-	18,793	-	19,853	
Advances to other funds	24,225	-	-	24,225	
Total liabilities	24,225	92,563	4,000	169,018	
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	1,731
Total deferred inflows of resources	-	-	-	-	1,731
Fund Balances:					
Restricted	108,439	268,118	-	2,670,571	
Committed	-	-	116,241	116,241	
Total fund balances	108,439	268,118	116,241	2,786,812	
Total liabilities and fund balances	\$ 132,664	\$ 360,681	\$ 120,241	\$ 2,957,561	

City of Douglas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Fund			
	HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
REVENUES:				
Intergovernmental	\$ 1,560,433	\$ 369,855	\$ 3,640	\$ 805,479
Charges for services	-	-	-	19,091
Investment income (loss)	-	152	2,599	-
Miscellaneous	102,116	13,713	-	21,342
Total revenues	1,662,549	383,720	6,239	845,912
EXPENDITURES:				
Current:				
General government	-	25,803	-	-
Public safety	-	31,038	7,723	-
Highways and streets	923,699	-	-	-
Transportation	-	-	-	845,525
Culture and recreation	-	-	-	-
Redevelopment and housing	-	-	-	-
Capital outlay	448,289	300,066	-	68,694
Debt service:				
Principal	5,545	-	-	-
Interest and fiscal charges	1,664	-	-	-
Total expenditures	1,379,197	356,907	7,723	914,219
REVENUES OVER (UNDER) EXPENDITURES	283,352	26,813	(1,484)	(68,307)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	629	-	-
Transfers out	(98,883)	-	-	-
Total other financing sources (uses)	(98,883)	629	-	-
Net changes in fund balances	184,469	27,442	(1,484)	(68,307)
FUND BALANCES:				
Beginning of year	1,161,419	428,599	125,645	436,231
End of year	<u>\$ 1,345,888</u>	<u>\$ 456,041</u>	<u>\$ 124,161</u>	<u>\$ 367,924</u>

City of Douglas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Fund			Total Non-major Governmental Funds	
	Golf Course MPC Fund	Public Housing Fund	City Capital Projects Fund		
REVENUES:					
Intergovernmental	\$ -	\$ 820,807	\$ 24,117	\$ 3,584,331	
Charges for services	224,914	-	-	244,005	
Investment income (loss)	-	323	1,509	4,583	
Miscellaneous	7,072	74,984	44,291	263,518	
Total revenues	231,986	896,114	69,917	4,096,437	
EXPENDITURES:					
Current:					
General government	-	-	14,632	40,435	
Public safety	-	-	-	38,761	
Highways and streets	-	-	-	923,699	
Transportation	-	-	-	845,525	
Culture and recreation	159,658	-	-	159,658	
Redevelopment and housing	-	936,759	-	936,759	
Capital outlay	-	-	801,060	1,618,109	
Debt service:					
Principal	-	-	-	5,545	
Interest and fiscal charges	-	-	-	1,664	
Total expenditures	159,658	936,759	815,692	4,570,155	
REVENUES OVER (UNDER) EXPENDITURES	72,328	(40,645)	(745,775)	(473,718)	
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	718,923	719,552	
Transfers out	-	-	-	(98,883)	
Total other financing sources (uses)	-	-	718,923	620,669	
Net changes in fund balances	72,328	(40,645)	(26,852)	146,951	
FUND BALANCES:					
Beginning of year	36,111	308,763	143,093	2,639,861	
End of year	<u>\$ 108,439</u>	<u>\$ 268,118</u>	<u>\$ 116,241</u>	<u>\$ 2,786,812</u>	

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Debt Service Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 3,340,679	\$ 2,350,261	\$ 2,233,027	\$ 117,234
Interest and fiscal charges	990,418	990,418	990,418	-
Total expenditures	4,331,097	3,340,679	3,223,445	117,234
OTHER FINANCING SOURCES:				
Transfers in	-	-	3,223,445	3,223,445
Total other financing sources	-	-	3,223,445	3,223,445
Net change in fund balances	\$ (4,331,097)	\$ (3,340,679)	-	\$ 3,340,679
FUND BALANCE:				
Beginning of year				-
End of year			\$ -	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HURF Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,458,592	\$ 1,458,592	\$ 1,560,433	\$ 101,841
Miscellaneous	10,000	10,000	102,116	92,116
Total revenues	1,468,592	1,468,592	1,662,549	193,957
EXPENDITURES:				
Current:				
Highways and streets	930,639	930,639	923,699	6,940
Capital outlay	662,520	662,520	448,289	214,231
Debt service:				
Principal	12,753	12,753	5,545	7,208
Interest and fiscal charges	1,665	1,665	1,664	1
Total expenditures	1,607,577	1,607,577	1,379,197	228,380
REVENUE OVER (UNDER) EXPENDITURES	(138,985)	(138,985)	283,352	422,337
OTHER FINANCING (USES):				
Transfers out	(111,980)	(111,980)	(98,883)	13,097
Total other financing (uses)	(111,980)	(111,980)	(98,883)	13,097
Net change in fund balances	\$ (250,965)	\$ (250,965)	184,469	\$ 435,434
FUND BALANCE:				
Beginning of year			1,161,419	
End of year			\$ 1,345,888	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Grants Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 4,770,905	\$ 4,770,905	\$ 369,855	\$ (4,401,050)
Investment income	-	-	152	152
Miscellaneous	8,500	8,500	13,713	5,213
Total revenues	4,779,405	4,779,405	383,720	(4,395,685)
EXPENDITURES:				
Current:				
General government	87,500	87,500	25,803	61,697
Public safety	383,757	383,757	31,038	352,719
Highways and streets	3,897,620	3,897,620	-	3,897,620
Capital outlay	448,148	448,148	300,066	148,082
Total expenditures	4,817,025	4,817,025	356,907	4,460,118
REVENUE OVER (UNDER) EXPENDITURES	(37,620)	(37,620)	26,813	64,433
OTHER FINANCING SOURCES:				
Transfers in	37,620	37,620	629	(36,991)
Total other financing sources	37,620	37,620	629	(36,991)
Net change in fund balances	\$ -	\$ -	27,442	\$ 27,442
FUND BALANCE:				
Beginning of year			428,599	
End of year			\$ 456,041	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 3,640	\$ (66,360)
Investment income	3,000	3,000	2,599	(401)
Total revenues	73,000	73,000	6,239	(66,761)
EXPENDITURES:				
Current:				
Public safety	68,000	68,000	7,723	60,277
Capital outlay	5,000	5,000	-	5,000
Total expenditures	73,000	73,000	7,723	65,277
Net change in fund balances	\$ -	\$ -	(1,484)	\$ (1,484)
FUND BALANCE:				
Beginning of year			125,645	
End of year			\$ 124,161	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LTAF Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,211,432	\$ 1,211,432	\$ 805,479	\$ (405,953)
Charges for services	35,500	35,500	19,091	(16,409)
Miscellaneous	15,500	15,500	21,342	5,842
Total revenues	1,262,432	1,262,432	845,912	(416,520)
EXPENDITURES:				
Current:				
Transportation	948,476	948,476	845,525	102,951
Capital outlay	403,454	403,454	68,694	334,760
Total expenditures	1,351,930	1,351,930	914,219	437,711
Net change in fund balances	\$ (89,498)	\$ (89,498)	(68,307)	\$ 21,191
FUND BALANCE:				
Beginning of year			436,231	
End of year			\$ 367,924	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 24,117	\$ 24,117
Investment income	-	-	1,509	1,509
Miscellaneous	-	-	44,291	44,291
Total revenues	-	-	69,917	69,917
EXPENDITURES:				
Current:				
General government	45,065	45,065	14,632	30,433
Capital outlay	5,201,088	5,201,088	801,060	4,400,028
Total expenditures	5,246,153	5,246,153	815,692	4,430,461
REVENUE OVER (UNDER) EXPENDITURES	(5,246,153)	(5,246,153)	(745,775)	4,500,378
OTHER FINANCING SOURCES:				
Transfers in	4,528,561	4,528,561	718,923	(3,809,638)
Total other financing sources	4,528,561	4,528,561	718,923	(3,809,638)
Net change in fund balances	\$ (717,592)	\$ (717,592)	(26,852)	\$ 690,740
FUND BALANCE:				
Beginning of year			143,093	
End of year			\$ 116,241	

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021

Statistical Section

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021

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**City of Douglas
Statistical Section
Overview**

This part of the City of Douglas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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City of Douglas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental activities					
Net investment in capital assets	\$ 18,311,084	\$ 18,756,696	\$ 17,564,128	\$ 18,049,988	\$ 15,840,000
Restricted	6,672,623	6,676,023	2,835,368	2,603,663	2,521,494
Unrestricted	<u>(23,484,892)</u>	<u>(27,208,889)</u>	<u>(24,538,145)</u>	<u>(25,161,686)</u>	<u>(23,079,733)</u>
Total governmental activities net position	<u><u>\$ 1,498,815</u></u>	<u><u>\$ (1,776,170)</u></u>	<u><u>\$ (4,138,649)</u></u>	<u><u>\$ (4,508,035)</u></u>	<u><u>\$ (4,718,239)</u></u>
Business-type activities					
Net investment in capital assets	\$ 30,131,932	\$ 30,755,973	\$ 28,012,546	\$ 25,363,178	\$ 18,044,782
Restricted	1,254,565	1,210,316	1,076,985	722,154	628,579
Unrestricted	<u>7,976,999</u>	<u>7,825,242</u>	<u>6,241,651</u>	<u>5,418,265</u>	<u>6,195,530</u>
Total business-type activities net position	<u><u>\$ 39,363,496</u></u>	<u><u>\$ 39,791,531</u></u>	<u><u>\$ 35,331,182</u></u>	<u><u>\$ 31,503,597</u></u>	<u><u>\$ 24,868,891</u></u>
Primary government					
Net investment in capital assets	\$ 48,443,016	\$ 49,512,669	\$ 45,576,674	\$ 43,413,166	\$ 33,884,782
Restricted	7,927,188	7,886,339	3,912,353	3,325,817	3,150,073
Unrestricted	<u>(15,507,893)</u>	<u>(19,383,647)</u>	<u>(18,296,494)</u>	<u>(19,743,421)</u>	<u>(16,884,203)</u>
Total primary government net position	<u><u>\$ 40,862,311</u></u>	<u><u>\$ 38,015,361</u></u>	<u><u>\$ 31,192,533</u></u>	<u><u>\$ 26,995,562</u></u>	<u><u>\$ 20,150,652</u></u>

City of Douglas
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities					
Net investment in capital assets	\$ 16,107,618	\$ 14,659,500	\$ 14,659,500	\$ 13,255,510	\$ 20,087,841
Restricted	2,385,205	1,632,597	1,632,597	1,261,605	1,234,695
Unrestricted	<u>(21,402,039)</u>	<u>(20,445,957)</u>	<u>(20,445,957)</u>	<u>5,512,891</u>	<u>3,991,132</u>
Total governmental activities net position	<u><u>\$ (2,909,216)</u></u>	<u><u>\$ (4,153,860)</u></u>	<u><u>\$ (4,153,860)</u></u>	<u><u>\$ 20,030,006</u></u>	<u><u>\$ 25,313,668</u></u>
Business-type activities					
Net investment in capital assets	\$ 15,748,934	\$ 16,271,458	\$ 16,271,458	\$ 16,491,574	\$ 16,866,077
Restricted	615,334	712,773	712,773	568,237	443,520
Unrestricted	<u>5,712,000</u>	<u>3,157,152</u>	<u>3,157,152</u>	<u>4,508,051</u>	<u>3,685,177</u>
Total business-type activities net position	<u><u>\$ 22,076,268</u></u>	<u><u>\$ 20,141,383</u></u>	<u><u>\$ 20,141,383</u></u>	<u><u>\$ 21,567,862</u></u>	<u><u>\$ 20,994,774</u></u>
Primary government					
Net investment in capital assets	\$ 31,856,552	\$ 30,930,958	\$ 30,930,958	\$ 29,747,084	\$ 36,953,918
Restricted	3,000,539	2,345,370	2,345,370	1,829,842	1,678,215
Unrestricted	<u>(15,690,039)</u>	<u>(17,288,805)</u>	<u>(17,288,805)</u>	<u>10,020,942</u>	<u>7,676,309</u>
Total primary government net position	<u><u>\$ 19,167,052</u></u>	<u><u>\$ 15,987,523</u></u>	<u><u>\$ 15,987,523</u></u>	<u><u>\$ 41,597,868</u></u>	<u><u>\$ 46,308,442</u></u>

City of Douglas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Expenses					
Governmental Activities					
General government	\$ 3,671,088	\$ 3,928,915	\$ 3,778,054	\$ 2,748,212	\$ 2,910,916
Public Safety	9,342,952	11,990,879	10,716,648	10,108,483	11,269,994
Highway and streets	2,761,152	2,418,139	2,339,293	2,746,780	2,929,910
Transportation	940,784	984,314	929,660	-	-
Culture and recreation	2,338,494	2,207,620	2,047,217	2,086,493	2,107,161
Redevelopment and housing	936,759	949,544	964,144	919,628	985,896
Interest and fiscal charges	1,228,719	261,413	319,488	277,654	351,121
Total governmental activities expenses	<u>21,219,948</u>	<u>22,740,824</u>	<u>21,094,504</u>	<u>18,887,250</u>	<u>20,554,998</u>
Business-Type Activities					
Water	\$ 2,063,224	\$ 2,130,546	1,691,796	1,905,224	1,798,870
Sewer	2,333,894	2,045,785	1,415,170	1,505,490	1,434,055
Solid Waste	1,675,404	1,182,167	1,159,892	1,104,702	1,066,948
Total business-type activities expenses	<u>6,072,522</u>	<u>5,358,498</u>	<u>4,266,858</u>	<u>4,515,416</u>	<u>4,299,873</u>
Total primary government expenses	<u>\$ 27,292,470</u>	<u>\$ 28,099,322</u>	<u>\$ 25,361,362</u>	<u>\$ 23,402,666</u>	<u>\$ 24,854,871</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,411,983	\$ 1,424,559	\$ 1,315,216	\$ 1,232,733	\$ 1,296,371
Public safety	1,239,376	820,642	1,320,659	1,470,386	1,457,381
Transportation	19,091	736	26,112	33,198	33,949
Culture and recreation	290,857	280,867	300,457	276,349	287,159
Operating grants and contributions	5,176,427	6,834,439	4,614,840	3,821,410	4,184,057
Capital grants and contributions	-	-	1,189	657,443	474,578
Total governmental activities program revenues	<u>8,137,734</u>	<u>9,361,243</u>	<u>7,578,473</u>	<u>7,491,519</u>	<u>7,733,495</u>
Business-type activities					
Charges for services:					
Water	2,056,697	2,085,908	1,974,837	1,930,573	1,997,192
Sewer	2,077,262	2,873,077	1,939,179	1,941,762	1,939,739
Solid Waste	1,317,580	1,288,964	1,269,886	1,243,450	1,205,083
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	95,797	3,685,847	2,929,618	6,068,651	2,064,313
Total business-type activities program revenues	<u>5,547,336</u>	<u>9,933,796</u>	<u>8,113,520</u>	<u>11,184,436</u>	<u>7,206,327</u>
Total primary government program revenues	<u>\$ 13,685,070</u>	<u>\$ 19,295,039</u>	<u>\$ 15,691,993</u>	<u>\$ 18,675,955</u>	<u>\$ 14,939,822</u>
Net (Expenses)/Revenue					
Governmental activities	\$ (13,082,214)	\$ (13,379,581)	\$ (13,516,031)	\$ (11,395,731)	\$ (12,821,503)
Business-type activities	(525,186)	4,575,298	3,846,662	6,669,020	2,906,454
Total primary government net expense	<u>\$ (13,607,400)</u>	<u>\$ (8,804,283)</u>	<u>\$ (9,669,369)</u>	<u>\$ (4,726,711)</u>	<u>\$ (9,915,049)</u>

City of Douglas
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental Activities					
General government	\$ 3,463,981	\$ 3,336,212	\$ 3,858,018	\$ 4,499,732	\$ 4,989,484
Public Safety	10,479,931	9,678,626	9,792,922	8,050,797	7,799,983
Highway and streets	2,649,507	2,597,146	1,946,662	2,394,792	2,605,395
Transportation	-	-	-	-	-
Culture and recreation	2,100,889	2,057,077	1,680,063	1,965,397	1,868,116
Redevelopment and housing	924,901	922,816	954,039	1,064,489	1,041,957
Interest and fiscal charges	379,124	414,014	478,120	530,417	579,592
Total governmental activities expenses	<u>19,998,333</u>	<u>19,005,891</u>	<u>18,709,824</u>	<u>18,505,624</u>	<u>18,884,527</u>
Business-Type Activities					
Water	1,902,651	1,654,307	1,884,943	1,839,897	1,666,863
Sewer	1,344,495	1,353,423	1,472,735	1,538,514	1,310,421
Solid Waste	991,934	1,134,665	930,769	956,297	785,788
Total business-type activities expenses	<u>4,239,080</u>	<u>4,142,395</u>	<u>4,288,447</u>	<u>4,334,708</u>	<u>3,763,072</u>
Total primary government expenses	<u>\$ 24,237,413</u>	<u>\$ 23,148,286</u>	<u>\$ 22,998,271</u>	<u>\$ 22,840,332</u>	<u>\$ 22,647,599</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,538,549	\$ 1,482,688	\$ 1,699,542	\$ 1,890,264	\$ 1,825,479
Public safety	1,603,762	1,647,339	1,246,153	1,069,174	895,111
Transportation	21,666	20,537	-	-	-
Culture and recreation	302,204	304,953	94,747	136,056	89,531
Operating grants and contributions	4,084,183	3,661,814	3,466,981	3,751,156	3,340,827
Capital grants and contributions	383,742	2,996,541	582,348	423,034	1,000,170
Total governmental activities program revenues	<u>7,934,106</u>	<u>10,113,872</u>	<u>7,089,771</u>	<u>7,269,684</u>	<u>7,151,118</u>
Business-type activities					
Charges for services:					
Water	2,031,524	1,989,253	1,979,308	2,070,331	2,025,752
Sewer	1,941,864	1,954,149	1,852,495	1,880,405	1,835,771
Solid Waste	1,199,843	1,207,590	1,212,089	1,202,806	1,205,675
Operating grants and contributions	-	400,000	-	1,320	8,196
Capital grants and contributions	-	-	-	-	19,578
Total business-type activities program revenues	<u>5,173,231</u>	<u>5,550,992</u>	<u>5,043,892</u>	<u>5,154,862</u>	<u>5,094,972</u>
Total primary government program revenues	<u>\$ 13,107,337</u>	<u>\$ 15,664,864</u>	<u>\$ 12,133,663</u>	<u>\$ 12,424,546</u>	<u>\$ 12,246,090</u>
Net (Expense) Revenue					
Governmental activities	\$ (12,064,227)	\$ (8,892,019)	\$ (11,620,053)	\$ (11,235,940)	\$ (11,733,409)
Business-type activities	934,151	1,408,597	755,445	820,154	1,331,900
Total primary government	<u>\$ (11,130,076)</u>	<u>\$ (7,483,422)</u>	<u>\$ (10,864,608)</u>	<u>\$ (10,415,786)</u>	<u>\$ (10,401,509)</u>

City of Douglas
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
General Revenue and					
Other Changes in Net Position					
Net Revenue/(Expense)	(13,607,400)	(8,804,283)	(9,669,369)	(9,669,369)	(4,726,711)
Governmental Activities					
Taxes:					
Sales taxes	\$ 9,206,923	\$ 8,854,433	\$ 7,556,918	\$ 5,497,780	\$ 5,166,243
Property taxes	632,646	634,856	631,690	609,312	587,260
Motor vehicle in-lieu taxes	970,630	1,022,527	853,672	-	-
Franchise taxes	105,589	101,382	307,193	318,871	314,717
Transient occupancy taxes	332,951	324,192	109,803	-	-
Unrestricted grants and contributions	-	-	-	41,672	38,510
State share revenue	4,497,215	4,235,232	3,718,423	4,430,490	4,503,715
Gain (loss) on sale of capital assets	-	46,725	-	101,517	-
Investment income (loss)	(17,951)	31,208	175,011	208,885	136,960
Miscellaneous	420,126	303,952	357,315	262,463	82,176
Special item	-	-	-	-	-
Transfers	209,070	185,682	175,392	134,945	182,899
Total governmental activities	<u>16,357,199</u>	<u>15,740,189</u>	<u>13,885,417</u>	<u>11,605,935</u>	<u>11,012,480</u>
Business-type activities:					
Investment income (loss)	(11,293)	8,216	79,082	100,631	69,068
Miscellaneous	317,514	61,223	77,233	-	-
Transfers	(209,070)	(185,682)	(175,392)	(134,945)	(182,899)
Total business-type activities	<u>97,151</u>	<u>(116,243)</u>	<u>(19,077)</u>	<u>(34,314)</u>	<u>(113,831)</u>
Total primary government	<u>\$ 16,454,350</u>	<u>\$ 15,623,946</u>	<u>\$ 13,866,340</u>	<u>\$ 11,571,621</u>	<u>\$ 10,898,649</u>
Change in Net Position					
Governmental activities	\$ 3,274,985	\$ 2,360,608	\$ 369,386	\$ (1,910,096)	\$ (383,251)
Business-type activities	(428,035)	4,459,055	3,827,585	3,812,348	6,555,189
Total primary government	<u>\$ 2,846,950</u>	<u>\$ 6,819,663</u>	<u>\$ 4,196,971</u>	<u>\$ 1,902,252</u>	<u>\$ 6,171,938</u>

City of Douglas
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General Revenue and					
Other Changes in Net Position					
Net Revenue/(Expense)	(9,915,049)	(11,130,076)	(7,483,422)	(10,864,608)	(10,415,786)
Governmental Activities					
Taxes:					
Sales taxes	\$ 5,097,699	\$ 5,361,849	\$ 5,578,165	\$ 5,533,351	\$ 5,364,312
Property taxes	595,284	585,960	577,360	578,759	563,698
Motor vehicle in-lieu taxes	-	-	-	-	-
Franchise taxes	295,034	312,874	317,610	311,019	314,080
Transient occupancy taxes	-	-	-	-	-
Unrestricted grants and contributions	38,171	37,610	40,417	41,950	70,074
State share revenue	4,367,940	4,565,056	4,496,473	4,257,712	3,951,575
Gain (loss) on sale of capital assets	69,902	(11,611)	20,480	-	-
Investment income (loss)	73,269	39,738	26,489	30,607	39,423
Miscellaneous	106,863	188,576	265,826	281,915	596,739
Special item	-	-	-	(5,352,178)	-
Transfers	232,778	243,898	245,316	269,143	162,208
Total governmental activities	<u>10,876,940</u>	<u>11,323,950</u>	<u>11,568,136</u>	<u>5,952,278</u>	<u>11,062,109</u>
Business-type activities:					
Investment income (loss)	37,228	31,585	18,232	22,077	23,470
Miscellaneous	-	-	-	-	-
Transfers	(232,778)	(243,898)	(245,316)	(269,143)	(162,208)
Total business-type activities	<u>(195,550)</u>	<u>(212,313)</u>	<u>(227,084)</u>	<u>(247,066)</u>	<u>(138,738)</u>
Total primary government	<u>\$ 10,681,390</u>	<u>\$ 11,111,637</u>	<u>\$ 11,341,052</u>	<u>\$ 5,705,212</u>	<u>\$ 10,923,371</u>
Change in Net Position					
Governmental activities	\$ (1,944,563)	\$ (740,277)	\$ 2,676,117	\$ (5,667,775)	\$ (173,831)
Business-type activities	2,710,904	721,838	1,181,513	508,379	681,416
Total primary government	<u>\$ 766,341</u>	<u>\$ (18,439)</u>	<u>\$ 3,857,630</u>	<u>\$ (5,159,396)</u>	<u>\$ 507,585</u>

City of Douglas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 918,452	\$ 909,379	\$ 889,138	\$ 879,473	\$ 951,828
Restricted	4,174,089	4,453,091	512,860	162,887	159,571
Unassigned	<u>11,813,562</u>	<u>8,610,064</u>	<u>5,765,455</u>	<u>4,586,753</u>	<u>5,678,698</u>
Total general fund	<u>\$ 16,906,103</u>	<u>\$ 13,972,534</u>	<u>\$ 7,167,453</u>	<u>\$ 5,629,113</u>	<u>\$ 6,790,097</u>
All Other Governmental Funds					
Restricted	\$ -	\$ 2,496,768	\$ 2,322,508	\$ 2,139,563	\$ 3,027,040
Committed	2,670,571	143,093	155,195	153,896	233,639
Assigned	116,241	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(26,968)</u>	<u>(31,202)</u>	<u>(18,010)</u>
Total all other governmental funds	<u>\$ 2,786,812</u>	<u>\$ 2,639,861</u>	<u>\$ 2,450,735</u>	<u>\$ 2,262,257</u>	<u>\$ 3,242,669</u>

City of Douglas
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Nonspendable	\$ 858,288	\$ 734,543	\$ 723,641	\$ 720,416	\$ 686,488
Restricted	158,488	157,580	156,889	-	-
Unassigned	<u>5,680,849</u>	<u>6,512,749</u>	<u>5,613,427</u>	<u>4,790,887</u>	<u>4,260,979</u>
Total general fund	<u>\$ 6,697,625</u>	<u>\$ 7,404,872</u>	<u>\$ 6,493,957</u>	<u>\$ 5,511,303</u>	<u>\$ 4,947,467</u>
All Other Governmental Funds					
Restricted	\$ 2,204,745	\$ 1,900,963	\$ 1,439,415	\$ 1,218,198	\$ 1,174,505
Committed	195,001	693,863	779,693	1,033,237	-
Assigned	-	-	-	320,290	224,190
Unassigned	<u>(14,568)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 2,385,178</u>	<u>\$ 2,594,826</u>	<u>\$ 2,219,108</u>	<u>\$ 2,571,725</u>	<u>\$ 1,398,695</u>

City of Douglas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues:					
Taxes	\$ 10,281,121	\$ 9,917,932	\$ 8,605,604	\$ 6,439,932	\$ 6,073,634
Intergovernmental	10,763,448	12,117,283	9,184,848	8,958,369	8,813,558
Fines and Forfeitures	75,800	7,663	11,471	24,331	94,183
Licenses and Permits	261,235	177,124	148,759	163,967	119,114
Charges for services	1,770,528	1,371,944	1,883,825	2,088,228	2,055,584
Rents and royalties	722,981	929,328	925,417	736,140	805,979
Special Assessments	-	31,208	175,011	-	-
Investment Income (loss)	(18,551)	319,072	357,315	208,885	136,960
Other	431,713	-	-	262,463	82,176
Total revenues	24,288,275	24,871,554	21,292,250	18,882,315	18,181,188
Expenditures:					
General government	\$ 3,425,380	\$ 3,474,698	\$ 3,065,734	\$ 2,565,876	\$ 2,856,638
Public safety	7,429,416	44,822,789	9,169,072	9,055,963	8,692,967
Highways and streets	1,497,128	1,432,798	1,256,958	2,991,082	2,827,175
Transportation	845,525	901,787	791,062	-	-
Culture and recreation	1,842,203	1,714,049	1,585,179	1,711,403	1,734,621
Redevelopment and housing	936,759	949,544	964,144	919,628	985,896
Capital outlay	2,051,147	2,652,526	2,654,055	1,910,355	395,179
Debt Service					
Principal Retirement	2,355,536	893,169	727,925	2,854,677	967,010
Interest and fiscal charges	1,033,731	262,360	264,134	277,654	351,121
Total expenditures	21,416,825	57,103,720	20,478,263	22,286,638	18,810,607
Excess of revenues over (under) expenditures	2,871,450	(32,232,166)	813,987	(3,404,323)	(629,419)
Other Financing Sources (Uses)					
Transfers In	\$ 4,124,824	\$ 1,670,560	\$ 1,393,784	\$ 3,278,786	\$ 1,542,011
Transfers Out	(3,915,754)	(1,484,878)	(1,218,392)	(3,143,841)	(1,359,112)
Obligations incurred on capital leases	-	108,966	704,439	998,496	1,060,480
Proceeds bond issuance	-	38,885,000	-	-	-
Proceeds from sale of capital assets	-	46,725	33,000	129,486	336,003
Total other financing sources (uses)	209,070	39,226,373	912,831	1,262,927	1,579,382
Net change in fund balances	\$ 3,080,520	\$ 6,994,207	\$ 1,726,818	\$ (2,141,396)	\$ 949,963
Debt service as a percentage of noncapital expenditures	17.50%	2.12%	5.57%	15.37%	7.16%

City of Douglas
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues:					
Taxes	\$ 5,996,580	\$ 6,252,364	\$ 6,476,819	\$ 6,399,692	\$ 6,234,848
Intergovernmental	8,750,525	8,446,141	8,035,692	8,455,635	8,031,863
Fines and Forfeitures	157,059	202,116	160,870	311,448	273,475
Licenses and Permits	151,967	152,482	165,004	201,227	162,571
Charges for services	2,335,745	2,282,537	1,895,749	1,763,797	1,605,657
Rents and royalties	821,410	818,382	818,819	819,022	768,418
Special Assessments	-	-	136,718	-	-
Investment Income (loss)	73,271	39,738	26,489	30,607	39,423
Other	106,863	188,576	265,826	281,915	596,739
Total revenues	18,393,420	18,382,336	17,981,986	18,263,343	17,712,994
Expenditures:					
General government	\$ 2,838,725	\$ 2,863,112	\$ 3,203,318	\$ 3,407,238	\$ 3,469,997
Public safety	9,453,283	8,395,922	7,030,010	7,295,712	7,139,134
Highways and streets	2,161,891	1,909,520	1,276,388	1,685,298	1,779,871
Transportation	-	-	-	-	-
Culture and recreation	1,744,473	1,694,211	1,337,577	1,513,927	1,407,089
Redevelopment and housing	920,658	916,674	947,866	1,058,347	1,035,816
Capital outlay	1,124,777	521,648	1,923,777	1,806,890	2,007,665
Debt Service					
Principal Retirement	913,997	907,502	1,474,930	1,464,848	1,627,585
Interest and fiscal charges	379,124	414,014	423,879	501,922	551,097
Total expenditures	19,536,928	17,622,603	17,617,745	18,734,182	19,018,254
Excess of revenues over (under) expenditures	(1,143,508)	759,733	364,241	(470,839)	(1,305,260)
Other Financing Sources (Uses)					
Transfers In	\$ 1,558,311	\$ 1,633,133	\$ 2,557,063	\$ 2,354,892	\$ 2,480,730
Transfers Out	(1,325,533)	(1,389,235)	(2,311,747)	(2,085,749)	(2,318,522)
Obligations incurred on capital leases	140,482	67,277	20,480	1,041,474	1,205,911
Obligations incurred on capital leases	-	-	-	-	-
Proceeds from sale of capital assets	69,902	215,725	-	897,088	-
Total other financing sources (uses)	443,162	526,900	265,796	2,207,705	1,368,119
Net change in fund balances	\$ (700,346)	\$ 1,286,633	\$ 630,037	\$ 1,736,866	\$ 62,859
Debt service as a percentage of noncapital expenditures	7.02%	7.73%	12.10%	11.62%	12.81%

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021

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City of Douglas
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year		Sales Taxes		Property Taxes		Franchise Taxes		Total
2022	\$	9,206,923	\$	652,053		332,951	\$	10,191,928
2021		8,854,326		634,856		324,191		9,813,374
2020		7,556,918		631,690		307,193		8,495,801
2019		5,443,512		630,036		318,872		6,392,420
2018		5,391,427		595,734		314,717		6,301,878
2017		5,097,699		595,284		295,034		5,988,017
2016		5,361,849		585,960		312,874		6,260,683
2015		5,578,165		577,360		317,610		6,473,135
2014		5,533,351		578,759		311,019		6,423,129
2013		5,364,312		563,698		314,080		6,242,090

City of Douglas
Taxable Sales By Category
Last Ten Calendar Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Mining	\$ 38,719	\$ 1,789	\$ 1,406	\$ -	\$ -
Communications and Utilities	17,468,478	17,483,263	16,793,374	1,730,286	17,199,821
Transportation & Warehousing	11,109	-	-	14,607	10,500
Construction	9,856,760	4,580,263	6,653,135	10,147,464	4,842,286
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	192,595,195	159,775,026	135,187,713	125,972,964	135,090,750
Finance and Insurance	-	-	-	-	-
Real Estate, Rental and Leases	15,778,272	14,989,090	11,681,179	9,685,357	9,606,250
Restaurants and Bars	18,225,030	16,538,553	15,212,256	14,519,750	13,806,714
Accommodations	2,857,919	3,038,474	2,938,962	2,624,500	2,646,883
Services	9,186,539	19,073,553	7,239,283	5,873,250	4,424,929
Arts & Entertainment	252,354	153,921	192,118	214,250	210,429
Other	114,162	145,684	113,383	184,000	201,500
Total	\$ 266,384,537	\$ 235,779,616	\$ 196,012,810	\$ 186,537,428	\$ 188,040,062
City sales tax rate	3.80%	3.80%	3.80%	2.80%	2.80%

Source:

The source of this information is the Arizona Department of Revenue.

City of Douglas
Taxable Sales By Category (Continued)
Last Ten Calendar Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Mining	\$ -	\$ -	\$ 2,891	\$ 2,626	\$ 4,715
Communications and Utilities	17,469,469	20,056,514	20,725,169	20,874,694	20,996,222
Transportation & Warehousing	7,646	23,200	32,657	7,558	34,024
Construction	7,855,430	7,836,315	10,778,758	7,161,065	4,980,458
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	124,098,318	134,525,779	141,407,356	138,881,604	137,243,931
Finance and Insurance	-	-	-	-	-
Real Estate, Rental and Leases	8,341,499	8,776,313	8,143,356	8,037,675	7,812,435
Restaurants and Bars	14,290,984	14,629,652	14,634,276	14,404,604	14,682,935
Accommodations	2,646,883	2,685,332	2,848,778	3,792,273	3,855,249
Services	2,318,353	709,281	1,102,206	1,385,854	1,152,749
Arts & Entertainment	588,899	342,208	377,338	477,238	642,019
Other	195,312	177,197	262,025	173,041	196,727
Total	\$ 177,812,793	\$ 189,761,791	\$ 200,314,810	\$ 195,198,232	\$ 191,601,464
City sales tax rate	2.80%	2.80%	2.80%	2.80%	2.80%

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021

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City of Douglas
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	City of Douglas	Cochise County	Rate Total
2022	3.80%	6.10	6.14
2021	3.80%	6.10	6.14
2020	3.80%	6.10	6.14
2019	2.80%	6.10	6.13
2018	2.80%	6.10	6.13
2017	2.80%	6.10	6.13
2016	2.80%	6.10	6.13
2015	2.80%	6.10	6.13
2014	2.80%	6.10	6.13
2013	2.80%	6.10	6.13

Source: The source of this information is the Cochise County Treasurer.

*Note: Douglas increased its local sales tax rate on September 1, 2019

City of Douglas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Assessed Value								Assessed Value as a Percentage of Actual Value	
	Personal									
	Real Property		Property		Total		Estimated			
	Assessed/ Market	Value	Assessed/ Market	Value	Less: Tax Exempt Real Property	Taxable Assessed Value	Total Direct Tax	Actual Taxable Value		
Fiscal Year	Market Value		Market Value		Property	Assessed Value	Rate	Value		
2021	\$ 59,750		\$ 5,112		\$ (9,585)	\$ 55,277	10.82	\$ 519,621	10.64%	
2020	57,989		4,978		(9,771)	53,196	12.42	502,473	10.59%	
2019	56,100		3,770		(9,725)	50,145	13.38	478,426	10.48%	
2018	55,327		3,784		(9,140)	49,971	13.53	478,522	10.51%	
2017	55,812		3,782		(9,709)	49,885	13.90	468,189	10.66%	
2016	56,289		3,718		(9,531)	50,476	13.79	468,243	10.78%	
2015	59,500		3,585		(9,685)	53,400	11.64	494,935	10.79%	
2014	60,731		3,905		(9,743)	54,892	7.21	499,871	10.98%	
2013	61,660		3,936		(9,408)	56,188	8.36	506,672	11.11%	
2012	62,801		4,254		(9,278)	57,777	8.23	509,351	11.34%	

Source: The Cochise County Treasurer

City of Douglas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	Primary Rates					Secondary Rates		
	City of Douglas	Cochise County	Community College	Cochise County Unified School District	Total Direct Rate	School District	County	Rate Total
2022	1.15	2.6747	2.4297	3.8282	10.08	0.5886	0.5548	11.23
2021	1.16	2.6747	2.44	4.55	10.83	0.59	0.55	11.97
2020	1.16	2.6747	2.40	5.63	11.87	0.67	0.55	13.09
2019	1.18	2.6747	2.45	6.12	12.43	0.73	0.55	13.71
2018	1.19	2.67	2.40	7.11	13.38	0.94	0.55	14.87
2017	1.19	2.67	2.37	7.29	13.53	1.14	0.55	15.23
2016	1.19	2.63	2.29	7.29	13.40	1.13	0.55	15.09
2015	1.18	2.63	2.18	7.29	13.27	0.89	0.55	14.71
2014	1.15	2.63	2.03	5.32	11.13	0.87	0.55	12.56
2013	1.08	2.63	1.85	1.14	6.69	0.86	0.55	8.10

Source: The source of this information is the Cochise County Treasurer.

City of Douglas
Top Ten Principal Property Tax Payers
Current and Nine Years Ago

	2022		2013			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Arizona Public Service	\$ 3,012,204	1	5.18%			0.00%
Wal-Mart Stores Inc.	2,222,853	2	3.83%	2,162,111	1	3.97%
Southwest Gas Corporation	1,831,036	3	3.15%	440,761	2	0.81%
DHD LLC	596,379	4	1.03%	618,852	10	1.14%
Phelps Dodge Corporation	534,475	5	0.92%	612,035	6	1.12%
Borane Ronald J Rona Joint Rev	488,859	6	0.84%			
SFP Pool Five Shopping Centers	475,058	7	0.82%	465,790	3	0.85%
Hillcrest Apartments LLC	377,819	8	0.65%			
Circle K Stores, Inc #2702940	377,566	9	0.65%			
UIRC-GSA V Douglas AZ LLC	349,313	10	0.60%			
Qwest Corporation				450,539	5	0.83%
Safeway Inc.				518,204	4	0.95%
J C Penney Co Inc				332,280	7	0.61%
Douglas Customs LLC				392,261	9	0.72%
G6 Hospitality Property LLC				278,889	8	
Total	<u><u>\$ 10,265,562</u></u>		<u><u>17.67%</u></u>	<u><u>\$ 6,271,722</u></u>		<u><u>11.51%</u></u>
Net Assessed Value	58,097,555			54,510,332		

Source: Cochise County Treasurer's Office (Top Fifty Taxpayers Report)

Note: The schedule should include the ten largest taxpayers, unless fewer are required to reach 50% of the revenue base.

City of Douglas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Current		Percentage of Delinquent		Total Tax		Ratio of Outstanding		Ratio of Delinquent	
	Total Tax Levy	Tax Collections	Current Taxes Collected	Tax Collections	Total Tax Collections	Collections to Total Tax Levy	Delinquent Taxes	Taxes to Tax Levy	Outstanding Taxes	Delinquent to Tax Levy
2022	\$ 668,909	\$ 637,423	95.29%	14,630	\$ 652,053	97.48%	\$ 16,855	2.52%		
2021	656,825	627,574	95.55%	11,240	638,814	97.26%	18,011	2.74%		
2020	652,867	636,279	97.46%	13,505	649,783	99.53%	3,084	0.47%		
2019	642,240	613,354	95.50%	16,682	630,036	98.10%	12,204	1.90%		
2018	599,185	509,098	84.97%	85,740	594,838	99.27%	4,347	0.73%		
2017	587,758	536,145	91.22%	48,443	584,588	99.46%	3,170	0.54%		
2016	586,193	523,764	89.35%	60,029	583,793	99.59%	2,400	0.41%		
2015	565,710	515,897	91.19%	47,608	563,505	99.61%	2,205	0.39%		
2014	562,460	498,462	88.62%	61,885	560,347	99.62%	2,113	0.38%		
2013	552,411	501,212	90.73%	48,899	550,111	99.58%	2,300	0.42%		

Source: Cochise County Treasurer's Office

City of Douglas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except for capita)

Governmental Activities				Business-Type Activities				Total Outstanding Debt			
Fiscal Year	Revenue Bonds	Loans Payable	Capital Leases	Total	Loans Payable	Capital Leases	Total	Total Primary Government	Primary Government	Percentage of Personal Income	Per Capita
2022	\$ 37,400,000	\$ 2,250,000	\$ 1,244,694	\$ 40,894,694	\$ 10,612,833	\$ 202,828	\$ 10,815,661	\$ 51,710,355	16.79%	\$ 3,140	
2021	38,885,000	2,625,000	1,814,032	43,323,691	7,981,033	82,942	8,660,539	51,984,230	19.31%	3,173	
2020		3,000,000	2,040,926	5,222,894	8,605,388		8,863,776	14,086,670	5.13%	843	
2019	-	4,157,921	956,672	5,246,380	9,216,941	-	7,050,353	12,296,733	5.39%	887	
2018	-	5,590,000	443,858	7,102,561	9,565,961	-	4,707,767	11,810,328	6.59%	965	
2017	-	6,110,000	915,129	7,009,091	4,609,517	90,905	5,028,523	12,037,614	4.89%	694	
2016	-	6,620,000	1,162,606	7,782,606	5,263,184	210,018	5,473,202	13,255,808	5.94%	799	
2015	-	7,125,000	1,506,753	8,631,753	4,604,627	326,606	4,931,233	13,562,986	5.80%	798	
2014	468,602	7,725,000	1,911,683	10,105,285	5,095,574	440,727	5,536,301	15,641,586	6.68%	893	
2013	920,800	8,260,000	1,345,057	10,525,857	5,457,668	263,551	5,721,219	16,247,076	7.15%	935	

Source: The source of this information is the City's Finance Department.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Douglas
Direct and Overlapping Governmental Activities Debt
As of June 30, 2022
(in thousands of dollars)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Cochise County	\$ -	5.840%	\$ -
Cochise County Community College District	16,345,000	5.840%	954,568
Douglas Unified School District No. 27	3,920,000	74.746%	2,930,047
Other debt		0.000%	-
Subtotal overlapping debt			\$ 3,884,615
City Direct Debt	10,525,857	100.000%	10,525,857
Total direct and overlapping debt			<u>\$ 14,410,472</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		N/A
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 874.95	
As a Percentage of Net Limited Assessed Valuation		24.80%

Source: The source of this information is the Cochise County Assessor's Office, Cochise County Finance Department, Douglas Unified School District, and Cochise College.

City of Douglas
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)

Total Legal Debt Margin Calculation Last Ten Fiscal Years

Assessed Value	\$58,097,555
Debt Limit (20% of assessed value)	11,619,511
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u><u>\$15,105,364</u></u>

	2022	2021	2020	2019	2018
Total 20% Debt Limit	\$ 11,619,511	\$ 11,333,356	\$ 11,265,068	\$ 10,639,254	\$ 10,029,043
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 11,619,511</u></u>	<u><u>\$ 11,333,356</u></u>	<u><u>\$ 11,265,068</u></u>	<u><u>\$ 10,639,254</u></u>	<u><u>\$ 10,029,043</u></u>
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%
	2022	2021	2020	2019	2018
Total 6% Debt Limit	3,485,853	3,400,007	3,379,520	3,191,776	3,008,713
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 3,485,853</u></u>	<u><u>\$ 3,400,007</u></u>	<u><u>\$ 3,379,520</u></u>	<u><u>\$ 3,191,776</u></u>	<u><u>\$ 3,008,713</u></u>
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Source: The source of this information is the City's Finance Department and the Cochise County Assessor's Office.

City of Douglas
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years
(in thousands of dollars)

Total Legal Debt Margin Calculation Last Ten Fiscal Years

Assessed Value	\$58,097,555
Debt Limit (20% of assessed value)	11,619,511
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u><u>\$15,105,364</u></u>

	2017	2016	2015	2014	2013
Total 20% Debt Limit	\$ 9,994,192	\$ 9,977,035	\$ 10,095,268	\$ 10,679,957	\$ 10,978,476
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 9,994,192</u></u>	<u><u>\$ 9,977,035</u></u>	<u><u>\$ 10,095,268</u></u>	<u><u>\$ 10,679,957</u></u>	<u><u>\$ 10,978,476</u></u>
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%
	2017	2016	2015	2014	2013
Total 6% Debt Limit	2,998,258	2,993,111	3,028,580	3,203,987	3,293,543
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 2,998,258</u></u>	<u><u>\$ 2,993,111</u></u>	<u><u>\$ 3,028,580</u></u>	<u><u>\$ 3,203,987</u></u>	<u><u>\$ 3,293,543</u></u>
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Source: The source of this information is the City's Finance Department and the Cochise County Assessor's Office.

City of Douglas
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenue	Debt		Debt Service Interest	Debt Service Total	Annual	
				Service Principal	Debt Service Interest			Debt Service Total	Estimated Times Coverage
<u>Revenue Bonds*</u>									
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2021	-	-	-	-	-	-	-	-	N/A
2020	-	-	-	-	-	-	-	-	N/A
2019	-	-	-	-	-	-	-	-	N/A
2018	-	-	-	-	-	-	-	-	N/A
2017	-	-	-	-	-	-	-	-	N/A
2016	-	-	-	-	-	-	-	-	N/A
2015	11,792,995	-	11,792,995	470,000	16,451	486,451	486,451	24.24	
2014	11,462,981	-	11,462,981	455,000	31,806	486,806	486,806	23.55	
2013	10,896,218	-	10,896,218	440,000	46,106	486,106	486,106	22.42	
<u>GADA Loan**</u>									
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2021	-	-	-	-	-	-	-	-	N/A
2020	-	-	-	-	-	-	-	-	N/A
2019	9,362,813	-	9,362,813	1,840,000	-	1,840,000	1,840,000	5.08	
2018	9,895,142	-	9,895,142	145,000	93,239	238,239	238,239	41.53	
2017	9,465,639	-	9,465,639	135,000	98,725	233,725	233,725	40.50	
2016	9,926,905	-	9,926,905	130,000	103,922	233,922	233,922	42.44	
2015	10,074,638	-	10,074,638	125,000	110,172	235,172	235,172	42.84	
2014	9,791,063	-	9,791,063	120,000	114,974	234,974	234,974	41.67	
2013	9,315,887	-	9,315,887	115,000	121,264	236,264	236,264	39.43	

Source: The source of this information is the City's financial records.

Notes: 1) Pledged Revenue for revenue bonds includes City sales tax revenue. The revenue bonds were paid off in fiscal year 2015.

2) Pledged Revenue for GADA Loans includes state shared revenue, state sales tax, and City sales tax.

4) Final payments on the general obligations (GADA) bonds were made in fiscal year 2019.

City of Douglas
Pledged Revenue Coverage (Continued)
Last Ten Fiscal Years

Fiscal Year	Pledged Revenues	Less: Operating Expenses		Net Available Revenue	Debt Service Principal		Debt Service Interest	Debt Service Total	Annual	
<u>Call Center Loan</u>										
2022	\$ 9,826,267	\$ -	\$ 9,826,267	\$ 375,000	\$ 147,788	\$ 522,788	18.80			
2021	14,112,085	-	14,112,085	375,000	171,246	546,246	25.83			
2020	9,209,154	-	9,209,154	375,000	193,179	568,179	16.21			
2019	7,522,813	-	7,522,813	375,000	214,057	589,057	12.77			
2018	9,656,904	-	9,656,904	375,000	235,463	610,463	15.82			
2017	9,231,914	-	9,231,914	375,000	256,869	631,869	14.61			
2016	9,692,983	-	9,692,983	375,000	279,037	654,037	14.82			
2015	9,353,016	-	9,353,016	375,000	299,680	674,680	13.86			
2014	9,069,283	-	9,069,283	375,000	321,086	696,086	13.03			
2013	8,593,517	-	8,593,517	740,000	356,805	1,096,805	7.84			
<u>WIFA Loans</u>										
2022	\$ 4,463,455	\$ 3,334,016	\$ 1,129,439	\$ 637,432	\$ 161,680	\$ 799,112	29.63%			
2021	4,106,272	3,097,585	1,008,688	578,777	171,174	749,951	32.25%			
2020	4,014,024	2,573,991	1,440,033	566,765	166,493	733,258	47.02%			
2019	3,934,603	2,566,897	1,367,705	555,046	102,643	657,689	50.23%			
2018	3,962,967	2,375,985	1,586,982	543,556	103,579	647,135	67.77%			
2017	3,937,186	2,337,707	1,599,479	328,122	88,791	416,913	83.31%			
2016	3,907,422	2,348,081	1,559,341	325,563	96,238	421,802	83.83%			
2015	3,822,341	2,500,941	1,321,399	536,634	101,498	638,132	58.35%			
2014	3,866,939	2,795,044	1,071,895	490,947	126,030	616,977	54.67%			
2013	3,875,027	2,575,559	1,299,468	480,756	119,200	599,956	78.50%			

Source: The source of this information is the City's financial records.

Notes: 1) Water charges and other includes charges for services, investment income, and miscellaneous revenues.

2) Operating expenses do not include depreciation and interest expense.

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021

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City of Douglas
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income (4)	Median Age	Unemployment Rate
2022	16,470	\$ 308,021,940	\$ 18,702	32.9	4.4%
2021	16,534	294,106,792	17,788	32.5	5.8%
2020	16,193	266,131,955	16,435	32.5	6.7%
2019	16,165	265,671,775	16,435	32.5	5.3%
2018	16,165	236,590,940	14,636	32.4	7.1%
2017	16,897	239,667,048	14,184	32.2	7.2%
2016	16,592	223,046,256	13,443	32.2	7.7%
2015	16,989	233,785,629	13,761	32.2	8.4%
2014	17,509	234,200,384	13,376	32.2	9.6%
2013	17,378	227,252,106	13,077	32.2	10.2%

Source: Arizona Department of Economic Security and Cochise College Center for Economic Research.

Note: GASB Statement 44 requires that general purpose governments present, at a minimum, population, total and per capita personal income, and unemployment rate. Governments may add other demographic and economic statistics that are useful and relevant to the user of their financial reports, either in this or in additional schedules. Median age, education level and school enrollment are optional statistics; however, they are among those most commonly presented by governments.

City of Douglas
Principal Employers
Current Year and Ten Years Ago

2022				2013			
Employer	Employees	Rank	Percentage of Total Area Employment	Employer	Employees	Rank	Percentage of Total Area Employment
Arizona Department of Corrections	615	1	12.48%	Arizona Department of Corrections	648	1	9.68%
Douglas Unified School District	492	2	9.98%	Douglas Unified School District	516	3	7.71%
Advanced Call Center Technologies	248	3	5.03%	Advance Call Center Technologies	537	2	8.02%
City of Douglas	179	4	3.63%	City of Douglas	197	6	2.94%
Cochise College	165	5	3.35%	Cochise College	218	5	3.26%
Chiricahua Community Health Center	116	6	2.35%	Chiricahua Community Health Center	106	7	2.15%
Cochise Private Industry Council	90	7	1.83%				
Cochise County	48	8	0.97%	Cochise County	64	9	0.96%
Copper Queen Community Hospital	37	9	0.75%				
				Wal-Mart Stores, Inc	295	4	4.41%
				Wal-Mart Stores, Inc	295	4	4.41%
				Wal-Mart Stores, Inc	295	4	4.41%
				Southeast Arizona Medical Center	77	8	1.15%
				Basha's Inc	62	10	0.93%
Total	<u><u>1,990</u></u>		<u><u>40.37%</u></u>	Total	<u><u>3,310</u></u>		<u><u>40.34%</u></u>
Total employment	<u><u>4929</u></u>			Total employment	<u><u>6693</u></u>		

Source: Cochise College Center for Economic Research and
The Arizona Department of Economic Security.

Note: *This list includes only those employers who responded to the annual major employer survey.*

A fulltime equivalent employee equals one fulltime employee or two part-time employees.

City of Douglas
Full-Time Equivalent Employees by Function
Last Ten Fiscal Years

	Full-Time Equivalent Employees									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Function</u>										
General Government										
Management Services										
Administration	3.00	2.00	2.00	2.00	4.00	5.00	4.00	4.50	4.50	5.00
City Clerk	2.00	2.00	1.00	2.00	2	-	-	-	-	-
City Attorney	-	-	1.00	1.00	1	-	-	-	-	-
Human Resources	3.00	3.00	2.00	2.00	2.00	2.50	3.00	3.00	3.00	3.00
Court	-	-	-	-	-	-	1.50	1.50	1.50	1.50
MIS	4.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00
Finance	7.00	8.00	8.00	8.00	6.50	7.50	7.00	9.00	9.00	8.50
Economic Dev	2	-	0.00	1.00	1.00	1	-	-	-	-
Visitor Center/Parking	1	-	0.00	1.00	0.50	0.50	0.50	1.00	1.00	1.00
Total General Government	<u>22.00</u>	<u>19.00</u>	<u>18.00</u>	<u>20.00</u>	<u>21.00</u>	<u>20.50</u>	<u>20.00</u>	<u>23.00</u>	<u>23.00</u>	<u>22.00</u>
Housing	3.00	4.00	4.00	3.00	3.00	3.50	3.50	3.50	6.50	6.50
Police										
Officers	31.00	29.00	22.00	32.00	33.00	34.00	29.00	31.00	31.00	32.00
Civilians	13.00	12.00	21.00	12.00	11.00	13.50	13.00	13.00	11.50	15.00
Total Police	<u>44.00</u>	<u>41.00</u>	<u>43.00</u>	<u>44.00</u>	<u>44.00</u>	<u>47.50</u>	<u>42.00</u>	<u>44.00</u>	<u>42.50</u>	<u>47.00</u>
Fire										
Officers	28.00	29.00	34.00	30.00	28.00	27.50	27.00	25.00	23.00	24.00
Civilians	2.00	1.00	2.00	1.00	1.00	2.50	2.00	2.00	2.00	2.00
Total Fire	<u>30.00</u>	<u>30.00</u>	<u>36.00</u>	<u>31.00</u>	<u>29.00</u>	<u>30.00</u>	<u>29.00</u>	<u>27.00</u>	<u>25.00</u>	<u>26.00</u>
Public Works										
Engineering (PW Adm)	2.00	3.00	3.00	3.00	3.00	2	-	1.00	2.00	2.00
Construction	6.00	5.00	5.00	5.00	4.50	5.00	5.00	5.00	5.00	6.00
Refuse Collections	5.00	5.00	6.00	6.00	12.50	7.50	8.00	9.00	8.00	7.00
Mechanics	4.00	3.00	3.00	2.00	1.50	3.00	3.00	3.00	3.00	2.50
Streets	7.00	9.00	8.00	8.00	8.00	8.00	5.00	5.00	7.00	8.00
Streets Maintenance	-	-	-	-	-	-	-	-	-	-
Airport	1.00	1.00	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1
Water Field	9.00	9.00	12.00	10.00	12.00	9.50	7.50	7.50	7.50	7.50
Water CIP	-	-	-	-	2.00	-	2.00	2.00	2.00	2.00
Billing	-	3.00	-	-	-	-	-	-	-	-
Wastewater	6.00	6.00	6.00	4.00	3.00	5.50	5.50	5.50	5.50	5.50
Total Public Works	<u>40.00</u>	<u>44.00</u>	<u>47.00</u>	<u>41.00</u>	<u>49.50</u>	<u>43.50</u>	<u>38.00</u>	<u>41.00</u>	<u>43.00</u>	<u>42.50</u>
Parks and Recreation										
Comm Dev Admin	2.00									1.00
Planning & Zoning	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Aquatics	9.00	18.00	15.00	11.50	12.00	11.50	10.50	10.50	12.00	12.50
Cemetery	5.00	5.00	4.49	2.50	2.50	2.00	2.00	2.00	3.00	3.00
Parks	8.00	7.00	7.85	7.50	8.00	7.50	8.50	9.00	9.00	8.50
Recreation	7.00	11.00	7.00	10.00	8.50	8.00	6.00	6.50	5.50	5.50
Golf Course	-	-	-	-	-	-	-	2.50	5.50	7.50
Library	8.00	12.00	7.50	7.50	7.50	7.50	7.50	8.00	6.50	6.50
Transit	12.00	11.00	12.00	12.00	11.00	9.00	9.00	6.00	6.50	6
Bisbee Transit	2.00	2.00	2.00	2.00	2.00	2.50	3	-	-	-
Total Parks and Recreation	<u>56.00</u>	<u>69.00</u>	<u>55.84</u>	<u>53.00</u>	<u>51.50</u>	<u>48.00</u>	<u>46.50</u>	<u>44.50</u>	<u>48.00</u>	<u>50.00</u>
Total	<u>195.00</u>	<u>207.00</u>	<u>203.84</u>	<u>192.00</u>	<u>198.00</u>	<u>193.00</u>	<u>179.00</u>	<u>183.00</u>	<u>188.00</u>	<u>194.00</u>

City of Douglas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function</u>	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
Police					
Stations	1	1	1	1	1
Patrol Units	21	20	20	22	24
Fire stations	1	1	1	1	1
Refuse collection					
Collection trucks	6	6	3	5	4
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	1,213	1,211	1,210	1,209*	1,209*
Traffic Signals	13	13	13	13	13
Parks and recreation					
Acreage	92	92	92	92	92
Playgrounds	6	6	6	6	5
Baseball/softball diamonds	7	7	7	7	7
Soccer/football fields	13	13	13	13	13
Aquatic Centers	2	2	2	2	2
Community centers					
Water					
Water mains (miles)	100	100.2	100.2	100	100
Fire hydrants	576	576	576	576	574
Storage capacity (thousands of gallons)	5,900,000	590,000	590,000	590,000	590,000
Wastewater					
Sanitary sewers (miles)	92	92.0	87.0	87.0	87.0
Storm sewers (miles)	9	8.6	8.6	8.6	8.6
Treatment capacity (thousands of gallons)	2,600,000	2,000,000	2,000,000	2,000,000	2,000,000

Source: The source of this information is the City's Internal Records.

*Note: Statistical data from LED Street Light Conversion.

City of Douglas
Capital Asset Statistics by Function/Program (Continued)
Last Ten Fiscal Years

<u>Function</u>	Fiscal Year Ended June 30,				
	2017	2016	2015	2014	2013
Police					
Stations	1	1	1	1	1
Patrol Units	21	23	23	21	22
Fire stations	1	1	1	1	1
Refuse collection					
Collection trucks	4	4	4	4	4
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	2,697	2,693	2,693	2,693	2,693
Traffic Signals	13	12	14	14	14
Parks and recreation					
Acreage	92	92	92	92	92
Playgrounds	5	5	5	5	5
Baseball/softball diamonds	6	6	6	6	6
Soccer/football fields	13	13	13	13	13
Aquatic Centers	2	2	2	2	2
Community centers		1	1	1	1
Water					
Water mains (miles)	100	100	100	100	100
Fire hydrants	573	570	567	560	548
Storage capacity (thousands of gallons)	590,000	590,000	590,900	590,900	590,900
Wastewater					
Sanitary sewers (miles)	87.0	86.5	86.0	86.0	86.0
Storm sewers (miles)	8.6	8.6	8.6	8.6	8.6
Treatment capacity (thousands of gallons)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

Source: The source of this information is the City's Internal Records.

*Note: Statistical data from LED Street Light Conversion.

City of Douglas
Operating Indicators by Function
Last Ten Fiscal Years

<u>Function</u>	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
General Government					
Building permits issued	523	523	289	275	235
Building inspections conducted	543	543	356	532	427
Police					
Physical arrests	719	634	591	811	764
Parking violations	105	131	149	173	390
Traffic violations	1,714	1,649	1,873	2,655	4,031
Fire					
Emergency responses	2,748	2,483	2,451	3,040	3,665
Fires extinguished	164	145	199	140	239
Inspections	57	47	83	130	160
Refuse collection					
Refuse collected (tons/day)	31.0	28.8	26.0	30.0	25.0
Other public works					
Street resurfacing (miles)	3.1	6.8	5.0	4.1	3.8
Potholes repaired (streets)	7,000	8,000	7,000	6,000	7,000
Parks and recreation					
Special Event Permits Issued	69	33	66	95	91
Community center admissions	2000	1524	679	1,749	2,987
Aquatic Center Admissions**	9,035	5,016	5,286	15,005	15,402
Library					
Volumes in collection	38,392	56,005	56,400	55,465	54,515
Total volumes borrowed**	14,662	8,779	22,768	32,166	34,084
Transit					
Riders	37,514	31,806	47,772	58,603	60,044
Miles	226,202	224,279	210,308	229,794	220,202
Water					
New connections	17	18	11	5	3
Water main breaks	25	33	24	16	11
Average daily consumption (thousands of gallons)	2,500,000	2,800,000	3,000,000	3,000,000	3,050,474
Peak daily consumption (thousands of gallons)	4,300,000	4,800,000	5,300,000	5,400,000	4,041,935
Wastewater					
Average daily sewage treatment (thousands of gallons)	-	2.0	2.0	2.0	2.0

Source: The source of this information is the City's Internal Records.

*Note: The City conducted educated estimates on these statistics

**Note: Aquatic Center admissions and library book borrowing down significantly due to COVID-19

City of Douglas
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

<u>Function</u>	Fiscal Year Ended June 30,				
	2017	2016	2015	2014	2013
General Government					
Building permits issued	329	205	188	202	264
Building inspections conducted		277	229	704	695
Police					
Physical arrests	937	1,317	1,164	1,348	1,332
Parking violations	85	140	158	183	258
Traffic violations	2,973	2,490	2,981	3,220	4,158
Fire					
Emergency responses	3,295	3,479	2,900	2,560	2,459
Fires extinguished	178	196	52	457	231
Inspections		108	261	367	161
Refuse collection					
Refuse collected (tons/day)	22.0	24.6	33.4	22.9	27.5
Other public works					
Street resurfacing (miles)	2.0	6.2	6.0	0.8	2.1
Potholes repaired (streets)	6,500	4,500	2,385	1,763	1,600
Parks and recreation					
Special Event Permits Issued	68	56	105	83	93
Community center admissions	1,749	3,384	7,954	16,051	10,199
Aquatic Center Admissions**	15,005	11,631	14,674	17,792	16,685
Library					
Volumes in collection	52,543	63,930	53,887	59,033	47,157
Total volumes borrowed**	38,089	59,737	53,181	64,843	61,256
Transit					
Riders	56,262	55,770	68,777	56,400	
Miles	120,453	105,158	105,615	106,795	
Water					
New connections	8	5	5	11	11
Water main breaks	5	6	8	7	12
Average daily consumption (thousands of gallons)	3,054,914	2,725,146	2,971,544	3,321,000	3,216,045
Peak daily consumption (thousands of gallons)	4,050,528	3,366,799	3,984,848	4,384,000	4,716,136
Wastewater					
Average daily sewage treatment (thousands of gallons)	1.8	1.9	1.9	2.1	2.0

Source: The source of this information is the City's Internal Records.

*Note: The City conducted educated estimates on these statistics

**Note: Aquatic Center admissions and library book borrowing down significantly due to COVID-19

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2021

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