



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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CITY OF DOUGLAS, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020

Donald Huish
Mayor Councilmembers

Mitch Lindemann

Margaret Morales

Danya Acosta

Ray Shelton

Michael Baldenegro

Jose Grijalva

Jerene Watson
City Manager

Prepared by: Finance Department

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION (UNAUDITED)</u>	
Letter of Transmittal – City Management	i
Certificate of Achievement for Excellence in Financial Reporting - GFOA	viii
Organization Chart	ix
List of Principal Officials	x
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information) (Unaudited).....	7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	24
Statement of Activities	26
Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet.....	34
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	35
Statement of Revenues, Expenditures, and Changes in Fund Balances	36
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Activities	37
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position	42
Statement of Revenues, Expenses, and Changes in Net Position	43
Statement of Cash Flows	44
Index to Notes to the Basic Financial Statements	49
Notes to the Basic Financial Statements	51
Required Supplementary Information (Unaudited):	
Budgetary Information	101
Budgetary Comparison Schedule – General Fund	102
Schedules of the Proportionate Share of the Net Pension/OPEB Liability	104
Schedules of Changes in the Net Pension/OPEB Asset / (Liability) and Related Ratios.....	111
Schedules of Contributions	115

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Supplementary Information:	
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	132
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Debt Service Fund	135
HURF Special Revenue Fund.....	136
Grants Special Revenue Fund.....	137
Police Grants Special Revenue Fund.....	138
LTAF Special Revenue Fund	139
City Capital Projects Fund.....	140
<u>STATISTICAL SECTION (Unaudited)</u>	
Index to Statistical Section	143
Financial Trends:	
Net Position by Component	144
Changes in Net Position	146
Fund Balances of Governmental Funds	150
Changes in Fund Balances of Governmental Funds.....	152
Revenue Capacity:	
Governmental Activities Tax Revenues by Source.....	155
Taxable Sales by Category	156
Direct and Overlapping Sales Tax Rates.....	159
Assessed Value and Estimated Actual Value of Taxable Property	160
Direct and Overlapping Property Tax Rates	161
Top Ten Principal Property Tax Payers	162
Property Tax Levies and Collections	163
Debt Capacity:	
Ratios Outstanding Debt by Type	164
Direct and Overlapping Governmental Activities Debt	165
Legal Debt Margin Information	166
Pledged Revenue Coverage.....	168
Demographic and Economic Information:	
Demographic and Economic Statistics	171
Principal Employers	172

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents (Continued)

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited), Continued</u>	
Operating Information:	
Full-Time Equivalent Employees by Function.....	173
Capital Asset Statistics by Function/Program	174
Operating Indicators by Function.....	176

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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

March 15, 2021

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 October 31st, or by February 28th of each year if an automatic extension is requested. Pursuant of that requirement, we hereby issue the comprehensive annual financial report of the City of Douglas, Arizona for the fiscal year ended June 30, 2020. 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 16,453 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 2019¹, 26,588 trucks, 1.53 million cars, 889,173 pedestrians crossed northbound totaling 3.7 million people. The same year there was a total value of imports/exports of \$1.9 billion with refined copper, alloys, unwrought, silver, various forms, and live cattle comprising the top commodity imports.² The top exports are LNG, other petroleum gases, commercial vehicles, and molybdenum ores, concentrates³.

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 2019, Douglas boasted three A+ Schools, one elementary and two Charter Schools. A WalletHub analysis of Cochise College ranks it first among Arizona community colleges in 2019 and in the top 3 in the nation, preparing many transferring students for the world-renowned

¹ US Department of Transportation, Bureau of Transportation Statistics

² US TradeNumbers.com

³ US TradeNumbers.com

University of Arizona and many other colleges in Arizona. WalletHub also featured Douglas as 'One of the Best Places in America for Millennial Start-Ups' in 2015. Even visitors have the opportunity to learn its mining and ranching history at Slaughter Ranch, the Visitor's Center and historic Gadsden Hotel built in the heyday of the copper mining and smelter operations of Phelps-Dodge.

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 commercial 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 State Prison Complex, Douglas Unified School District, Cochise College and the City of Douglas. Private and major employers in our 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 2020 was at 6.8%, which was below the national and state unemployment rates of 7.8% and 11.2% respectively.

COVID-19 effects started in early 2020 and have affected all aspects of everyday life. Our City government has been affected in various ways that included adding protections for employees and the public in all City facilities, adopting extensive sanitary practices and modifying services to the public and work schedules. In March 2020, the US border was partially closed due to COVID precautions, only remaining open to essential purposes. For the second quarter of 2020 compared to 2019, we experienced a decline of visitors of 56% or 491,613 persons entering through the Douglas port. Despite this drastic decline, our economy remained stable through the three month period experiencing only a 9% or \$123,811 decline in sales tax revenue.

In September 2019, the City enacted a 1 cent sales tax increase and a 2 cent transient occupancy tax (bed tax) increase that projected additional funds of \$1,312,500 for funding capital projects, 4 new needed positions, funding 3 existing unfunded positions and an employee compensation package that included a COLA, bringing the salary ranges of some positions within 20% of the market rates, certification pay and enhancing the employee longevity steps compensation structure.

At the end of FY 19/20 our sales tax revenue came in above our projected amount by 13% or \$844,418 even through the April-June COVID affected period that included a partially closed border. These results showed the great resiliency of our City and how our economy was able to

pull through these challenging times. One factor that helped our economy was the presence of the border wall construction company currently stationed in Douglas with 400+ employees. Other factors that helped the local economy was the higher rate of online sales taxes being collected due to 2018's Wayfair vs. South Dakota case that ruled online retailers must pay sales taxes to the jurisdictions that it sells to, a higher rate of shopping local during the COVID period and continuance of Mexican shoppers getting their products through proxy alternatives such as family members shopping for each other. For Fiscal Year 19/20 we were pleased to report a \$1.5 million surplus for the General Fund.

Although COVID is still affecting us and the future is still uncertain, we continued to experience higher sales tax revenue from July through October 2020 compared to 2019. For these 4 months we have seen an increase of 18% or \$327,171 (factoring out the 1 cent sales tax). Despite these surprisingly positive numbers, the City continues to navigate through COVID with much caution as no one really knows the longevity of its effects.

Even though COVID slowed down some of our economic development projects, we still saw outside interest to invest in our City. The expansion of our existing port and development of a second commercial port of entry continue to be a huge driver for economic development that we continue to push for. The City hired lobbying firm Nexxus that will be directly involved with our efforts to get our port project funded by the federal government. We continue to work with our binational consultant, in tandem with all stakeholders, to help us with relationships on both sides of the border to bring this project to fruition. We recently saw that the House of Representatives had approved funding our port of entry project in FY 2021 and are currently awaiting the Senate's decision for its funding. Even if this funding bill were to not be approved, our project is still already funded for FY 2022. We also continue to engage with a housing developer who is interested in adding homes to our City to satisfy the existing demand from CBP officials and other locals looking for new homes in Douglas. There is also interest in bringing a battery manufacturing company that plans to utilize the federal Opportunity Zone designations within city boundaries and surrounding area.

Major Initiatives

1. The City Mayor and Council continue to pursue the development of a new commercial port of entry with the assistance of our congressional and state leaders, stakeholders and port advisors. The existing port of entry lacks the processing capacity for the existing demand and the current infrastructure is also inefficient to process commercial trucks. By building a new commercial port at a separate location outside of the city-center congestion, commercial trucks can more securely cross their products. At the same time personal vehicular and pedestrian traffic can be streamlined in the existing port once commercial operations are moved.

The City elected and appointed leaders, staff and its partners, along with the assistance of its binational consultant, have made great strides in garnering support for the development of a new port as well as bringing attention to the much needed security improvements and modernization of the existing port. A federally funded feasibility study in 2019 revealed the inadequacies suspected in the existing port and also recommended a two port solution to the federal government. The next steps are to continue advocacy efforts to include the design and construction of a new port in the federal government capital improvements plan and budget. Most importantly, in the execution of this project, the City has garnered support throughout the region advocating a two-port solution that includes the Mexican government, our County and State government, surrounding cities, local business groups and of course our Mayor and City Council.

In order to bring a commercial port of entry the City understands that it must also bring infrastructure such as connector roads, utilities and telecommunications to this undeveloped area. The City is pursuing various opportunities to fund these needs and also has begun annexation efforts to bring the areas west of our City into our corporate limits in order to encompass the new commercial port of entry proposed location.

2. The City entered Year 4 of its Streets Improvement Projects. This year the City completed 27 different street projects for a total investment of \$754,509. Additionally, at the end of the fiscal year on 2020, the city had \$510,555 in street improvements in progress to completion.

3. Our Wastewater Treatment Plant Expansion was completed on July 7, 2020 for a total investment of \$13,795,753. With a \$7,475,697 in grant funding assistance from the NADBank and a \$5,500,000 loan from WIFA, the City has increased its treatment capacity from 2.0 MGD to 2.6MGD.

4. The Bay Acres sewer connection project is underway that will connect approximately 350 residential and commercial structures to the City's sewer system. The project is funded by a USDA grant in the amount of \$6,883,056. The City partnered with the County for this project, and the County will assist in repaving the roads after construction is completed.

5. The Water Department is nearing completion of its Automated Meter Infrastructure (AMI) project replacing all manual read city water meters with automatic-read meters that will alleviate staff from this monthly manual process and provide more efficient and correct readings. This efficiency project will also help us provide better customer service by providing customers with data regarding their consumption. The total cost of the project is \$1,599,304, but the City was able to secure a \$750,000 grant and \$750,000 loan from WIFA. This project is currently 98% complete and expected to be 100% complete by Spring 2021.

6. The City acquired \$315,596 in small capital equipment that included replacing 32 much needed communication radios for the Fire Department. The City also acquired 7 new vehicles for the Fire, Police, Streets and Public Works Environmental Division for a total investment of \$253,039.

7. Various facility improvements projects were performed that included resurfacing of the basketball court at Veteran's Memorial Park and resurfacing of the baby pool at the Aquatic Center. Through the assistance of a State Department of Administration grant, the City performed emergency repairs to the Call Center's uninterrupted power supply and backup generator repairs in the amount of \$76,951. Other improvements were made to the police station in electrical improvements to police dispatch, interior and exterior improvements to the fire station and City Hall security improvements.

8. For Year 1 of our new CDBG five-year grant program, the City installed a new pump at the Aquatic Center. As part of this project, the City also began the installation of a dehumidifier and installation of LED lighting for the basketball courts. Year 5 from last year's plan is also awaiting amendment from HUD to allow the City to make improvements to Veteran's Memorial park to install a new pump at the pool, shading at the all inclusive playground and LED lighting.

Upcoming Year

Key initiatives set the stage for the upcoming year.

1. As with other Arizona cities, the City was allocated funding for COVID relief in the amount of \$1.8 million towards public safety from the Federal government disbursed by the State. The budget City officials developed took a conservative approach with sales tax projections due to the uncertainty of COVID, but still was able to fund a \$2.1 million General Fund capital improvement plan and \$662,846 in the special revenue funds (HURF, Transit).

2. The upcoming budget also approved \$9.3 million in capital improvement projects in the Enterprise funds. This included the construction of a new water well at \$1.6 million, continuing the grant funded Bay Acres sewer project at \$4.8 million and with the application of an EDA grant for water and sewer infrastructure design for the new port of entry, budgeted \$2.4 million in hopes of receiving the funding for this project.

3. Annexation efforts are under study to gain population that could enhance additional federal, state and local revenues and position the City in a marketable position to attract more business and commerce. These include three areas: the Colonia known as Bay Acres abutting the northeast City limits, the land between the City limits and the new commercial port of entry to the west at the James Ranch Rd. alignment, and the unincorporated area of Pirtleville abutting the western edge of the City. The City will commence the annexation efforts of Bay Acres in 2021 and is in the process of conducting a survey of the area, filing the official annexation application and planning public meetings.

4. With a newly elected Mayor and 2 new Councilmembers, the City has adopted a new strategic plan focusing on four key areas of economic development and tourism, community enhancement, organization improvements and infrastructure. By setting goals to accomplish as part of this plan, the Mayor and Council set their priorities for the upcoming year. One of those priorities includes beautification, which the City has already begun in the way of a City wide right of way cleanup and alley cleanup efforts. The downtown streetscape design is also underway that will bring much needed improvements to our downtown.

5. Planning is underway for a new transit facility for the Douglas Rides public transportation division for the City. The City is working with a planning firm and six different potential sites are currently under review. Once the site selection study is complete, which is expected to be this Spring, the City could move forward with land acquisition (if necessary) and design of the facility while it has already been awarded \$450,000 for these developments.

Long-Term Financial Planning

With the establishment of written financial policies, the City has set financial goals and measures. We established reserve levels and are currently meeting all required levels at this time. The GF fund balance reserve requirement is 30% of revenues and we are currently exceeding that at 42%. We are also meeting 45 days of expense operations reserve, the 10% of average revenues for the past five years capital (pay-as-you-go) reserve and debt reserve of one year of general government debt service obligations.

Sales tax revenue expectedly increased this year due to the 1 cent sales tax increase by 37% or \$2,059,138. When we factor out the 1 cent sales tax to compare to last year, we still experienced a 7% or \$362,928 increase over last year. However, we continue to monitor on a monthly basis since the border has been partially restricted since March due to COVID concerns.

We are concerned about the state of our public safety retirement plan. Our unfunded liability for both police and fire are currently at 68%. The City is currently exploring the prospects of issuing a pension obligation bond that would fund our public safety pension unfunded liability in full and replace our current payments with an annual stable debt service amount. This strategy would allow for a 17 year debt service schedule that would stabilize what is currently a growing unfunded liability.

Our enterprise funds are currently stable; however, the water and sewer funds are undergoing a rate study that will address existing infrastructure and personnel needs due to ongoing capital and maintenance needs of the systems. The last time rates were increased was in 2009.

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, 2020 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 unqualified opinion of **City of Douglas' financial statements** for the **Fiscal-Year-Ended June 30, 2020, 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, Arizona 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, Arizona offices.

This report includes all funds of the City of Douglas, Arizona. The City of Douglas, Arizona 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, 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, Arizona 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. 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 comprehensive annual financial report for the fiscal year ended June 30th, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 comprehensive annual 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,



Dawn Prince
Interim City Manager



Luis Pedroza, Management
Services Director/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Douglas
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

City of Douglas Organizational Chart

Fiscal Year 2019-2020



Total FTE's: 183
*not counted as FTEs

**CITY OF DOUGLAS, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2020**

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

Interim City Manager	Luis Pedroza
City Clerk	Alma Andrade
Acting City Attorney	Donna Aversa
City Treasurer	Luis Pedroza
City Magistrate	Alma Vildosola

DEPARTMENT DIRECTORS

Deputy City Manager	Vacant
Management Services Director	Luis Pedroza
Public Works Director	Alan Humphrey
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

Report on Financial Statements

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, 2020, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Douglas Community Housing Corporation – Rancho La Perilla Apartments (the "Corporation"), which represent 100% of the assets, net position, and revenues, respectively, of the discretely presented component unit. 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 Corporation, is based solely on the report of the other auditors.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion, Analysis, the Budgetary Comparison Schedules, the Schedules of City's Proportionate Share of the Pension and OPEB Liability/(Asset) and Related Ratios, the Schedules of Changes in Net Pension and OPEB Liability/(Asset) and Related Ratios, and Schedules of City's Pension and OPEB Contributions, as identified in the accompanying table of contents, be presented to supplement the financial statements. Such information, although not a part of the 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Nonmajor Fund Financial Statements and Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members
of the City Council of the City of Douglas
Douglas, Arizona
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021, on our consideration of the 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 the 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 the City's internal control over financial reporting and compliance.

The Pw Group, LLP

Phoenix, Arizona
March 15, 2021

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas, Arizona

Management's Discussion and Analysis (Unaudited)
(Required Supplementary Information)
For the Fiscal Year Ended June 30, 2020

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Management's Discussion and Analysis (Unaudited)
(Required Supplementary Information)
For the Year Ended June 30, 2020

Management of the City of Douglas (the "City") provides the Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year (FY) ended June 30, 2020. 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 financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net position, 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, 2020 by \$31.2 million, this compared to \$27.0 million at fiscal year ended June 30, 2019. This is an overall increase in net position of \$4.2 million or an increase of 15.5% of prior year's net position. Liabilities and deferred inflows of resources of the governmental activities exceeded assets and deferred outflows of resources by \$4.1 million, this compared to \$4.5 million at fiscal year ended June 30, 2019. This is an increase in net position of \$369 thousand or an increase of 8.2% of prior year's net position. Assets and deferred outflows of resources for business-type activities exceeded liabilities and deferred inflows of resources by \$35.3 million compared to \$31.5 million at June 30, 2019, an increase of 12.1% and \$3,827,585.

Changes in Net Position – The City's net position increased \$4.2 million in FY 2019-2020; this compared to \$6.8 million increase in FY 2018-2019. Net position of governmental activities increased \$0.4 million compared to an increase of \$0.2 million in 2018-2019. Net position of business-type activities increased by \$3.8 million compared to a \$6.8 million increase in FY 2018-2019.

♦ *Fund Highlights*

Governmental Funds – At the close of FY 2019-2020 the City's total governmental funds reported a fund balance of \$9.6 million, a \$1.7 million increase from the FY 2018-2019 balance of \$7.9 million, an increase of 21.9%. The increase in fund balance was partially due to an increase of the sales tax rate by 1% approved by Council.

General Fund – The fund balance of the general fund on June 30, 2020 was \$7.2 million. The fund balance increased \$1.5 million due to the City Council raising the City's sales tax rate in FY 2019 and designating that a large portion of the revenues received be reserved along with a conservative approach in spending taken by City Staff due to the uncertainty of COVID-19.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

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 and liabilities, 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., uncollected taxes and earned, but unused vacation leave).

Both of 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 market rate apartment complex known as Rancho La Perilla. 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. All of the funds of the City can be divided into three categories: Governmental funds, proprietary funds, and fiduciary funds.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

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 government-wide financial statements can be found on pages 34-37.

The City of Douglas, Arizona maintains nine individual governmental funds. Information 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. Data from the other seven funds are 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, 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, 2020

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 51-98.

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 101-125.

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 \$31.2 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, 2020 and June 30, 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current & Other Assets	\$ 11,320,174	\$ 9,312,962	\$ 10,138,665	\$ 9,193,940	\$ 21,458,839	\$ 18,506,902
Capital Assets	22,787,022	22,779,604	36,876,322	32,413,531	59,663,344	55,193,135
Total Assets	34,107,196	32,092,566	47,014,987	41,607,471	81,122,183	73,700,037
Deferred Outflows	6,109,338	5,819,334	165,112	235,868	6,274,450	6,055,202
Liabilities						
Current Liabilities	2,167,680	2,211,699	2,043,206	1,951,554	4,210,886	4,163,253
Long-term Liabilities	40,646,351	38,446,129	9,632,649	8,179,003	50,279,000	46,625,132
Total Liabilities	42,814,031	40,657,828	11,675,855	10,130,557	54,489,886	50,788,385
Deferred Inflows	1,113,504	1,762,107	171,768	209,185	1,285,272	1,971,292
Net Position						
Net Investment in						
Capital Assets	17,564,128	18,049,988	28,012,546	25,363,178	45,576,674	43,413,166
Restricted	2,835,368	2,603,663	1,076,985	722,154	3,912,353	3,325,817
Unrestricted	(24,495,573)	(25,161,686)	6,242,945	5,418,265	(18,252,628)	(19,743,421)
Total Net Position	\$ (4,096,077)	\$ (4,508,035)	\$ 35,332,476	\$ 31,503,597	\$ 31,236,399	\$ 26,995,562

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

Analysis of Net Position

The City's total net position (government and business-type activities) increased by \$4.2 million, or 15.5% during the fiscal year.

Net investment in Capital Assets is the largest portion of the City's net position (146%) 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, 2020, the City of Douglas, Arizona reported \$45.6 million as the net investment in capital assets. Another \$3.9 million of the resources are subject to external restrictions on how they may be used. Unrestricted net position is a deficit of \$18.3 million due to the recognition of the City's net pension and OPEB liability.

The City's net position increased approximately \$4.2 million over the prior fiscal year. Net investment in capital assets increased \$9.5 million due to the net effect of a reduction in current year debt outstanding used to acquire the assets, current year depreciation, current year capital additions that included \$8,381,951 in capital additions and contributions and the sale of capital assets. Current year debt payments were approximately \$3.4 million (including payments on capital leases). A portion of the increase was due capital acquired through a loan. A portion of the loan (\$0.9 million) was drawn subsequent to year end and will be reflected as a reduction of the net investment in capital assets in the next fiscal year.

Restricted Net Position of \$48.3 million represents resources that are subject to external restrictions on their use, or by enabling legislation. Restricted net position increased by \$0.6 million.

Unrestricted (Deficit) Net Position of \$18.3 million represents net position of the City that is not restricted for any project or purpose. The deficit reduction of \$1.5 million, or 7.5%, was primarily due to an increase in the unrestricted net position of the business-type activities (\$0.8 million) and a reduction in the unrestricted (deficit) net position of the governmental activities (\$0.6 million).

Current and Other Assets increased by \$3.0 million, or 16.0% mainly due to \$2.1 million increase in Unrestricted Cash and Investments and \$0.6 million increase in Intergovernmental Receivables.

Current and Other Liabilities increased by \$0.9 million, or 2.2% while **Long-term Liabilities** increased by \$3.7 million, or 7.8% due to new capital leases (\$0.7 million) and draw down of WIFA loan funds (\$2.4 million).

Deferred Outflows of Resources increased by \$0.2 million, or 3.6% while **Deferred Inflows of Resources** decreased by \$0.7 million, or 34.8% due to changes in pension and OPEB related items.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

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, 2020 and 2019:

Statement of Activities						
For the Year Ended June 30, 2020						
	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,962,444	\$ 3,012,666	\$ 5,137,237	\$ 5,115,785	\$ 8,099,681	\$ 8,128,451
Operating grants and contributions	4,614,840	3,821,410	-	-	4,614,840	3,821,410
Capital grants and contributions	1,189	657,443	2,976,283	6,068,651	2,977,472	6,726,094
Total program revenues	7,578,473	7,491,519	8,113,520	11,184,436	15,691,993	18,675,955
General revenues:						
Sales taxes	7,556,918	5,497,780	-	-	7,556,918	5,497,780
Property taxes	631,690	609,312	-	-	631,690	609,312
Motor vehicle in-lieu taxes	853,672	848,552	-	-	853,672	848,552
Franchise taxes	109,803	318,871	-	-	109,803	318,871
Transient occupancy taxes	307,193	-	-	-	307,193	-
Total taxes	9,459,276	7,274,515	-	-	9,459,276	7,274,515
State share revenue	3,718,423	3,581,938	-	-	3,718,423	3,581,938
Investment earnings	175,011	208,885	79,082	100,631	254,093	309,516
Gain on sale of asset	-	101,517	-	-	-	101,517
Miscellaneous	357,315	304,135	77,233	-	434,548	304,135
Total general revenues and transfers	13,710,025	11,470,990	156,315	100,631	13,866,340	11,571,621
Total revenues	21,288,498	18,962,509	8,269,835	11,285,067	29,558,333	30,247,576
Expenses:						
General government	3,778,054	2,748,212	-	-	3,778,054	2,748,212
Public safety	10,716,648	10,108,483	-	-	10,716,648	10,108,483
Highways and streets	2,339,293	2,746,780	-	-	2,339,293	2,746,780
Transportation	929,660	-	-	-	929,660	-
Culture and recreation	2,047,217	2,086,493	-	-	2,047,217	2,086,493
Redevelopment and housing	964,144	919,628	-	-	964,144	919,628
Interest and fiscal charges	276,916	277,654	-	-	276,916	277,654
Water	-	-	1,690,502	1,905,224	1,690,502	1,905,224
Sewer	-	-	1,415,170	1,505,490	1,415,170	1,505,490
Solid waste	-	-	1,159,892	1,104,702	1,159,892	1,104,702
Total expenses	21,051,932	18,887,250	4,265,564	4,515,416	25,317,496	23,402,666
Change in net position	236,566	75,259	4,004,271	6,769,651	4,240,837	6,844,910
Transfers	175,392	134,945	(175,392)	(134,945)	-	-
Increase (decrease) in net position	411,958	210,204	3,828,879	6,634,706	4,240,837	6,844,910
Net position, beginning of year	(4,508,035)	(4,718,239)	31,503,597	24,868,891	26,995,562	20,150,652
Net position, end of year	\$ (4,096,077)	\$ (4,508,035)	\$ 35,332,476	\$ 31,503,597	\$ 31,236,399	\$ 26,995,562

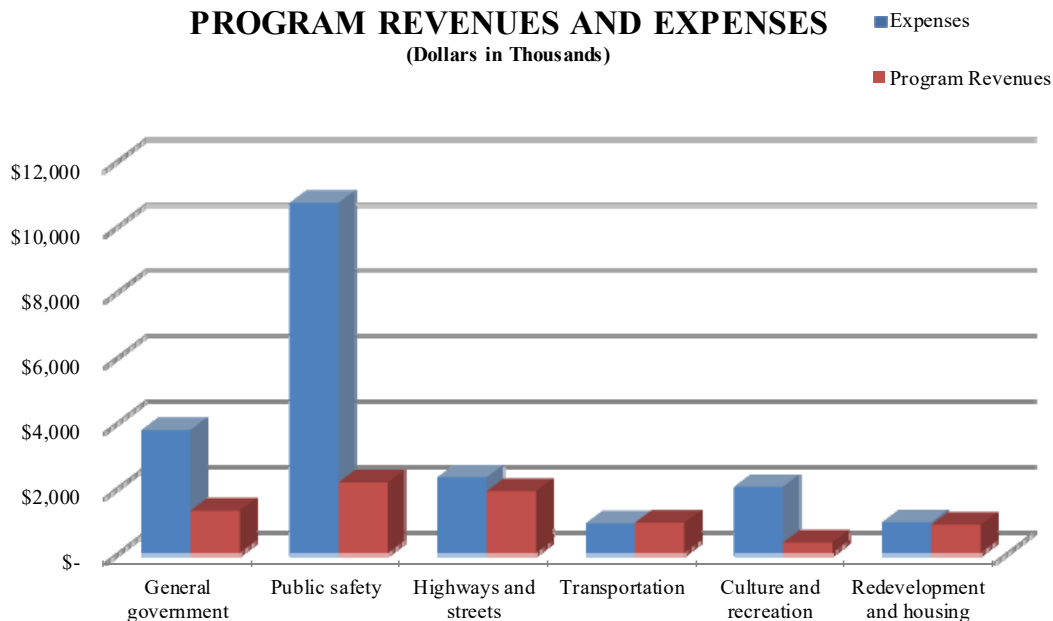
City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

Analysis of Changes in Net Position

Governmental Activities – Governmental Activities increased the City's net position (decreased deficit) by \$369 thousand, or 8.2% to (\$4.1 million) for the year ended June 30, 2020. Key factors of the overall increase in net position are as follows:

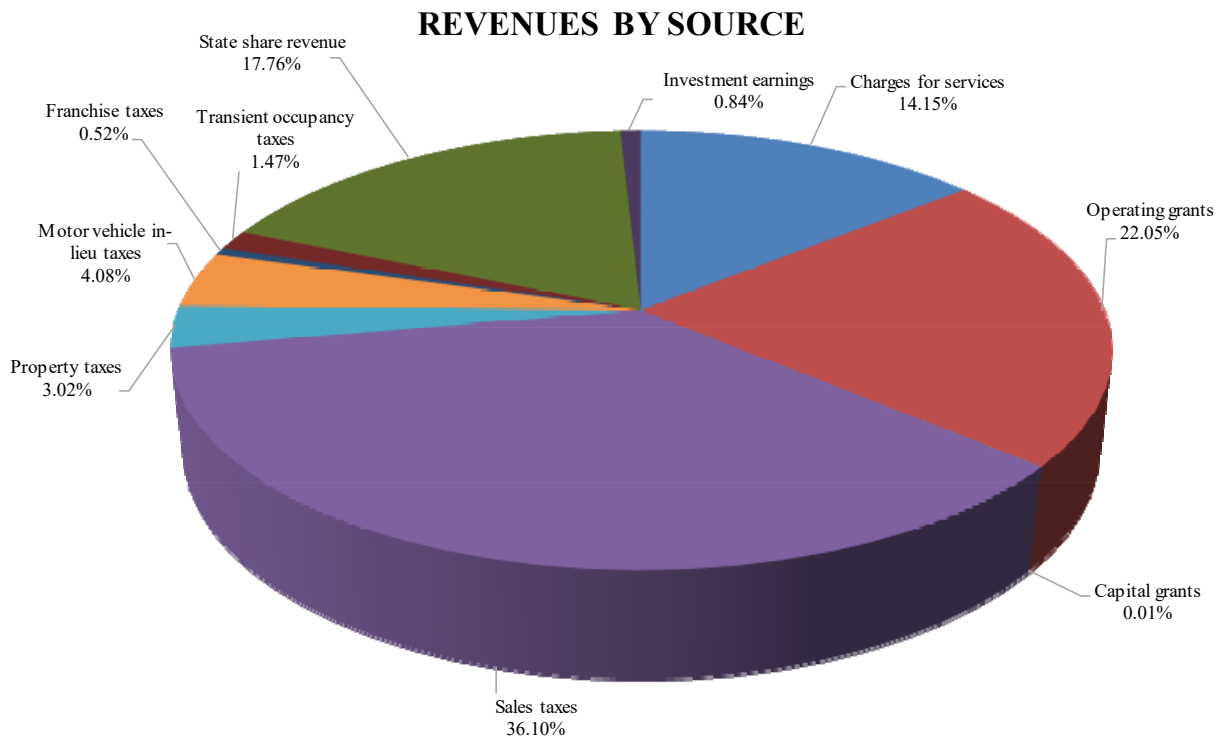
- Increase in local taxes compared to last year in the amount of \$2.18 million due to the 1-cent sales tax increase and a 2-cent bed tax increase that became effective September 2019, as well as an increase in state shared revenues of \$136,000. Completion of 27 different street projects for a total investment of \$754,500 in HURF fund.
- Acquired \$169,684 in Building Improvements, \$285,678 in Machinery and Equipment and \$359,285 in Vehicle Capital Equipment:
- Capital Building Improvements were made that include resurfacing of the basketball court at Veteran's Memorial Park for \$13,804, Aquatic Center resurfacing of the baby pool, roof and office repairs for \$21,225, Call Center UPS and Generator improvements for \$76,951, Fire department Station improvements of \$12,793, and Police department electrical improvements for Communication equipment of \$36,132.
- Small capital equipment improvements of \$285,678 included replacing 32 communication radios for the Fire Department for \$176,027, acquiring TV WIFI Whitespace at the Library for \$14,641, replacing the pump at the Aquatic Center for \$18,644, replacing two mobile radios with docking stations for the Police Department for \$15,402, as well as two mobile radios at the Fire Department for \$11,224.
- 5 new vehicles for Public Safety totaling \$201,750.

The chart below illustrates the City's governmental expenses and revenues by. As shown, Public Safety (police, fire, and emergency medical services) is the largest function in expenses (52%), followed by General Government (18%), Highway/Streets (11%), Culture/Recreation (10%), Transportation (4%), Redevelopment and Housing (5%) and the remaining attributable to interest.

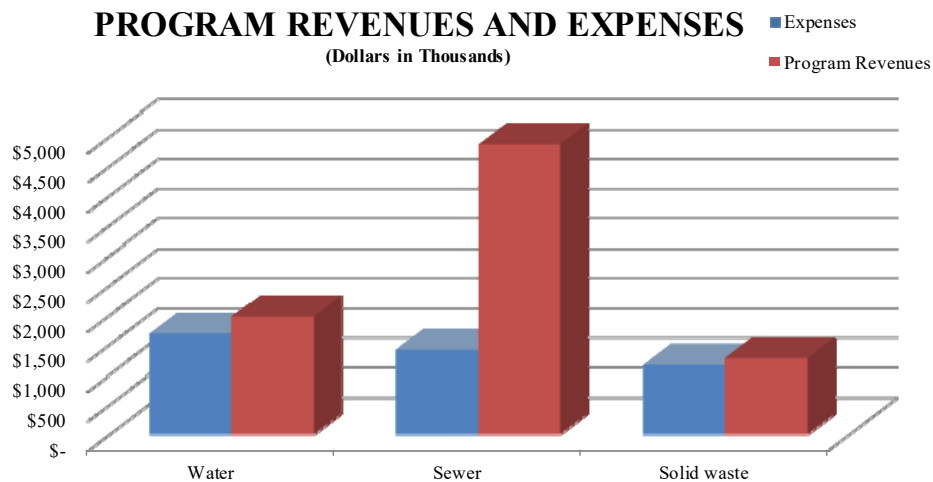


City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

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 as a whole, sales tax revenues are the largest source of funds (36%) followed by operating grants (22%) and state shared revenues (18%) as illustrated in the chart below.

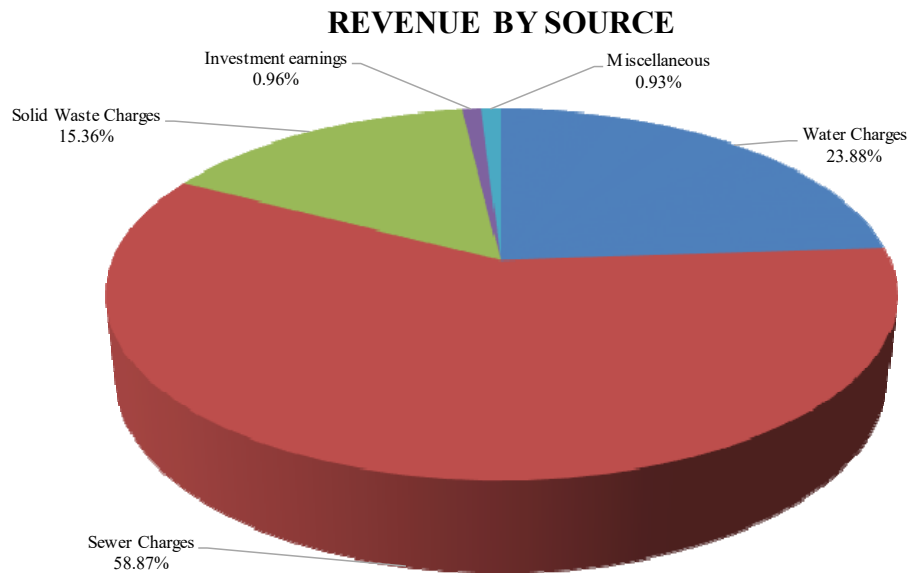


Business-Type Activities – Business-type activities increased the City's net position by \$3.8 million. The increase in net position was primarily the result of \$2.9 million received in capital grants and contributions. These capital grants and contributions were used to fund water and sewer capital projects; therefore, the revenues are recognized in net position, while the related capital is capitalized and depreciated over their useful life.



City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

As shown in the chart below, the largest of the City's business-type activities are water and sewer utilities. Sewer Fund operating expenses were \$1.7 million, with Water operating expenses at \$1.4 million, followed by Solid Waste at approximately \$1.2 million. For this fiscal year, the change in net position in the Sewer Fund was a positive \$3.5 million while the change in net position in the Water Fund was a positive \$0.3 million and the Solid Waste Fund was a positive \$0.1 million. The positive change in net position in the Enterprise Funds was largely due to capital grants. Revenues are budgeted to exceed expenses as the utility rate includes a capital replacement component.



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 of Douglas, Arizona'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 \$9.6 million, an increase of \$1.7 million from the prior year.

Revenues for governmental funds overall totaled approximately \$21.3 million for the fiscal year ended June 30, 2020 which represents an increase of 12.2% from the prior fiscal year. This increase is primarily due to an increase in local sales tax (\$2.18 million), and a slight increase in state shared revenues (\$136,485).

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

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 \$5.8 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 37.7% of the total General Fund expenditures of \$15.3 million.

The fund balance of the City's General Fund increased \$1.5 million. Revenues increased largely due to the 1 cent sales tax and 2 cent transient occupancy tax approved by Council in September 2019. Additionally, vacancies in various departments yielded salary savings this fiscal year.

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 increase of \$0.2 million was due to the use of restricted and committed fund balances in the capital projects fund for various City capital projects and improvements.

Proprietary Funds

Net position of the Enterprise Funds and the Internal Service Fund at the end of the fiscal year amounted to \$3.8 million and \$367,243, respectively. The increase in net position in the Enterprise Funds of \$3.8 million from the prior fiscal year was primarily due to an increase in work in progress for the Waste Water Treatment Plant Expansion project and the Bay Acres Sewer. Internal Service Fund net position balance is due to an increase in charges to the departments for the current year and a decrease in claims paid during the year compared to last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Actual revenues were more than the budget by \$0.2 million and actual expenditures were less than budget by \$0.8 million. The actual revenues were less than budget largely due to intergovernmental revenues, and charges for services not coming in as projected.

The City exceeded the expenditures budget in the Finance, Management Information Systems, Community Development, Golf Course, Airport, Fire, Emergency Medical Services, Recreation, Capital Outlay, and Debt Service expenditures. The Fire and Emergency Medical Services deficit was largely due to additional overtime expenses required for emergency room transports. The Administrative deficit was largely due to personnel costs that were larger than expected. The Debt Service had a deficit due to principal and interest on the new capital lease.

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, 2020

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2020 amount to \$59.7 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	
	2020	2019	2020	2019	2020	2019
Land and Land Improvements	\$ 2,612,296	\$ 2,878,573	\$ -	\$ -	\$ 2,612,296	\$ 2,878,573
Streets and Storm Drains	8,260,116	8,342,754	-	-	8,260,116	8,342,754
Buildings and Improvements	7,179,300	7,609,089	4,110,475	4,319,805	11,289,775	11,928,894
Water System	-	-	4,992,475	5,430,788	4,992,475	5,430,788
Wastewater System	-	-	7,257,169	7,586,722	7,257,169	7,586,722
Machinery, Equipment and Vehicles	2,197,336	2,471,320	1,003,118	1,182,063	3,200,454	3,653,383
Construction In Progress	2,537,974	1,477,868	19,513,085	13,894,153	22,051,059	15,372,021
Total	\$ 22,787,022	\$ 22,779,604	\$ 36,876,322	\$ 32,413,531	\$ 59,663,344	\$ 55,193,135

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

Governmental Activities

- 32 Radios with Charging Stations for the Fire Department for \$176,027.
- 3 Vehicles for the Fire Department for \$78,623.
- 2 Vehicles for the Police Department for \$123,127.
- Call Center Improvements to UPS and Generator for \$76,951.
- Streets Improvements for \$754,509

Business-type Activities

- New Sewer Camera for the Waste Water Department for \$68,288.

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 of Douglas, Arizona's capital assets may be found in the Notes to the Basic Financial Statements in note 3 and 4 on page 67 - 68 of this report.

Additional information on the capital assets can be found in Note 5 on pages 69-71 of this report.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

Debt Administration

At the end of the fiscal year, the City of Douglas, Arizona had total long-term obligations outstanding of \$14.1 million. The current year increase was the net result of required principal due on outstanding debt, offset by additional capital leases for vehicles and additional loans through the Water Infrastructure Finance Authority of Arizona.

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, 2020 is \$3.0 million in the 6% capacity and \$11.3 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 preserves parks, playgrounds and recreational facilities. The current 20 percent debt limitation for the City is \$11.3 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 \$3.0 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	
	2020	2019	2020	2019	2020	2019
Capital Lease	\$ 2,222,894	\$ 1,871,380	\$ 57,861	\$ 78,518	\$ 2,280,755	\$ 1,949,898
Loans Payable	3,000,000	3,375,000	8,805,915	6,971,835	11,805,915	10,346,835
Total	\$ 5,222,894	\$ 5,246,380	\$ 8,863,776	\$ 7,050,353	\$ 14,086,670	\$ 12,296,733

Additional information on the City's long-term debt can be found in Note 9 in the notes to the 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 2020-21 budget. Among them:

- The City was allocated funding for COVID relief in the amount of \$1.8 million towards public safety from the Federal government disbursed by the State.
- The budget City officials developed took a conservative approach with sales tax projections due to the uncertainty of COVID, but still was able to fund a \$2.1 million General Fund capital improvement plan and \$662,846 in the special revenue funds (HURF, Transit).
- The upcoming budget also approved \$9.3 million in capital improvement projects in the Enterprise funds. This included the construction of a new water well at \$1.6 million, continuing the grant funded Bay Acres sewer project at \$4.8 million and with the application of an EDA grant for water and sewer infrastructure design for the new port of entry, budgeted \$2.4 million in hopes of receiving the funding for this project.
- In addition, the upcoming budget also budgeted \$115,066 in debt service for the Police Department's Motorola CAD system acquired last year.
- The City also appointed the Deputy City Manager as Interim City Manager and deferred funding the Deputy City Manager position for a savings of \$105,000.
- The upcoming budget also allocated funding to cover the increase in PSPRS costs for Fire and Police in the amount of \$116,263 and \$105,870 respectively.
- Council allocated funding of \$243,500 to provide employees with a one-time Bonus of \$1,000 at the end of the calendar year (pro-rated based on the number of months worked in the last 12 months and the number of hours).

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2020

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
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Basic Financial Statements

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Government-Wide Financial Statements

City of Douglas
Statement of Net Position
June 30, 2020

	Primary Government			Component Unit
	Governmental	Business-Type		Douglas
	Activities	Activities	Total	Community
				Housing Corp.
ASSETS				
Current assets:				
Cash and investments	\$ 8,897,741	\$ 6,690,248	\$ 15,587,989	\$ 52,770
Receivables:				
Accounts	338,252	547,477	885,729	2,010
Taxes	928,234	-	928,234	-
Intergovernmental	975,183	308,470	1,283,653	-
Inventories	55,196	-	55,196	-
Prepaid items	11,073	-	11,073	32,266
Internal balances	(1,512,954)	1,512,954	-	-
Due from Component Unit	798,644	-	798,644	-
Total current assets	10,491,369	9,059,149	19,550,518	87,046
Noncurrent assets:				
Restricted cash and investment	416,033	1,076,985	1,493,018	387,923
Aggregate net pension asset	13,277	-	13,277	-
Aggregate net OPEB asset	412,772	2,531	415,303	-
Capital assets:				
Nondepreciable	3,581,065	19,513,085	23,094,150	265,000
Depreciable, net	19,205,957	17,363,237	36,569,194	2,694,871
Total capital assets, net	22,787,022	36,876,322	59,663,344	2,959,871
Total noncurrent assets	23,629,104	37,955,838	61,584,942	3,347,794
Total assets	34,120,473	47,014,987	81,135,460	3,434,840
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	6,054,669	151,700	6,206,369	-
OPEB-related deferred outflows	54,669	13,412	68,081	-
Total deferred outflows of resources	6,109,338	165,112	6,274,450	-

City of Douglas
Statement of Net Position (Continued)
June 30, 2020

	Primary Government			Component Unit
	Governmental	Business-Type		Douglas
	Activities	Activities	Total	Community
				Housing Corp.
LIABILITIES				
Current liabilities:				
Accounts payable	246,997	1,078,902	1,325,899	33,686
Accrued wages and benefits	423,864	14,255	438,119	1,934
Insurance claims payable	134,862	-	134,862	-
Interest payable	12,782	89,788	102,570	14,024
Deposits payable	32,351	113,213	145,564	25,695
Unearned revenue	149,100	-	149,100	2,834
Due to Primary Government	-	-	-	798,644
Compensated absences - due within one year	698,743	113,889	812,632	-
Long-term debt - due within one year	468,981	633,159	1,102,140	76,314
Total current liabilities	2,167,680	2,043,206	4,210,886	953,131
Long-term liabilities:				
Compensated absences - due in more than one year	854,020	28,473	882,493	-
Long-term debt - due in more than one year	4,753,913	8,230,617	12,984,530	3,988,234
Aggregate net pension liability - due in more than one year	35,018,000	1,367,483	36,385,483	-
Aggregate net OPEB liability - due in more than one year	20,418	6,076	26,494	-
Total long-term liabilities	40,646,351	9,632,649	50,279,000	3,988,234
Total liabilities	42,814,031	11,675,855	54,489,886	4,941,365
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	1,316,756	164,961	1,481,717	-
OPEB-related deferred inflows	195,101	6,807	201,908	-
Total deferred inflows of resources	1,511,857	171,768	1,683,625	-
NET POSITION				
Net investment in capital assets	17,564,128	28,012,546	45,576,674	(1,104,677)
Restricted for:				
Firefighters injured in line of duty	145,197	-	145,197	-
Capital lease proceeds	367,663	-	367,663	-
Federal and state grant programs	421,562	-	421,562	-
Law enforcement operations	158,144	-	158,144	-
Local transportation	316,279	-	316,279	-
Highways and streets by A.R.S. 28-6533	1,160,651	-	1,160,651	-
Housing and redevelopment	265,872	-	265,872	-
Debt service	-	774,223	774,223	-
Repair and replacement	-	260,261	260,261	-
Other restricted deposits	-	42,501	42,501	-
Total restricted	2,835,368	1,076,985	3,912,353	-
Unrestricted (deficit)	(24,495,573)	6,242,945	(18,252,628)	(401,848)
Total net position	\$ (4,096,077)	\$ 35,332,476	\$ 31,236,399	\$ (1,506,525)

City of Douglas
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 3,778,054	\$ 1,315,216	\$ -	\$ -	\$ 1,315,216
Public safety	10,716,648	1,320,659	854,795	1,189	2,176,643
Highways and streets	2,339,293	-	1,911,112	-	1,911,112
Transportation	929,660	26,112	921,112	-	947,224
Culture and recreation	2,047,217	300,457	42,500	-	342,957
Redevelopment and housing	964,144	-	885,321	-	885,321
Interest and fiscal charges	276,916	-	-	-	-
Total governmental activities	21,051,932	2,962,444	4,614,840	1,189	7,578,473
Business-Type activities:					
Water	1,690,502	1,964,337	-	10,500	1,974,837
Sewer	1,415,170	1,903,014	-	2,965,783	4,868,797
Solid waste	1,159,892	1,269,886	-	-	1,269,886
Total business-type activities	4,265,564	5,137,237	-	2,976,283	8,113,520
Total primary government	\$ 25,317,496	\$ 8,099,681	\$ 4,614,840	\$ 2,977,472	\$ 15,691,993
Component unit:					
Douglas Community Housing Corporation	\$ 734,541	\$ 667,455	\$ -	\$ 627,700	\$ 1,295,155
Total component unit	\$ 734,541	\$ 667,455	\$ -	\$ 627,700	\$ 1,295,155

City of Douglas
Statement of Activities (Continued)
For the Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	Douglas Community Housing Corp.
Primary government:				
Governmental activities:				
General government	\$ (2,462,838)	\$ -	\$ (2,462,838)	\$ -
Public safety	(8,540,005)	-	(8,540,005)	-
Highways and streets	(428,181)	-	(428,181)	-
Transportation	17,564	-	17,564	-
Culture and recreation	(1,704,260)	-	(1,704,260)	-
Redevelopment and housing	(78,823)	-	(78,823)	-
Interest and fiscal charges	(276,916)	-	(276,916)	-
Total governmental activities	(13,473,459)	-	(13,473,459)	-
Business-Type activities:				
Water	-	284,335	284,335	-
Sewer	-	3,453,627	3,453,627	-
Solid waste	-	109,994	109,994	-
Total business-type activities	-	3,847,956	3,847,956	-
Total primary government	(13,473,459)	3,847,956	(9,625,503)	-
Component unit:				
Douglas Community Housing Corporation	-	-	-	560,614
Total component unit	-	-	-	560,614
General revenues:				
Taxes:				
Sales taxes	7,556,918	-	7,556,918	-
Property taxes	631,690	-	631,690	-
Motor vehicle in-lieu taxes	853,672	-	853,672	-
Franchise taxes	109,803	-	109,803	-
Transient occupancy taxes	307,193	-	307,193	-
Total taxes	9,459,276	-	9,459,276	-
State share revenue	3,718,423	-	3,718,423	-
Investment earnings	175,011	79,082	254,093	-
Miscellaneous	357,315	77,233	434,548	28,388
Transfers	175,392	(175,392)	-	-
Total general revenues and transfers	13,885,417	(19,077)	13,866,340	28,388
Change in net position	411,958	3,828,879	4,240,837	589,002
Net position - beginning of year	(4,508,035)	31,503,597	26,995,562	(2,095,527)
Net position - end of year	\$ (4,096,077)	\$ 35,332,476	\$ 31,236,399	\$ (1,506,525)

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Fund Financial Statements

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Governmental Fund Financial Statements

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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, 2020

	Major Funds			
	General Fund	City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,469,393	\$ -	\$ 1,926,243	\$ 8,395,636
Receivables:				
Accounts	330,351	-	7,901	338,252
Taxes	928,234	-	-	928,234
Intergovernmental	298,439	-	676,744	975,183
Inventories	55,196	-	-	55,196
Prepaid items	11,073	-	-	11,073
Advances to other funds	24,225	-	-	24,225
Due from Component Unit	798,644	-	-	798,644
Restricted cash and investments	367,663	-	48,370	416,033
Total assets	\$ 9,283,218	\$ -	\$ 2,659,258	\$ 11,942,476
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 146,216	\$ -	\$ 100,781	\$ 246,997
Accrued wages and benefits	400,399	-	23,465	423,864
Deposits payable	1,658	-	30,693	32,351
Unearned revenue	120,932	-	28,168	149,100
Advances from other funds	1,390,000	-	24,225	1,414,225
Total liabilities	2,059,205	-	207,332	2,266,537
Deferred Inflows of Resources:				
Unavailable revenue	56,560	-	1,191	57,751
Total deferred inflows of resources	56,560	-	1,191	57,751
Fund Balances:				
Nonspendable	889,138	-	-	889,138
Restricted	512,860	-	2,322,508	2,835,368
Committed	-	-	155,195	155,195
Unassigned	5,765,455	-	(26,968)	5,738,487
Total fund balances	7,167,453	-	2,450,735	9,618,188
Total liabilities, deferred inflows of resources and fund balances	\$ 9,283,218	\$ -	\$ 2,659,258	\$ 11,942,476

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, 2020

Total Fund Balances - Total Governmental Funds	\$ 9,618,188
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>22,787,022</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	(698,743)
Compensated absences - due in more than one year	(854,020)
Long-term debt - due within one year	(468,981)
Long-term debt - due in more than one year	<u>(4,753,913)</u>
	<u>(6,775,657)</u>
Aggregate net Pension asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>13,277</u>
Aggregate net OPEB asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>412,772</u>
Actuarially determined deferred outflows of resources are reported in the government-wide statements:	
OPEB-related deferred outflows	6,054,669
Pension-related deferred outflows	<u>54,669</u>
	<u>6,109,338</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>(35,018,000)</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>(20,418)</u>
Actuarially determined deferred inflows of resources are reported in the government-wide statements:	
OPEB-related deferred outflows	(1,316,756)
Pension-related deferred outflows	<u>(195,101)</u>
	<u>(1,511,857)</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>(12,782)</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>57,751</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.	367,243
Less: amount attributable to the Business-Type Activities	<u>(122,954)</u>
Net Position of Governmental Activities	<u><u>\$ (4,096,077)</u></u>

City of Douglas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds		Non-Major	Total
	General	City Debt	Governmental	Governmental
	Fund	Service Fund	Funds	Funds
REVENUES:				
Taxes:				
Sales taxes	\$ 7,556,918	\$ -	\$ -	\$ 7,556,918
Property taxes	631,690	-	-	631,690
Franchise taxes	307,193	-	-	307,193
Transient occupancy taxes	109,803	-	-	109,803
Intergovernmental	5,382,911	-	3,801,937	9,184,848
Fines and forfeitures	11,471	-	-	11,471
Licenses and permits	148,759	-	-	148,759
Charges for services	1,634,033	-	249,792	1,883,825
Rents and royalties	920,054	-	5,363	925,417
Investment income	160,012	-	14,999	175,011
Miscellaneous	190,383	-	166,932	357,315
	<u>17,053,227</u>	<u>-</u>	<u>4,239,023</u>	<u>21,292,250</u>
EXPENDITURES:				
Current:				
General government	3,058,638	-	7,096	3,065,734
Public safety	9,141,227	-	27,845	9,169,072
Highways and streets	441,374	-	815,584	1,256,958
Transportation	-	-	791,062	791,062
Culture and recreation	1,362,440	-	222,739	1,585,179
Redevelopment and housing	-	-	964,144	964,144
Capital outlay	1,189,579	-	1,464,476	2,654,055
Debt service:			-	
Principal	73,386	648,995	5,544	727,925
Interest and fiscal charges	10,768	252,351	1,015	264,134
Total expenditures	<u>15,277,412</u>	<u>901,346</u>	<u>4,299,505</u>	<u>20,478,263</u>
REVENUES OVER				
(UNDER) EXPENDITURES	<u>1,775,815</u>	<u>(901,346)</u>	<u>(60,482)</u>	<u>813,987</u>
OTHER FINANCING SOURCES (USES):				
Obligations incurred on capital leases	704,439	-	-	704,439
Sales of property	33,000	-	-	33,000
Transfers in	148,093	901,346	344,345	1,393,784
Transfers out	(1,123,007)	-	(95,385)	(1,218,392)
Total other financing sources (uses)	<u>(237,475)</u>	<u>901,346</u>	<u>248,960</u>	<u>912,831</u>
Net changes in fund balances	1,538,340	-	188,478	1,726,818
FUND BALANCES:				
Beginning of year	5,629,113	-	2,262,257	7,891,370
End of year	<u>\$ 7,167,453</u>	<u>\$ -</u>	<u>\$ 2,450,735</u>	<u>\$ 9,618,188</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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 1,726,818
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.	2,654,055
Depreciation 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 expense was not reported as expenditures in governmental funds.	(2,636,637)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, transfers, and disposals) decreased Net Position.	(10,000)
The issuance of long-term liabilities provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. 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.	
Issuance of long-term debt	(704,439)
Principal payment of long-term debt	727,925
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.	(12,782)
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.	(1,277,752)
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.	76,602
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	(163,235)
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.	(3,752)
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.	40,701
Less: amount attributable to the Business-Type Activities	(5,546)
Change in Net Position of Governmental Activities	\$ 411,958

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Proprietary Fund Financial Statements

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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.

Wastewater 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, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Solid Waste	Total	
ASSETS					
Current assets:					
Cash and cash investments	\$ 3,380,010	\$ 2,464,704	\$ 845,534	\$ 6,690,248	\$ 502,105
Receivables:					
Accounts	226,964	194,855	125,658	547,477	-
Intergovernmental	-	308,470	-	308,470	-
Total current assets	3,606,974	2,968,029	971,192	7,546,195	502,105
Noncurrent assets:					
Advances to other funds	772,161	385,029	232,810	1,390,000	-
Restricted cash and cash equivalents	273,491	773,376	30,118	1,076,985	-
Net OPEB Asset	1,416	561	554	2,531	-
Capital assets:					
Non-depreciable	2,126,087	17,211,710	175,288	19,513,085	-
Depreciable, net	5,070,782	11,624,766	667,689	17,363,237	-
Total capital assets	7,196,869	28,836,476	842,977	36,876,322	-
Total noncurrent assets	8,243,937	29,995,442	1,106,459	39,345,838	-
Total assets	11,850,911	32,963,471	2,077,651	46,892,033	502,105
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows	85,800	33,379	32,521	151,700	-
OPEB-related deferred outflows	7,521	2,973	2,918	13,412	-
Total deferred outflows of resources	93,321	36,352	35,439	165,112	-
LIABILITIES					
Current liabilities:					
Accounts payable	45,947	981,229	51,726	1,078,902	-
Accrued payroll and related liabilities	10,497	1,935	1,823	14,255	-
Insurance claims payable	-	-	-	-	134,862
Interest payable	14,952	74,836	-	89,788	-
Deposits payable	41,549	36,568	35,096	113,213	-
Compensated absences - due within one year	58,387	31,664	23,838	113,889	-
Long-term debt - due within one year	148,035	485,124	-	633,159	-
Total current liabilities	319,367	1,611,356	112,483	2,043,206	134,862
Noncurrent liabilities:					
Compensated absences - due in more than one year	14,597	7,916	5,960	28,473	-
Long term debt - due in more than one year	1,129,563	7,101,054	-	8,230,617	-
Aggregate net pension liability	773,439	300,895	293,149	1,367,483	-
Aggregate net OPEB liability	3,428	1,347	1,301	6,076	-
Total noncurrent liabilities	1,921,027	7,411,212	300,410	9,632,649	-
Total liabilities	2,240,394	9,022,568	412,893	11,675,855	134,862
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred outflows	93,300	36,298	35,363	164,961	-
OPEB-related deferred outflows	3,812	1,508	1,487	6,807	-
Total deferred inflows of resources	97,112	37,806	36,850	171,768	-
NET POSITION					
Net investment in capital assets	5,919,271	21,250,298	842,977	28,012,546	-
Restricted	273,491	773,376	30,118	1,076,985	-
Unrestricted	3,413,964	1,915,775	790,252	6,119,991	367,243
Total net position	\$ 9,606,726	\$ 23,939,449	\$ 1,663,347	35,209,522	\$ 367,243
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				122,954	
Net position of business-type activities				\$ 35,332,476	

See accompanying Notes to the Basic Financial Statements.

City of Douglas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Solid Waste	Total	
OPERATING REVENUES:					
Charges for services	\$ 1,964,337	\$ 1,903,014	\$ 1,269,886	\$ 5,137,237	\$ 1,266,417
Other revenue	41,833	34,798	602	77,233	-
Total operating revenues	2,006,170	1,937,812	1,270,488	5,214,470	1,266,417
OPERATING EXPENSES:					
Salaries and benefits	742,386	251,886	286,570	1,280,842	-
Materials, supplies and operational expenses	402,919	425,489	587,422	1,415,830	-
Insurance claims, premiums, and administration	51,623	36,115	53,235	140,973	1,229,343
Depreciation	462,578	567,768	234,759	1,265,105	-
Total operating expenses	1,659,506	1,281,258	1,161,986	4,102,750	1,229,343
OPERATING INCOME	346,664	656,554	108,502	1,111,720	37,074
NONOPERATING REVENUES (EXPENSES):					
Impact fees	10,500	36,165	-	46,665	-
Investment income	29,591	42,760	6,731	79,082	3,627
Interest expense	(32,417)	(135,943)	-	(168,360)	-
Intergovernmental	-	2,929,618	-	2,929,618	-
Total nonoperating revenues (expenses)	7,674	2,872,600	6,731	2,887,005	3,627
INCOME BEFORE TRANSFERS	354,338	3,529,154	115,233	3,998,725	40,701
TRANSFERS:					
Transfers out	(93,091)	(60,334)	(21,967)	(175,392)	-
Total transfers	(93,091)	(60,334)	(21,967)	(175,392)	-
Changes in net position	261,247	3,468,820	93,266	3,823,333	40,701
NET POSITION:					
Beginning of year	9,345,479	20,470,629	1,570,081		326,542
End of year	<u>\$ 9,606,726</u>	<u>\$ 23,939,449</u>	<u>\$ 1,663,347</u>		<u>\$ 367,243</u>
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	5,546
				End of year net position of business-type activities	<u>\$ 3,828,879</u>

City of Douglas
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and others	\$ 1,956,183	\$ 1,893,999	\$ 1,264,229	\$ 5,114,411	\$ -
Cash received from interfund services provided	-	-	-	-	1,290,229
Cash payments to suppliers for goods and services	(513,040)	(418,720)	(625,562)	(1,557,322)	(1,242,594)
Cash payments to employees for services	(748,214)	(396,271)	(424,369)	(1,568,854)	-
Other operating revenues and expenses	41,833	34,798	602	77,233	-
Net cash provided by operating activities	736,762	1,113,806	214,900	2,065,468	47,635
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received from repayment of advances	138,879	69,249	41,872	250,000	-
Transfers out	(93,091)	(60,334)	(21,967)	(175,392)	-
Net cash provided by noncapital financing activities	45,788	8,915	19,905	74,608	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Impact fees received	10,500	36,165	-	46,665	-
Capital grants received	-	2,621,148	-	2,621,148	-
Acquisition of capital assets	(569,930)	(4,966,363)	(191,603)	(5,727,896)	-
Proceeds from issuance of capital-related debt	-	2,433,081	-	2,433,081	-
Principal paid on capital-related debt	(144,127)	(475,531)	-	(619,658)	-
Interest paid on capital-related debt	(29,304)	(103,900)	-	(133,204)	-
Net cash (used in) capital and related financing activities	(732,861)	(455,400)	(191,603)	(1,379,864)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	29,591	42,760	6,731	79,082	3,627
Net cash provided by investing activities	29,591	42,760	6,731	79,082	3,627
Net increase in cash and cash equivalents	79,280	710,081	49,933	839,294	51,262
CASH AND CASH EQUIVALENTS:					
Beginning of year	3,574,221	2,527,999	825,719	6,927,939	450,843
End of year	\$ 3,653,501	\$ 3,238,080	\$ 875,652	\$ 7,767,233	\$ 502,105
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:					
Cash and cash investments	\$ 3,380,010	\$ 2,464,704	\$ 845,534	\$ 6,690,248	\$ 502,105
Restricted cash and investments	273,491	773,376	30,118	1,076,985	-
Total cash and cash equivalents	\$ 3,653,501	\$ 3,238,080	\$ 875,652	\$ 7,767,233	\$ 502,105

See accompanying Notes to the Basic Financial Statements.

City of Douglas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Solid Waste		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income	\$ 346,664	\$ 656,554	\$ 108,502	\$ 1,111,720	\$ 37,074
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	462,578	567,768	234,759	1,265,105	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Accounts receivable	(14,047)	(14,202)	(10,635)	(38,884)	23,812
Aggregate net OPEB asset	(1,416)	(561)	(554)	(2,531)	-
Pension-related deferred outflows	25,448	30,062	28,658	84,168	-
OPEB-related deferred outflows	(7,521)	(2,973)	(2,918)	(13,412)	-
Accounts payable	(58,498)	42,884	15,095	(519)	(2,262)
Accrued payroll and related liabilities	558	566	421	1,545	-
Insurance claims payable	-	-	-	-	(10,989)
Deposits payable	5,893	5,187	4,978	16,058	-
Compensated absences	14,000	7,915	6,215	28,130	-
Aggregate net pension liability	(38,774)	(162,283)	(153,514)	(354,571)	-
Aggregate net OPEB liability	3,428	1,347	1,301	6,076	-
Pension-related deferred inflows	(5,363)	(19,966)	(18,895)	(44,224)	-
OPEB-related deferred outflows	3,812	1,508	1,487	6,807	-
Total adjustments	390,098	457,252	106,398	953,748	10,561
Net cash provided by operating activities	\$ 736,762	\$ 1,113,806	\$ 214,900	\$ 2,065,468	\$ 47,635

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Notes to the Basic Financial Statements

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Index to Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies	51
A. Financial Reporting Entity	51
B. Basis of Accounting and Measurement Focus.....	53
C. Cash, Cash Equivalents and Investments.....	55
D. Restricted Cash and Investments	56
E. Receivables	56
F. Fair Value Measurement.....	57
G. Due from Component Unit	57
H. Capital Assets	57
I. Long-Term Debt	58
J. Compensated Absences	58
K. Pension Plans and Other Postemployment Benefits (OPEB)	58
L. Net Position	59
M. Fund Balances.....	60
N. Use of Estimates	60
O. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2020	61
P. Upcoming Governmental Accounting Standards Implementation	61
Note 2 – Cash and Investments	64
A. Cash Deposits	64
B. Investments	65
C. External Investment Pool.....	65
D. Risk Disclosures	65
E. Restricted Cash and Investments	66
Note 3 – Intergovernmental Receivables.....	67
Note 4 – Interfund Balances and Transactions.....	67
A. Transfers	67
B. Long-Term Advances	68
Note 5 – Capital Assets.....	69
A. Governmental Activities.....	69
B. Business-Type Activities	70
C. Component Unit.....	71
Note 6 – Long-Term Debt.....	72
A. Summary	72
B. Governmental Activities.....	73
C. Business-Type Activities	75
D. Component Unit.....	76
Note 7 – Compensated Absences.....	77
Note 8 – Risk Management.....	78
Note 9 – Pension Plans and Other Postemployment Benefits.....	79
A. Summary–Pension and OPEB	79
B. Arizona State Retirement System (“ASRS”) Plans	83
C. Arizona Public Safety Retirement System (“PSPRS”) Plans	89

City of Douglas
Index to Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Lease Revenue.....	95
Note 11 – Other Required Disclosures.....	96
A. Deficit Fund Balance/Net Position	96
B. Expenditures Exceeding Appropriations	96
Note 12 – Classification of Fund Balances	97
Note 13 – Commitments and Contingencies	98
A. Litigation.....	98
B. Grants.....	98
C. Construction Commitments	98
D. COVID-19 Pandemic.....	98
Note 14 – Subsequent Events.....	98
A. Coronavirus Relief Funds Allocation	98

City of Douglas
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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, 2020

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 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, 2020

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 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 position) 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 position) 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, 2020

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, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

The City also reports one nonmajor proprietary fund, the *Solid Waste Fund* which accounts 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.

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.

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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

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 \$11,053.

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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

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 Rancho LaParilla Housing Corporation, a discretely presented component unit of the City. Rancho La Parilla Housing Corporation reports an offsetting due to primary government.

H. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost. Donated capital assets are valued at their acquisition value on the date donated. 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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

I. 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.

J. 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.

K. 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:

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Pensions Plans and Other Postemployment Benefits (OPEB) (Continued)

The following timeframes are used for pension/OPEB reporting:

<u>ASRS</u>	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
<u>PSPRS</u>	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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.

L. 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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

M. 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, 2020, 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.

N. 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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

O. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2020

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, 2020. 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. 95

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2020.

P. Upcoming Governmental Accounting Standards Implementation

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. 84

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. 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 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Upcoming Governmental Accounting Standards Implementation (Continued)

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 is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City’s fiscal year ending June 30, 2021.

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.

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 is effective for the City’s fiscal year ending June 30, 2022.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Upcoming Governmental Accounting Standards Implementation (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 is effective for the City’s fiscal year ending June 30, 2022.

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. 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 is effective for the City’s fiscal year ending June 30, 2022.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 cash equivalents", "Investments", and "Restricted cash and investments". The following is a summary of cash and investments and restricted cash and investments at June 30, 2020:

	Primary Government			Component Unit	Government Wide
	Governmental Activities	Business-type Activities	Total		
Cash and investments	\$ 8,897,741	\$ 6,690,248	\$ 15,587,989	\$ 52,770	\$ 15,640,759
Restricted cash and investments	416,033	1,076,985	1,493,018	387,923	1,880,941
Total	\$ 9,313,774	\$ 7,767,233	\$ 17,081,007	\$ 440,693	\$ 17,521,700

Cash, cash equivalents, and investments, excluding investments with fiscal agents, consisted of the following at June 30, 2020:

Cash and cash equivalents:	
Petty cash	\$ 5,400
Demand deposits	1,777,981
Restricted demand deposits	803,956
Investments:	
Local Government Investment Pool - Pool 5	14,160,140
Restricted Local Government Investment Pool - Pool 500	774,223
Total	\$ 17,521,700

The City's investments at June 30, 2020, 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	\$ 14,160,140	Uncategorized
Local Government Investment Pool - Pool 500	774,223	Uncategorized
Total investment pools measured at fair value	14,934,363	
Total investments	\$ 14,934,363	

A. Cash Deposits

The carrying value of the City's demand deposits at June 30, 2020 was \$2,581,937 and the bank balance was \$2,646,806. Of the bank balance, \$1,387,918 was covered by federal depository insurance, \$1,258,888 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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

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

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 \$14,934,363 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, 2020, 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	\$ 14,160,140	\$ 14,160,140	\$ -
Local Government Investment Pool - Pool 500	774,223	-	774,223
Total	<u>\$ 14,934,363</u>	<u>\$ 14,160,140</u>	<u>\$ 774,223</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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	
		Moody's	Standard & Poor's
Investments:			
Local Government Investment Pool - Pool 5	\$ 14,160,140	AAA	Not applicable
Local Government Investment Pool - Pool 500	774,223	AA-2	Not applicable
Total	<u>\$ 14,934,363</u>		

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, 2020.

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, 2020, consisted of the following:

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
Loan debt service reserve requirement	\$ -	\$ 979,830	\$ 979,830	\$ -
Restricted customer deposits	-	97,155	97,155	25,733
Housing restricted cash and investments	48,370	-	48,370	-
Unspent capital lease proceeds	367,663	-	367,663	-
Funds held by mortgage (HUD required)	-	-	-	362,190
Total	<u>\$ 416,033</u>	<u>\$ 1,076,985</u>	<u>\$ 1,493,018</u>	<u>\$ 387,923</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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	Sewer Fund	Total
Due from federal government	\$ -	\$ 22,562	\$ 22,562	\$ 308,470	\$ 331,032
Due from state government	285,526	486,356	771,882	-	771,882
Due from local government	12,913	167,826	180,739	-	180,739
Total	\$ 298,439	\$ 676,744	\$ 975,183	\$ 308,470	\$ 1,283,653

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)	\$ 56,560	\$ -
Unavailable grant revenue:		
(Nonmajor Governmental Funds)	1,191	-
Unearned revenue:		
(General Fund)	-	120,932
(Nonmajor Governmental Funds)	-	28,168
	\$ 57,751	\$ 149,100

Note 4 – Interfund Balances and Transactions

A. Transfers

At June 30, 2020, the City had the following transfers:

Transfers In	Transfers Out	Amount	Purpose
General Fund	HURF Fund	\$ 28,784	Administrative cost
General Fund	Water Fund	50,601	Administrative cost
General Fund	Sewer Fund	51,438	Administrative cost
General Fund	Solid Waste Fund	17,270	Administrative cost
	Subtotal	148,093	
Debt Service Fund	General Fund	778,662	Debt service
Debt Service Fund	HURF Fund	66,601	Debt service
Debt Service Fund	Water Fund	42,490	Debt service
Debt Service Fund	Sewer Fund	8,896	Debt service
Debt Service Fund	Solid Waste Fund	4,697	Debt service
	Subtotal	901,346	
Golf Course Fund	General Fund	325,125	Operating subsidy
Capital Projects Fund	General Fund	19,220	Capital projects
	Subtotal	344,345	
	Total	\$ 1,393,784	

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Interfund Balances and Transactions (Continued)

B. Long-Term Advances

At June 30, 2020, the balances of long-term advances were as follows:

<u>Advances To</u>	<u>Advances From</u>	<u>Amount</u>
General Fund	Water Fund	\$ 772,161
General Fund	Sewer Fund	385,029
General Fund	Solid Waste Fund	232,810
	Total	\$ 1,390,000
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, 2020, the outstanding balance of the agreement was \$1,390,000.

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, 2020, 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, 2020

Note 5 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Nondepreciable assets:					
Land	\$ 1,043,091	\$ -	\$ -	\$ -	\$ 1,043,091
Construction in progress	1,477,868	1,828,100	-	(767,994)	2,537,974
Total nondepreciable assets	<u>2,520,959</u>	<u>1,828,100</u>	<u>-</u>	<u>(767,994)</u>	<u>3,581,065</u>
Depreciable assets					
Land improvements	5,491,699	11,308	(6,800)	-	5,496,207
Streets and storm drains	22,552,187	-	-	754,509	23,306,696
Buildings and improvements	15,969,427	169,684	-	5,947	16,145,058
Machinery and equipment	13,707,330	285,678	-	7,538	14,000,546
Vehicles	6,430,986	359,285	(10,000)	-	6,780,271
Subtotal	<u>64,151,629</u>	<u>825,955</u>	<u>(16,800)</u>	<u>767,994</u>	<u>65,728,778</u>
Less accumulated depreciation					
Land improvements	(3,656,217)	(277,585)	6,800	-	(3,927,002)
Streets and storm drains	(14,209,433)	(837,147)	-	-	(15,046,580)
Buildings and improvements	(8,360,338)	(605,420)	-	-	(8,965,758)
Machinery and equipment	(12,285,069)	(450,984)	-	-	(12,736,053)
Vehicles	(5,381,927)	(465,501)	-	-	(5,847,428)
Subtotal	<u>(43,892,984)</u>	<u>(2,636,637)</u>	<u>6,800</u>	<u>-</u>	<u>(46,522,821)</u>
Total depreciable assets, net	<u>20,258,645</u>	<u>(1,810,682)</u>	<u>(10,000)</u>	<u>767,994</u>	<u>19,205,957</u>
Total	<u>\$ 22,779,604</u>	<u>\$ 17,418</u>	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ 22,787,022</u>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2020 are as follows:

General government	\$ 468,866
Public safety	536,914
Highways and streets	1,058,793
Transportation	115,056
Culture and recreation	457,008
Total depreciation expense	<u>\$ 2,636,637</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers /Reclassifications	Balance June 30, 2020
Nondepreciable assets:					
Construction in progress	\$ 13,894,153	\$ 5,618,932	\$ -	\$ -	\$ 19,513,085
Total nondepreciable assets	13,894,153	5,618,932	-	-	19,513,085
Depreciable assets					
Water distribution system	16,118,082	-	-	-	16,118,082
Wastewater systems	14,885,320	-	-	-	14,885,320
Building and improvements	7,936,170	-	-	(30,728)	7,905,442
Vehicles, machinery and equipment	4,111,396	108,964	-	30,728	4,251,088
Subtotal	43,050,968	108,964	-	-	43,159,932
Less accumulated depreciation					
Water distribution system	(10,687,294)	(438,313)	-	-	(11,125,607)
Wastewater systems	(7,298,598)	(329,553)	-	-	(7,628,151)
Building and improvements	(3,616,365)	(178,602)	-	-	(3,794,967)
Vehicles, machinery and equipment	(2,929,333)	(318,637)	-	-	(3,247,970)
Subtotal	(24,531,590)	(1,265,105)	-	-	(25,796,695)
Total depreciable assets, net	18,519,378	(1,156,141)	-	-	17,363,237
Total	\$ 32,413,531	\$ 4,462,791	\$ -	\$ -	\$ 36,876,322

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2020 are as follows:

Water	\$ 462,578
Sewer	567,768
Solid Waste	234,759
Total depreciation expense	\$ 1,265,105

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Capital Assets (Continued)

C. Component Unit

The summary of changes in capital assets for the component unit for the year ended June 30, 2020, is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
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	(2,385,035)	(130,186)	-	(2,515,221)
Furniture and equipment	(22,992)	(758)	-	(23,750)
Subtotal	(2,408,027)	(130,944)	-	(2,538,971)
Total depreciable assets, net	2,825,815	(130,944)	-	2,694,871
Total	\$ 3,090,815	\$ (130,944)	\$ -	\$ 2,959,871

Depreciation expense for the component unit for the year ended June 30, 2020 was \$130,944.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt

A. Summary

	Final Maturity	Remaining Interest Rate	Remaining Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2020
<i>Governmental Activities</i>					
Direct borrowings:					
Capital leases	3/30/2028	2.56 - 6.03%	\$98,971 - \$468,981	\$ 2,902,773	\$ 2,222,894
Call Center loan payable	7/1/2028	4.29 - 5.63%	\$375,000	9,000,000	3,000,000
Total Governmental Activities				<u>\$ 11,902,773</u>	<u>\$ 5,222,894</u>
<i>Business-Type Activities</i>					
Direct borrowings:					
Capital leases	2/1/2023	6.42%	\$22,598 - \$13,659	\$ 106,637	\$ 57,861
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2029	2.00%	\$85,982 - \$104,417	2,677,286	759,549
Water Infrastructure Finance Authority of Arizona Issued 2018-2019 (WIFA)	7/1/2033	1.81%	\$38,436 - \$51,669	1,500,000	471,760
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2027	2.81%	\$224,930 - \$262,660	1,500,000	2,456,767
Water Infrastructure Finance Authority of Arizona Issued 2015-2016 (WIFA)	7/1/2034	2.00%	\$39,887 - \$56,267	900,000	714,627
Water Infrastructure Finance Authority of Arizona Issued 2016-2017 (WIFA)	7/1/2037	1.89%	\$120,174 - \$291,427	5,500,000	4,403,212
Total Business-Type Activities				<u>\$ 12,183,923</u>	<u>\$ 8,863,776</u>
<i>Component Unit</i>					
Direct borrowings:					
HUD mortgage note payable	5/1/2042	2.95%	\$76,314-\$3,643,617	5,008,546	4,064,548
Total Component Unit				<u>\$ 5,008,546</u>	<u>\$ 4,064,548</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

B. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due Within One Year	Due In More Than One Year
Capital leases	\$ 1,871,380	\$ 704,439	\$ (352,925)	\$ 2,222,894	\$ 468,981	\$ 1,753,913
Call Center loan payable	3,375,000	-	(375,000)	3,000,000	-	3,000,000
Total long-term debt	\$ 5,246,380	\$ 704,439	\$ (727,925)	\$ 5,222,894	\$ 468,981	\$ 4,753,913

Capital Leases

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 capital leases payable outstanding at June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 468,981	\$ 72,184	\$ 541,165
2022	463,092	56,716	519,808
2023	423,885	41,300	465,185
2024	334,277	27,134	361,411
2025	214,263	18,096	232,359
2026-2028	318,396	22,175	340,571
Total	\$ 2,222,894	\$ 237,605	\$ 2,460,499

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

	Amount
Construction in progress	\$ 1,093,072
Buildings and improvements	895,329
Machinery and equipment	83,866
Vehicles	417,565
Less: accumulated depreciation	(790,926)
Subtotal	1,698,906
Unspent capital lease proceeds	367,663
Total	\$ 2,066,569

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

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 \$3,675,254. Principal and interest paid for the current year was \$589,057 and the City sales tax and lease revenues were \$7,722,556 and \$646,154, respectively.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 83,756	\$ 83,756
2022	375,000	147,788	522,788
2023	375,000	126,675	501,675
2024	375,000	105,852	480,852
2025	375,000	84,450	459,450
2026-2029	1,500,000	126,733	1,626,733
Total	<u>\$ 3,000,000</u>	<u>\$ 675,254</u>	<u>\$ 3,675,254</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

C. Business-Type Activities

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due Within One Year	Due In More Than One Year
Water Fund:						
Capital leases	\$ 62,814	\$ -	\$ (16,525)	\$ 46,289	\$ 17,284	\$ 29,005
2010 WIFA Loan	843,177	-	(83,628)	759,549	85,982	673,567
2019 WIFA Loan	515,734	-	(43,974)	471,760	44,769	426,991
Total water fund	1,421,725	-	(144,127)	1,277,598	148,035	1,129,563
Sewer Fund:						
Capital leases	15,704	-	(4,132)	11,572	4,321	7,251
2010 WIFA Loan	2,677,286	-	(220,519)	2,456,767	224,930	2,231,837
2016 WIFA Loan	753,546	-	(38,919)	714,627	39,887	674,740
2017 WIFA Loan	2,182,092	2,433,081	(211,961)	4,403,212	215,986	4,187,226
Total sewer fund	5,628,628	2,433,081	(475,531)	7,586,178	485,124	7,101,054
Total business-type activities	\$ 7,050,353	\$ 2,433,081	\$ (619,658)	\$ 8,863,776	\$ 633,159	\$ 8,230,617

Capital Leases

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.

The annual debt service requirements for the capital leases payable outstanding at June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 21,605	\$ 2,162	\$ 23,767
2022	22,598	1,169	23,767
2023	13,658	206	13,864
Total	\$ 57,861	\$ 3,537	\$ 61,398

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

	Amount
Vehicles	\$ 106,636
Less: accumulated depreciation	(50,612)
Total	\$ 56,024

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

C. Business-Type Activities (Continued)

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 \$10,029,647. Principal and interest paid for the current year and total pledged revenues were \$599,001 and \$166,474, respectively.

The annual requirements to amortize the bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 611,554	\$ 174,501	\$ 786,055
2022	624,355	163,983	788,338
2023	637,432	150,766	788,198
2024	650,789	137,265	788,054
2025	664,433	123,475	787,908
2026-2030	3,299,261	284,685	3,583,946
2031-2035	1,620,469	164,204	1,784,673
2035-2038	697,622	24,853	722,475
Total	<u>\$ 8,805,915</u>	<u>\$ 1,223,732</u>	<u>\$ 10,029,647</u>

D. Component Unit

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due Within One Year	Due In More Than One Year
HUD mortgage note payable	\$ 4,752,181	\$ -	\$ (687,633)	\$ 4,064,548	\$ 76,314	\$ 3,988,234
Total long-term debt	<u>\$ 4,752,181</u>	<u>\$ -</u>	<u>\$ (687,633)</u>	<u>\$ 4,064,548</u>	<u>\$ 76,314</u>	<u>\$ 3,988,234</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

D. Component Unit (Continued)

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 annual requirements to amortize the bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 76,314	\$ -	\$ 76,314
2022	82,385	-	82,385
2023	84,848	-	84,848
2024	87,385	-	87,385
2025	89,999	-	89,999
Thereafter	3,643,617	-	3,643,617
Total	<u>\$ 4,064,548</u>	<u>\$ -</u>	<u>\$ 4,064,548</u>

Note 7 – Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick leave) has been accrued and amounts to \$1,695,125 at June 30, 2020. Summary of changes in compensated absences for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences:						
Governmental Activities	\$ 1,389,528	\$ 773,826	\$ (610,591)	\$ 1,552,763	\$ 698,743	\$ 854,020
Business-Type Activities	114,232	709,006	(680,876)	142,362	113,889	28,473
Total compensated absences	<u>\$ 1,503,760</u>	<u>\$ 1,482,832</u>	<u>\$ (1,291,467)</u>	<u>\$ 1,695,125</u>	<u>\$ 812,632</u>	<u>\$ 882,493</u>

For the Governmental Activities, claims and judgments and 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, 2020

Note 8 – 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.

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 funds 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, 2020, the self-insured benefit claims payable reported within the internal service fund, including amounts incurred, but not yet reported totaled \$134,862.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017-2018	\$ 238,590	\$ 904,330	\$ (1,032,798)	\$ 110,122
2018-2019	110,122	626,136	(590,407)	145,851
2019-2020	145,851	1,190,031	(1,201,020)	134,862

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Pension Plans and Other Postemployment Benefits

A. Summary – Pension and OPEB

Deferred Outflows of Resources

	Governmental Activities	Business-Type Activities	Total
Pension-related deferred outflows of resources:			
Pension contributions made after measurement date:			
ASRS	\$ 402,900	\$ 119,737	\$ 522,637
PSPRS - Police Plan - Tier 1 & 2	1,505,378	-	1,505,378
PSPRS - Fire Plan - Tier 1 & 2	1,106,632	-	1,106,632
PSPRS - Police Plan - Tier 3	15,342	-	15,342
PSPRS - Fire Plan - Tier 3	39,082	-	39,082
Total pension contributions made after measurement date	<u>3,069,334</u>	<u>119,737</u>	<u>3,189,071</u>
Projected earnings on pension plan investments in excess of actual earnings:			
PSPRS - Police Plan - Tier 1 & 2	127,269	-	127,269
PSPRS - Fire Plan - Tier 1 & 2	84,140	-	84,140
Total projected earnings on pension plan investments in excess of actual earnings	<u>211,409</u>	<u>-</u>	<u>211,409</u>
Change in assumptions:			
ASRS	19,451	5,780	25,231
PSPRS - Police Plan - Tier 1 & 2	644,870	-	644,870
PSPRS - Fire Plan - Tier 1 & 2	1,267,175	-	1,267,175
PSPRS - Police Plan - Tier 3	156	-	156
PSPRS - Fire Plan - Tier 3	628	-	628
Total change in assumption	<u>1,932,280</u>	<u>5,780</u>	<u>1,938,060</u>
Difference between expected and actual experience			
ASRS	83,126	24,704	107,830
PSPRS - Police Plan - Tier 1 & 2	699,594	-	699,594
PSPRS - Fire Plan - Tier 1 & 2	5,157	-	5,157
PSPRS - Police Plan - Tier 3	6,287	-	6,287
PSPRS - Fire Plan - Tier 3	25,335	-	25,335
Total difference between expected and actual experience	<u>819,499</u>	<u>24,704</u>	<u>844,203</u>
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS	4,977	1,479	6,456
PSPRS - Fire Plan - Tier 3	17,170	-	17,170
Total change in proportion and differences between employer contributions and proportionate share of contributions	<u>22,147</u>	<u>1,479</u>	<u>23,626</u>
Total pension-related deferred outflows of resources			
ASRS	510,454	151,700	662,154
PSPRS - Police Plan - Tier 1 & 2	2,977,111	-	2,977,111
PSPRS - Fire Plan - Tier 1 & 2	2,463,104	-	2,463,104
PSPRS - Police Plan - Tier 3	21,785	-	21,785
PSPRS - Fire Plan - Tier 3	82,215	-	82,215
Total pension-related deferred outflows of resources	<u>\$ 6,054,669</u>	<u>\$ 151,700</u>	<u>\$ 6,206,369</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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	\$ 17,214	\$ 5,020	\$ 22,234
ASRS - Long-Term Disability Plan	5,982	1,780	7,762
PSPRS - Police Plan - Tier 3	331	-	331
PSPRS - Fire Plan - Tier 3	843	-	843
Total OPEB contributions made after measurement date	24,370	6,800	31,170
Projected earnings on OPEB plan investments in excess of actual earnings:			
PSPRS - Police Plan - Tier 1 & 2	1,297	-	1,297
PSPRS - Fire Plan - Tier 1 & 2	1,326	-	1,326
Total projected earnings on OPEB plan investments in excess of actual earnings	2,623	-	2,623
Change in assumptions:			
ASRS - Health Benefit Supplement Plan	17,066	4,977	22,043
ASRS - Long-Term Disability Plan	3,054	909	3,963
PSPRS - Police Plan - Tier 1 & 2	1,572	-	1,572
PSPRS - Fire Plan - Tier 1 & 2	2,747	-	2,747
Total change in assumption	24,439	5,886	30,325
Difference between expected and actual experience			
ASRS - Long-Term Disability Plan	2,412	718	3,130
PSPRS - Police Plan - Tier 3	63	-	63
PSPRS - Fire Plan - Tier 3	226	-	226
Total difference between expected and actual experience	2,701	718	3,419
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Long-Term Disability Plan	28	8	36
PSPRS - Fire Plan - Tier 3	508	-	508
Total change in proportion and differences between employer contributions and proportionate share of contributions	536	8	544
Total OPEB-related deferred outflows of resources			
ASRS - Health Benefit Supplement Plan	34,280	9,997	44,277
ASRS - Long-Term Disability Plan	11,476	3,415	14,891
PSPRS - Police Plan - Tier 1 & 2	2,869	-	2,869
PSPRS - Fire Plan - Tier 1 & 2	4,073	-	4,073
PSPRS - Police Plan - Tier 3	394	-	394
PSPRS - Fire Plan - Tier 3	1,577	-	1,577
Total OPEB-related deferred outflows of resources	\$ 54,669	\$ 13,412	\$ 68,081

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 3	\$ 2,640	\$ -	\$ 2,640
PSPRS - Fire Plan - Tier 3	10,637	-	10,637
Total net pension asset	<u>\$ 13,277</u>	<u>\$ -</u>	<u>\$ 13,277</u>
Net pension liability			
ASRS	\$ 4,601,404	\$ 1,367,483	\$ 5,968,887
PSPRS - Police Plan - Tier 1 & 2	18,264,513	-	18,264,513
PSPRS - Fire Plan - Tier 1 & 2	12,152,083	-	12,152,083
Total net pension liability	<u>\$ 35,018,000</u>	<u>\$ 1,367,483</u>	<u>\$ 36,385,483</u>
Net OPEB asset			
ASRS - Health Benefit Supplement Plan	\$ 8,678	\$ 2,531	\$ 11,209
PSPRS - Police Plan - Tier 1 & 2	165,568	-	165,568
PSPRS - Fire Plan - Tier 1 & 2	237,300	-	237,300
PSPRS - Police Plan - Tier 3	269	-	269
PSPRS - Fire Plan - Tier 3	957	-	957
Total Net OPEB asset	<u>\$ 412,772</u>	<u>\$ 2,531</u>	<u>\$ 415,303</u>
Net OPEB liability			
ASRS - Long-Term Disability Plan	\$ 20,418	\$ 6,076	\$ 26,494
Total Net OPEB liability	<u>\$ 20,418</u>	<u>\$ 6,076</u>	<u>\$ 26,494</u>

Deferred Inflows of Resources

Pension-related deferred inflows of resources:

Projected earnings on pension plan investments in excess of actual earnings:

ASRS	\$ 103,424	\$ 30,736	\$ 134,160
PSPRS - Police Plan - Tier 3	81	-	81
PSPRS - Fire Plan - Tier 3	328	-	328
Total projected earnings on pension plan investments in excess of actual earnings	<u>103,833</u>	<u>30,736</u>	<u>134,569</u>

Change in assumptions:

ASRS	183,237	54,456	237,693
Total change in assumption	<u>183,237</u>	<u>54,456</u>	<u>237,693</u>

Difference between expected and actual experience

ASRS	865	257	1,122
PSPRS - Police Plan - Tier 1 & 2	23,584	-	23,584
PSPRS - Fire Plan - Tier 1 & 2	736,888	-	736,888
Total difference between expected and actual experience	<u>761,337</u>	<u>257</u>	<u>761,594</u>

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

ASRS	267,548	79,512	347,060
PSPRS - Police Plan - Tier 3	801	-	801
Total change in proportion and differences between employer contributions and proportionate share of contributions	<u>268,349</u>	<u>79,512</u>	<u>347,861</u>

Total pension-related deferred inflows of resources

ASRS	555,074	164,961	720,035
PSPRS - Police Plan - Tier 1 & 2	23,584	-	23,584
PSPRS - Fire Plan - Tier 1 & 2	736,888	-	736,888
PSPRS - Police Plan - Tier 3	882	-	882
PSPRS - Fire Plan - Tier 3	328	-	328
Total pension-related deferred inflows of resources	<u>\$ 1,316,756</u>	<u>\$ 164,961</u>	<u>\$ 1,481,717</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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	\$ 11,285	\$ 3,291	\$ 14,576
ASRS - Long-Term Disability Plan	435	130	565
PSPRS - Police Plan - Tier 3	5	-	5
PSPRS - Fire Plan - Tier 3	19	-	19
Total projected earnings on pension plan investments in excess of actual earnings	11,744	3,421	15,165
Change in assumptions:			
PSPRS - Police Plan - Tier 1 & 2	3,598	-	3,598
PSPRS - Police Plan - Tier 3	1	-	1
PSPRS - Fire Plan - Tier 3	2	-	2
Total change in assumption	3,601	-	3,601
Difference between expected and actual experience			
ASRS - Health Benefit Supplement Plan	10,374	3,025	13,399
PSPRS - Police Plan - Tier 1 & 2	90,268	-	90,268
PSPRS - Fire Plan - Tier 1 & 2	77,673	-	77,673
PSPRS - Police Plan - Tier 3	44	-	44
PSPRS - Fire Plan - Tier 3	160	-	160
Total difference between expected and actual experience	178,519	3,025	181,544
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Health Benefit Supplement Plan	36	10	46
ASRS - Long-Term Disability Plan	1,179	351	1,530
PSPRS - Police Plan - Tier 3	22	-	22
Total change in proportion and differences between employer contributions and proportionate share of contributions	1,237	361	1,598
Total OPEB-related deferred inflows of resources			
ASRS - Health Benefit Supplement Plan	21,695	6,326	28,021
ASRS - Long-Term Disability Plan	1,614	481	2,095
PSPRS - Police Plan - Tier 1 & 2	93,866	-	93,866
PSPRS - Fire Plan - Tier 1 & 2	77,673	-	77,673
PSPRS - Police Plan - Tier 3	72	-	72
PSPRS - Fire Plan - Tier 3	181	-	181
Total OPEB-related deferred inflows of resources	\$ 195,101	\$ 6,807	\$ 201,908

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

A. Summary – Pension and OPEB (Continued)

Pension/OPEB Expenses

	Governmental Activities	Business-Type Activities	Total
Pension expenses:			
ASRS	\$ 337,680	\$ 100,354	\$ 438,034
PSPRS - Police Plan - Tier 1 & 2	2,280,252	-	2,280,252
PSPRS - Fire Plan - Tier 1 & 2	1,455,140	-	1,455,140
PSPRS - Police Plan - Tier 3	493	-	493
PSPRS - Fire Plan - Tier 3	3,557	-	3,557
Total net pension expenses	<u>\$ 4,077,122</u>	<u>\$ 100,354</u>	<u>\$ 4,177,476</u>
OPEB expenses/(income):			
ASRS - Health Benefit Supplement Plan	\$ 10,871	\$ 3,170	\$ 14,041
ASRS - Long-Term Disability Plan	6,443	1,918	8,361
PSPRS - Police Plan - Tier 1 & 2	(41,628)	-	(41,628)
PSPRS - Fire Plan - Tier 1 & 2	(23,480)	-	(23,480)
PSPRS - Police Plan - Tier 3	(1)	-	(1)
PSPRS - Fire Plan - Tier 3	33	-	33
Total net OPEB expenses	<u>\$ (47,762)</u>	<u>\$ 5,088</u>	<u>\$ (42,674)</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, 2020

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	80 or more	30 years age 55
and age required to	10 years age 62	25 years age 60
receive benefit	5 years age 50*	10 years age 62
	Any years age 65	5 years age 50*
		Any years age 65
Final average salary is based on	Highest consecutive 36 months of last 120 months	Highest consecutive 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 \$150 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 equal to 10% for each completed year 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, 2020 the City had 111 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, 2020

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, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members’ annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.34 percent for long-term disability) of the active members’ annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.41 percent (10.29 percent for retirement, 0.05 percent for health insurance premium benefit, and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill. The City’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020, were:

	Contributions - employer
Pension Plan	\$ 522,637
Health Benefit Supplement Plan	22,234
Long-Term Disability Plan	7,762
Total	<u>\$ 552,633</u>

During fiscal year 2020, the City paid for ASRS pension and OPEB contributions as follows: 77.1 percent from the Governmental Funds, 13 percent from the Water Fund, 5 percent from the Sewer Fund, and 4.9 percent from the Solid Waste Fund.

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

At June 30, 2020, the City’s reported proportionate share of pension and OPEB liability/(asset)’s for the City was:

	Net pension/OPEB (asset) liability
Pension Plan	\$ 5,968,887
Health Benefit Supplement Plan	(11,209)
Long-Term Disability Plan	26,494
Total	<u>\$ 5,984,172</u>

The net asset and net liabilities were measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019. The City’s proportions measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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, 2017	0.0445600%	0.0442100%	0.0445600%
Proportion June 30, 2018	0.0410200%	0.0405600%	0.0406700%
Change - Increase (Decrease)	-0.0035400%	-0.0036500%	-0.0038900%

As of June 30, 2020, the City reported net pension and OPEB liability/(asset) for its proportionate shares of the net pension and OPEB liability/(asset) of the Arizona State Retirement System Plans as follows:

	Plan's Net Pension and OPEB Liability/(Asset)		
	Pension Plan	Health Benefit Supplement Plan	Long-Term Disability Plan
Balance at: 6/30/18 (Valuation date)	\$ 6,214,551	\$ (15,920)	\$ 23,283
Balance at: 6/30/19 (Measurement date)	5,968,887	(11,209)	26,494
Net Changes during 2018-2019	\$ (245,664)	\$ 4,711	\$ 3,211

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, 2020:

	Pension/OPEB expenses
Pension Plan	\$ 438,034
Health Benefit Supplement Plan	14,041
Long-Term Disability Plan	8,361
Total	<u>\$ 460,436</u>

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB 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	\$ 522,637	\$ -	\$ 22,234	\$ -	\$ 7,762	\$ -
Difference between projected and actual earning on pension plan investments	-	(134,160)	-	(14,576)	-	(565)
Changes in assumptions	25,231	(237,693)	22,043	-	3,963	-
Difference between actual and expected experience	107,830	(1,122)	-	(13,399)	3,130	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,456	(347,060)	-	(46)	36	(1,530)
Total	<u>\$ 662,154</u>	<u>\$ (720,035)</u>	<u>\$ 44,277</u>	<u>\$ (28,021)</u>	<u>\$ 14,891</u>	<u>\$ (2,095)</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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, 2021. 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
2021	\$ (268,394)	\$ (4,867)	\$ 435
2022	(322,292)	(4,867)	435
2023	(25,764)	1,354	987
2024	35,932	2,719	1,088
2025	-	(317)	877
Thereafter	-	-	1,212
	<u>\$ (580,518)</u>	<u>\$ (5,978)</u>	<u>\$ 5,034</u>

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

For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. Both the June 30, 2018 and the June 30, 2019 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, 2018
Actuarial roll forward date	June 30, 2019
Actuarial Assumptions:	
Investment rate of return	7.5% (Real rate of return plus inflation rate)
Projected salary increases	2.7–7.2% for pensions/not applicable for OPEB
Payroll growth	2.5%
Inflation rate	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 (retirees)
Recovery rates	2012 GLDT for long-term disability RP2018 active and disabled member mortality scal
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, dated October 18, 2017.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 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, 2020

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%	6.09%	3.05%
Credit	20.00%	5.36%	1.07%
Interest Rate Sensitive Bonds	10.00%	1.62%	0.16%
Real Estate	20.00%	5.85%	1.17%
Total	100%		5.45%

Discount Rate

The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. 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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	Aggregate Net Pension and OPEB Liability/(Asset)		
	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Pension Plan	\$ 8,495,109	\$ 5,968,887	\$ 3,857,616
Health Benefit Supplement Plan	\$ 56,778	\$ (11,209)	\$ (69,138)
Long-Term Disability Plan	\$ 29,322	\$ 26,494	\$ 23,752
Total	\$ 8,581,209	\$ 5,984,172	\$ 3,812,230

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, 2020, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 1.5% to 2.5% per year of credited service, not to exceed 80%	Highest 60 consecutive months of last 15 years
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, 2020

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

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

Employees Covered

At June 30, 2019, 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	26	26	21	21	3	3	6	6
Transferred and terminated employees	7	7	4	4	0	0	0	0
Retired employees and beneficiaries	34	34	24	24	0	0	0	0
Total	67	67	49	49	3	3	6	6

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, 2020, 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%			
Active members - pension	(Tier 2 - hired after 7/2011) 11.65%		10.01%	
City of Douglas, Arizona:				
Pension	78.91%	62.48%	9.80%	9.80%
Health Insurance	0.00%	0.00%	0.21%	0.21%

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 48.94%, 46.49%, 25.93%, and 21.69%, 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, 2020, 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	\$ 1,505,378	\$ -	\$ 1,106,632	\$ -	\$ 15,342	\$ 331	\$ 39,082	\$ 843

During fiscal year 2020, the City paid for the total PSPRS pension and OPEB contributions from the general fund.

Net Pension and OPEB Liability/(Asset)

The City’s net assets and net liabilities were measured as of June 30, 2019, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

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

Net Pension and OPEB Liability/(Asset) (Continued)

The City’s proportions measured as of June 30, 2019, for the PSPRS Tier 3 Police and Fire Pension/OPEB plans, were:

Police Pension Plan (Tier 3)	Police OPEB Plan (Tier 3)	Fire Pension Plan (Tier 3)	Fire OPEB Plan (Tier 3)
0.1838100%	0.18320%	0.7406770%	0.6514450%

Actuarial Assumptions

The total pension and liabilities/(assets) in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement
Actuarial Assumptions:	
Discount Rate	7.30% (Tier 1 and 2), 7.00% (Tier 3)
Inflation	2.50%; No explicit price inflation assumption
Salary Increases	3.50% to 8.00% including wage inflation at 3.50%
Investment Rate of Return	7.30%, net of investment and administrative expenses
Mortality Rate Table	Pub S-2010 mortality table projected with future mortality included using projection scale MP-2018 (adjusted by 110% for both males and females).
Post Retirement Benefit Increase	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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 adding 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 Return¹
Short Term Inv.	2.00%	0.25%
Risk Parity	4.00%	4.01%
Fixed Income	5.00%	3.00%
Real Assets	9.00%	6.75%
Real Estate	10.00%	4.50%
Private Equity	12.00%	8.40%
GTS	12.00%	4.01%
Non-U.S. Equity	14.00%	5.00%
U.S. Equity	16.00%	4.75%
Private Credit	16.00%	5.36%
	100.00%	

¹ An expected inflation of 2.75% used for this period

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

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

Discount Rate

At June 30, 2019, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. 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 - 009						
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018 (Valuation Date)	\$ 24,321,565	\$ 7,558,325	\$ 16,763,240	\$ 466,103	\$ 577,843	\$ (111,740)
Changes in the year:						
Service cost	357,391	-	357,391	5,898	-	5,898
Interest on the total pension liabilities	1,777,275	-	1,777,275	34,038	-	34,038
Differences between expected and actual experience	532,860	-	532,860	(54,457)	-	(54,457)
Changes of assumptions	540,419	-	540,419	2,097	-	2,097
Benefit payments, including refunds of members contributions	(1,323,464)	(1,323,464)	-	(24,066)	(24,066)	-
Contributions - employer	-	1,167,128	(1,167,128)	-	4,885	(4,885)
Contributions - employee	-	145,425	(145,425)	-	-	-
Net investment income	-	408,395	(408,395)	-	30,872	(30,872)
Administrative expenses	-	(8,096)	8,096	-	(533)	533
Other changes	-	(6,180)	6,180	-	6,180	(6,180)
Net changes	1,884,481	383,208	1,501,273	(36,490)	17,338	(53,828)
Balance at June 30, 2019 (Measurement Date)	\$ 26,206,046	\$ 7,941,533	\$ 18,264,513	\$ 429,613	\$ 595,181	\$ (165,568)

Fire Plan - 008						
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018 (Valuation Date)	\$ 17,219,068	\$ 5,333,004	\$ 11,886,064	\$ 290,648	\$ 457,107	\$ (166,459)
Changes in the year:						
Service cost	331,808	-	331,808	4,666	-	4,666
Interest on the total pension liabilities	1,244,802	-	1,244,802	21,427	-	21,427
Differences between expected and actual experience	(152,972)	-	(152,972)	(74,385)	-	(74,385)
Changes of assumptions	386,244	-	386,244	1,921	-	1,921
Benefit payments, including refunds of members contributions	(1,458,448)	(1,458,448)	-	(11,509)	(11,509)	-
Contributions - employer	-	1,140,235	(1,140,235)	-	-	-
Contributions - employee	-	123,484	(123,484)	-	-	-
Net investment income	-	286,520	(286,520)	-	24,478	(24,478)
Administrative expenses	-	(5,961)	5,961	-	(423)	423
Other changes	-	(415)	415	-	415	(415)
Net changes	351,434	85,415	266,019	(57,880)	12,961	(70,841)
Balance at June 30, 2019 (Measurement Date)	\$ 17,570,502	\$ 5,418,419	\$ 12,152,083	\$ 232,768	\$ 470,068	\$ (237,300)

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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)	\$ 21,694,561	\$ 18,264,513	\$ 15,466,858
Police OPEB Plan (Tier 1 & 2)	\$ (116,586)	\$ (165,568)	\$ (206,613)
Fire Pension Plan (Tier 1 & 2)	\$ 14,453,768	\$ 12,152,083	\$ 10,272,797
Fire OPEB Plan (Tier 1 & 2)	\$ (209,413)	\$ (237,300)	\$ (260,723)
Aggregate Total	\$ 35,822,330	\$ 30,013,728	\$ 25,272,319

	Plan's Aggregate Proportionate Share of Net Pension/OPEB (Asset) Liability		
	Discount Rate - 1% (6.40%)	Current Discount Rate (7.40%)	Discount Rate + 1% (8.40%)
Police Pension Plan (Tier 3)	\$ 1,471	\$ (2,640)	\$ (5,687)
Police OPEB Plan (Tier 3)	\$ (209)	\$ (269)	\$ (317)
Fire Pension Plan (Tier 3)	\$ 5,926	\$ (10,637)	\$ (22,917)
Fire OPEB Plan (Tier 3)	\$ (742)	\$ (957)	\$ (1,127)
Aggregate Total	\$ 6,446	\$ (14,503)	\$ (30,048)

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 and Deferred Outflows/Inflows of Resources Related to Pension/OPEB Plans

For the year ended June 30, 2020, the City recognized the following pension and OPEB expense:

Pension/OPEB expense/(income)	
Pension Plan - Police (Tier 1 & 2)	\$ 2,280,252
Pension Plan - Fire (Tier 1 & 2)	1,455,140
Pension Plan - Police (Tier 3)	493
Pension Plan - Fire (Tier 3)	3,557
OPEB Plan - Police (Tier 1 & 2)	(41,628)
OPEB Plan - Fire (Tier 1 & 2)	(23,480)
OPEB Plan - Police (Tier 3)	(1)
OPEB Plan - Fire (Tier 3)	33
Total	\$ 3,674,366

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

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

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

At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police Plan (Tier 1 & 2)				
	Pension Plan		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	\$ 1,505,378	\$ -	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	127,269	-	1,297	-
Changes in assumptions	644,870	-	1,572	(3,598)
Difference between actual and expected experience	699,594	(23,584)	-	(90,268)
Total	<u>\$ 2,977,111</u>	<u>\$ (23,584)</u>	<u>\$ 2,869</u>	<u>\$ (93,866)</u>

Fire Plan (Tier 1 & 2)				
	Pension Plan		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	\$ 1,106,632	\$ -	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	84,140	-	1,326	-
Changes in assumptions	1,267,175	-	2,747	-
Difference between actual and expected experience	5,157	(736,888)	-	(77,673)
Total	<u>\$ 2,463,104</u>	<u>\$ (736,888)</u>	<u>\$ 4,073</u>	<u>\$ (77,673)</u>

Police Plan (Tier 3)				
	Pension Plan		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	\$ 15,342	\$ -	\$ 331	\$ -
Difference between projected and actual earning on pension plan investments	-	(81)	-	(5)
Changes in assumptions	156	-	-	(1)
Difference between actual and expected experience	6,287	-	63	(44)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(801)	-	(22)
Total	<u>\$ 21,785</u>	<u>\$ (882)</u>	<u>\$ 394</u>	<u>\$ (72)</u>

Fire Plan (Tier 3)				
	Pension Plan		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	\$ 39,082	\$ -	\$ 843	\$ -
Difference between projected and actual earning on pension plan investments	-	(328)	-	(19)
Changes in assumptions	628	-	-	(2)
Difference between actual and expected experience	25,335	-	226	(160)
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,170	-	508	-
Total	<u>\$ 82,215</u>	<u>\$ (328)</u>	<u>\$ 1,577</u>	<u>\$ (181)</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

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

Pension Expenses 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, 2021. 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)
2021	\$ 824,710	\$ (40,065)	\$ 350,595	\$ (16,617)
2022	288,117	(35,799)	30,944	(16,619)
2023	305,278	(17,365)	77,871	(13,197)
2024	30,044	2,232	119,042	(13,545)
2025	-	-	41,132	(13,622)
Thereafter	-	-	-	-
	<u>\$ 1,448,149</u>	<u>\$ (90,997)</u>	<u>\$ 619,584</u>	<u>\$ (73,600)</u>

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)
2021	\$ 414	\$ (1)	\$ 3,237	\$ 33
2022	414	(1)	3,237	33
2023	414	(1)	3,237	33
2024	413	(1)	3,236	33
2025	434	-	3,319	38
Thereafter	3,472	(5)	26,539	383
	<u>\$ 5,561</u>	<u>\$ (9)</u>	<u>\$ 42,805</u>	<u>\$ 553</u>

Note 10 – Lease Revenue

During fiscal year 2009, the City established a lease agreement for the City’s new call center. Revenue related to this lease totaled \$646,154 during the current fiscal year. Future minimum lease payments related to the call center lease are as follows:

Year Ending June 30,	Amount
2021	\$ 600,852
2022	600,852
2023	600,852
2024	300,426
	<u>\$ 2,102,982</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Other Required Disclosures

A. Deficit Fund Balance/Net Position

At June 30, 2020, the Governmental Activities Net Position had an unrestricted deficit of \$24,495,573. 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 Golf Course MPC nonmajor governmental fund reported a deficit fund balance of \$26,968. The deficit is expected to be recovered through operations and General Fund subsidies.

The Douglas Community Housing Corporation (Discretely Presented Component Unit) reported a deficit net position of \$1,506,525. The deficit is expected to be recovered through operations and subsidies from the City.

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations in the following function(s) of the General Fund:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government:	
	Finance	\$ 18,839
	Management information systems	33,462
	Parking lot	634
	Community development	14,147
	Golf Course	3,036
	Airport	991
	Public safety:	
	Fire	191,233
	Emergency medical services	323,020
	Capital outlay	511,964
	Debt Service:	
	Principal	55,214
	Interest and fiscal charges	10,768

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Classification of Fund Balances

The City classifies fund balances, as shown on the Balance Sheet – Governmental Funds as of June 30, 2020 as follows:

	Major Funds		
	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventories	\$ 55,196	\$ -	\$ 55,196
Prepaid items	11,073	-	11,073
Advance to other funds	24,225	-	24,225
Due from component unit	798,644	-	798,644
Total nonspendable	889,138	-	889,138
Restricted:			
Firefighters injured in line of duty	145,197	-	145,197
Capital lease proceeds	367,663	-	367,663
Federal and state grant programs	-	421,562	421,562
Law enforcement operations	-	158,144	158,144
Local transportation	-	316,279	316,279
Highways and streets by A.R.S. 28-6533	-	1,160,651	1,160,651
Housing and redevelopment	-	265,872	265,872
Total restricted	512,860	2,322,508	2,835,368
Committed:			
Capital Projects	-	155,195	155,195
Total committed	-	155,195	155,195
Unassigned	5,765,455	(26,968)	5,738,487
Total Fund Balances	\$ 7,167,453	\$ 2,450,735	\$ 9,618,188

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 13 – 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, 2020 with a planned cost to complete of approximately \$2,400,000.

D. COVID-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the City could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be estimated at this time.

Note 14 – Subsequent Events

A. Coronavirus Relief Funds Allocation

On May 27, Governor Ducey announced a plan to provide nearly \$600 million in coronavirus relief and recovery dollars to local Arizona governments and nonprofits. The plan also includes \$150 million for the Arizona Express Pay Program, a new program to expedite advanced funding requests through FEMA. Based on the City's population, the City is allocated \$1,859,063 and received the funds in July 2020.

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Required Supplementary Information (Unaudited)

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2020

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, 2020 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2020 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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Taxes:				
Sales taxes	\$ 6,712,500	\$ 6,712,500	\$ 7,556,918	\$ 844,418
Property taxes	616,000	616,000	631,690	15,690
Franchise taxes	318,000	318,000	307,193	(10,807)
Transient occupancy taxes	96,250	96,250	109,803	13,553
Intergovernmental	6,043,825	6,043,825	5,382,911	(660,914)
Fines and forfeitures	20,400	20,400	11,471	(8,929)
Licenses and permits	156,100	156,100	148,759	(7,341)
Charges for services	1,855,117	1,855,117	1,634,033	(221,084)
Rents and royalties	707,367	707,367	920,054	212,687
Investment income	149,844	149,844	160,012	10,168
Miscellaneous	154,440	154,440	190,383	35,943
Total revenues	16,829,843	16,829,843	17,053,227	223,384
EXPENDITURES:				
Current:				
General government:				
Administration	724,264	724,264	692,066	32,198
Finance	502,194	502,194	521,033	(18,839)
Personnel	457,814	457,814	370,488	87,326
General government	652,070	652,070	429,678	222,392
Management information systems	467,076	467,076	500,538	(33,462)
Parking lot	-	-	634	(634)
Cemetery	196,386	196,386	194,296	2,090
Community development	-	-	14,147	(14,147)
Golf course	146,656	146,656	149,692	(3,036)
Economic development	51,822	51,822	41,875	9,947
Airport	116,431	116,431	117,422	(991)
Call center	28,571	28,571	26,769	1,802
Subtotal	3,343,284	3,343,284	3,058,638	284,646
Public safety:				
Police	6,440,139	6,440,139	5,225,689	1,214,450
Fire	1,747,868	1,747,868	1,939,101	(191,233)
Emergency medical services	1,653,417	1,653,417	1,976,437	(323,020)
Subtotal	9,841,424	9,841,424	9,141,227	700,197
Highways and streets				
Public works	573,137	573,137	441,374	131,763
Subtotal	573,137	573,137	441,374	131,763

City of Douglas
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund (Continued)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/
				(Unfavorable)
EXPENDITURES (Continued):				
Culture and recreation:				
Parks	564,211	564,211	546,032	18,179
Recreation	202,820	202,820	184,238	18,582
Library	404,057	404,057	368,867	35,190
Aquatics	343,519	343,519	219,087	124,432
Visitor center	90,508	90,508	44,216	46,292
Subtotal	1,605,115	1,605,115	1,362,440	242,675
Capital outlay	677,615	677,615	1,189,579	(511,964)
Debt Service:				
Principal	18,172	18,172	73,386	(55,214)
Interest and fiscal charges	-	-	10,768	(10,768)
Total expenditures	16,058,747	16,058,747	15,277,412	781,335
REVENUES OVER (UNDER) EXPENDITURES	771,096	771,096	1,775,815	1,004,719
OTHER FINANCING SOURCES (USES):				
Obligations incurred on capital leases	512,034	512,034	704,439	192,405
Sales of property	10,000	10,000	33,000	23,000
Transfers in	393,560	393,560	148,093	(245,467)
Transfers out	(1,686,575)	(1,686,575)	(1,123,007)	563,568
Total other financing sources (uses)	(770,981)	(770,981)	(237,475)	533,506
Net change in fund balance	\$ 115	\$ 115	1,538,340	\$ 1,538,225
FUND BALANCE:				
Beginning of year			5,629,113	
End of year			<u>\$ 7,167,453</u>	

City of Douglas
Schedules of the Proportionate Share of the Net Pension/OPEB Liability
Last Ten Years
For the Year Ended June 30, 2020

Arizona Employees' Retirement System ("ASRS") Pension Plan						
Measurement Period	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	0.04102%	0.04456%	0.04460%	0.04396%	0.04547%	0.04940%
City's Proportionate Share of the Net Pension Liability	\$ 5,968,887	\$ 6,214,551	\$ 6,947,811	\$ 7,095,586	\$ 7,082,217	\$ 7,309,573
City's Covered Payroll	\$ 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	<u>138.17%</u>	<u>138.53%</u>	<u>153.04%</u>	<u>174.15%</u>	<u>172.37%</u>	<u>182.01%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>73.24%</u>	<u>73.40%</u>	<u>69.92%</u>	<u>67.06%</u>	<u>68.35%</u>	<u>69.49%</u>

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/OPEB Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2020

Arizona Employees' Retirement System ("ASRS") Health Insurance Premium Benefit				
Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016 ¹
City's Proportion of the Net OPEB (Asset) Liability	0.04056%	0.04421%	0.04444%	0.04444%
City's Proportionate Share of the Net OPEB (Asset) Liability	\$ (11,209)	\$ (15,920)	\$ (24,193)	\$ 12,850
City's Covered Payroll	\$ 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	<u>-0.26%</u>	<u>-0.35%</u>	<u>-0.53%</u>	<u>0.32%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>101.62%</u>	<u>102.20%</u>	<u>103.57%</u>	<u>103.57%</u>

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/OPEB Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2020

Arizona Employees' Retirement System ("ASRS") Long-Term Liability				
Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016 ¹
City's Proportion of the Net OPEB (Asset) Liability	0.04067%	0.04456%	0.04441%	0.04441%
City's Proportionate Share of the Net OPEB (Asset) Liability	\$ 26,494	\$ 23,283	\$ 16,098	\$ 15,959
City's Covered Payroll	\$ 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	0.61%	0.52%	0.35%	0.39%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 implemented

City of Douglas
Schedules of the Proportionate Share of the Net Pension/OPEB Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

Measurement Period	June 30, 2019	June 30, 2018 ¹
City's Proportion of the Net Pension (Asset) Liability	0.18381%	0.12677%
City's Proportionate Share of the Net Pension (Asset) Liability	\$ (2,640)	\$ 250
City's Covered Payroll	\$ 88,593	\$ 41,792
City's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Its Covered Payroll	<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>89.24%</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 Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

Measurement Period	June 30, 2019	June 30, 2018 ¹
City's Proportion of the Net Pension (Asset) Liability	0.74068%	1.95874%
City's Proportionate Share of the Net Pension (Asset) Liability	\$ (10,637)	\$ 3,861
City's Covered Payroll	\$ 281,909	\$ 236,240
City's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Its Covered Payroll	<u>-3.77%</u>	<u>1.63%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>89.24%</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 Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

Measurement Period	June 30, 2019	June 30, 2018 ¹
City's Proportion of the Net OPEB (Asset) Liability	0.18320%	0.12678%
City's Proportionate Share of the Net OPEB (Asset) Liability	\$ (269)	\$ (5)
City's Covered Payroll	\$ 88,593	\$ 41,792
City's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of Its Covered Payroll	-0.30%	-0.01%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.51%	110.51%

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 Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

Measurement Period	June 30, 2019	June 30, 2018 ¹
City's Proportion of the Net OPEB (Asset) Liability	0.65145%	1.95873%
City's Proportionate Share of the Net OPEB (Asset) Liability	\$ (957)	\$ (82)
City's Covered Payroll	\$ 281,909	\$ 236,240
City's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of Its Covered Payroll	-0.34%	-0.03%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.51%	110.51%

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, 2020

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

Total Pension Liability	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 357,391	\$ 351,906	\$ 503,156	\$ 348,598	\$ 350,912	\$ 397,560
Interest on total pension liability	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	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	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
Net change in total pension liability	1,884,481	681,784	2,978,515	289,725	361,555	2,984,211
Total pension liability - beginning	24,321,565	23,639,781	20,661,266	20,371,541	20,009,986	17,025,775
Total pension liability - ending (a)	\$ 26,206,046	\$ 24,321,565	\$ 23,639,781	\$ 20,661,266	\$ 20,371,541	\$ 20,009,986
Plan fiduciary net position						
Contributions - employer	\$ 1,167,128	\$ 1,291,506	\$ 1,313,766	\$ 1,078,409	\$ 730,718	\$ 731,085
Contributions - employee	145,425	208,160	237,017	263,157	211,626	201,922
Investment income (net of administrative expenses)	408,395	499,040	740,758	36,786	233,285	814,052
Benefit payments	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
Administrative expenses	(8,096)	(8,295)	(6,954)	(5,693)	(6,060)	(6,556)
Other	(6,180)	(374,047)	171,793	38	(53,348)	-
Net change in plan fiduciary net position	383,208	212,060	1,128,150	(87,328)	(111,501)	410,246
Plan fiduciary net position - beginning	7,558,325	7,346,265	6,218,115	6,305,443	6,416,944	6,006,698
Plan fiduciary net position - ending (b)	\$ 7,941,533	\$ 7,558,325	\$ 7,346,265	\$ 6,218,115	\$ 6,305,443	\$ 6,416,944
Net pension liability - ending (a)-(b)	\$ 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	30.30%	31.08%	31.08%	30.10%	30.95%	32.07%
Covered payroll ²	\$ 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	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 implemented.

² Does not include Tier 3 payroll.

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, 2020

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

Total Pension Liability	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 331,808	\$ 327,237	\$ 383,056	\$ 300,094	\$ 258,460	\$ 288,434
Interest on total pension liability	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	(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	(1,458,448)	(855,310)	(806,531)	(934,899)	(923,685)	(918,315)
Net change in total pension liability	351,434	321,568	1,605,972	439,585	359,450	2,591,253
Total pension liability - beginning	17,219,068	16,897,500	15,291,528	14,851,943	14,492,493	11,901,240
Total pension liability - ending (a)	\$ 17,570,502	\$ 17,219,068	\$ 16,897,500	\$ 15,291,528	\$ 14,851,943	\$ 14,492,493
Plan fiduciary net position						
Contributions - employer	\$ 1,140,235	\$ 1,062,651	\$ 1,086,339	\$ 996,227	\$ 570,035	\$ 613,837
Contributions - employee	123,484	173,036	179,196	184,516	151,481	146,888
Investment income (net of administrative expenses)	286,520	334,620	482,843	21,858	133,862	473,107
Benefit payments	(1,458,448)	(855,310)	(806,531)	(934,899)	(923,685)	(918,315)
Administrative expenses	(5,961)	(5,793)	(4,672)	(3,545)	(3,626)	(3,810)
Other	(415)	(221,078)	45	(24,570)	(2,812)	22,909
Net change in plan fiduciary net position	85,415	488,126	937,220	239,587	(74,745)	334,616
Plan fiduciary net position - beginning	5,333,004	4,844,878	3,907,658	3,668,071	3,742,816	3,408,200
Plan fiduciary net position - ending (b)	\$ 5,418,419	\$ 5,333,004	\$ 4,844,878	\$ 3,907,658	\$ 3,668,071	\$ 3,742,816
Net pension liability - ending (a)-(b)	\$ 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	30.84%	30.97%	28.67%	25.55%	24.70%	25.83%
Covered payroll ²	\$ 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	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 implemented.

² Does not include Tier 3 payroll.

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, 2020

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

Total OPEB Liability	2018-19	2017-18	2016-17¹
Service cost	\$ 5,898	\$ 6,077	\$ 9,096
Interest on total OPEB liability	34,038	38,285	39,621
Changes in assumptions	2,097	-	(11,281)
Differences between expected and actual experience	(54,457)	(78,964)	(20,280)
Changes in benefit terms	-	-	1,263
Benefit payments, including refunds of employee contributions	(24,066)	(27,231)	(28,426)
Net change in total OPEB liability	(36,490)	(61,833)	(10,007)
Total OPEB liability - beginning	466,103	527,936	537,943
Total OPEB liability - ending (a)	\$ 429,613	\$ 466,103	\$ 527,936
Plan fiduciary net position			
Contributions - employer	\$ 4,885	\$ 1,883	\$ -
Contributions - employee	-	-	-
Investment income (net of administrative expenses)	30,872	38,643	61,283
Benefit payments	(24,066)	(27,231)	(28,426)
Administrative expenses	(533)	(588)	(543)
Other	6,180	(1)	-
Net change in plan fiduciary net position	17,338	12,706	32,314
Plan fiduciary net position - beginning	577,843	565,137	532,823
Plan fiduciary net position - ending (b)	\$ 595,181	\$ 577,843	\$ 565,137
Net OPEB asset - ending (a)-(b)	\$ (165,568)	\$ (111,740)	\$ (37,201)
 Plan fiduciary net position as a percentage of the total OPEB liability	 138.54%	 123.97%	 107.05%
Covered payroll ²	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501
Net OPEB liability (asset) as a percentage of covered payroll	-9.59%	-6.25%	-1.68%

Notes to Schedule:

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

² Does not include Tier 3 payroll.

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, 2020

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

Total OPEB Liability	2018-19	2017-18	2016-17¹
Service cost	\$ 4,666	\$ 4,516	\$ 5,217
Interest on total OPEB liability	21,427	20,792	21,133
Changes in assumptions	1,921	-	1,867
Differences between expected and actual experience	(74,385)	(7,997)	(16,822)
Changes in benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(11,509)	(10,746)	(12,963)
Net change in total OPEB liability	(57,880)	6,565	(1,568)
Total OPEB liability - beginning	290,648	284,083	285,651
Total OPEB liability - ending (a)	\$ 232,768	\$ 290,648	\$ 284,083
Plan fiduciary net position			
Contributions - employer	\$ -	\$ (415)	\$ -
Contributions - employee	-	-	-
Investment income (net of administrative expenses)	24,478	30,276	46,965
Benefit payments	(11,509)	(10,746)	(12,963)
Administrative expenses	(423)	(461)	(415)
Other	415	-	-
Net change in plan fiduciary net position	12,961	18,654	33,587
Plan fiduciary net position - beginning	457,107	438,453	404,866
Plan fiduciary net position - ending (b)	\$ 470,068	\$ 457,107	\$ 438,453
Net OPEB liability - ending (a)-(b)	\$ (237,300)	\$ (166,459)	\$ (154,370)
 Plan fiduciary net position as a percentage of the total OPEB liability	 201.95%	 157.27%	 154.34%
Covered payroll ²	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918
Net OPEB liability (asset) as a percentage of covered payroll	-17.25%	-11.06%	-9.76%

Notes to Schedule:

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

² Does not include Tier 3 payroll.

City of Douglas
Schedules of Contributions
Last Ten Years
For the Year Ended June 30, 2020

	Arizona State Retirement System ("ASRS") Pension Plan						
	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Statutorily required contribution	\$ 522,637	\$ 476,805	\$ 485,199	\$ 469,070	\$ 449,208	\$ 449,025	\$ 476,481
Contributions in relation to the statutorily required contributions	(522,637)	(476,805)	(485,199)	(469,070)	(449,208)	(449,025)	(476,481)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	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 implemented.

Notes to Schedule

Valuation date: 6/30/2018

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

Arizona Employees' Retirement System ("ASRS") Health Insurance Premium Benefit Plan				
	2019-20	2018-19	2017-18	2016-17¹
Statutorily required contribution	\$ 22,234	\$ 19,617	\$ 18,976	\$ 23,923
Contributions in relation to the statutorily required contributions	(22,234)	(19,617)	(18,976)	(23,923)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,537,529	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864
Contributions as a percentage of covered payroll	0.49%	0.45%	0.42%	0.53%

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

Notes to Schedule

Valuation date: 6/30/2018

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17¹</u>
Statutorily required contribution	\$ 7,762	\$ 6,825	\$ 7,071	\$ 6,040
Contributions in relation to the				
statutorily required contributions	<u>(7,762)</u>	<u>(6,825)</u>	<u>(7,071)</u>	<u>(6,040)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,537,529	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864
Contributions as a percentage				
of covered payroll	0.17%	0.16%	0.16%	0.13%

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

Notes to Schedule

Valuation date: 6/30/2018

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Actuarially determined contribution	\$ 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>(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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	\$ 1,774,345	\$ 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	84.84%	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 implemented.

² Does not include Tier 3 payroll.

Notes to Schedule

Valuation date: 6/30/2019

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14¹</u>
Actuarially determined contribution	\$ 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	<u>(1,106,632)</u>	<u>(1,140,235)</u>	<u>(1,062,651)</u>	<u>(1,086,339)</u>	<u>(996,227)</u>	<u>(570,035)</u>	<u>(613,837)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,462,023	\$ 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	75.69%	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 implemented.

² Does not include Tier 3 payroll.

Notes to Schedule

Valuation date: 6/30/2019

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17¹</u>
Actuarially determined contribution	\$ -	\$ 4,885	\$ 1,883	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>(4,885)</u>	<u>(1,883)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,774,345	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501
Contributions as a percentage of covered payroll	0.00%	0.28%	0.11%	0.00%

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

² Does not include Tier 3 payroll.

Notes to Schedule

Valuation date: 6/30/2019

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17¹</u>
Actuarially determined contribution	\$ -	\$ -	\$ (415)	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>415</u>	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 1,462,023	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918
Contributions as a percentage of covered payroll	0.00%	0.00%	-0.03%	0.00%

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

² Does not include Tier 3 payroll.

Notes to Schedule

Valuation date: 6/30/2019

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18¹</u>
Statutorily required contribution	\$ 15,342	\$ 6,772	\$ 999
Contributions in relation to the statutorily required contributions	<u>(15,342)</u>	<u>(6,772)</u>	<u>(999)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 157,682	\$ 88,593	\$ 41,792
Contributions as a percentage of covered payroll	9.73%	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: 6/30/2019

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18¹</u>
Statutorily required contribution	\$ 39,082	\$ 27,287	\$ 15,439
Contributions in relation to the statutorily required contributions	<u>(39,082)</u>	<u>(27,287)</u>	<u>(15,439)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 401,661	\$ 281,909	\$ 236,240
Contributions as a percentage of covered payroll	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: 6/30/2019

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18¹</u>
Statutorily required contribution	\$ 331	\$ 206	\$ 27
Contributions in relation to the statutorily required contributions	<u>(331)</u>	<u>(206)</u>	<u>(27)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 157,682	\$ 88,593	\$ 41,792
Contributions as a percentage of covered payroll	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: 6/30/2019

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2020

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18¹</u>
Statutorily required contribution	\$ 843	\$ 734	\$ 415
Contributions in relation to the statutorily required contributions	<u>(843)</u>	<u>(734)</u>	<u>(415)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 401,661	\$ 281,909	\$ 236,240
Contributions as a percentage of covered payroll	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: 6/30/2019

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Supplementary Information

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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 (LTA) 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, 2020

		Special Revenue Fund			
		HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
ASSETS					
Cash and investments		\$ 1,124,664	\$ 240,130	\$ 158,144	\$ 41,086
Receivables:					
Accounts		-	-	-	-
Intergovernmental		109,493	197,358	-	278,435
Restricted cash and investments		-	-	-	-
Total assets		<u>\$ 1,234,157</u>	<u>\$ 437,488</u>	<u>\$ 158,144</u>	<u>\$ 319,521</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 71,615	\$ 135	\$ -	\$ 1,543
Accrued wages and benefits		1,891	-	-	1,699
Deposits payable		-	-	-	-
Unearned revenue		-	14,600	-	-
Advances to other funds		-	-	-	-
Total liabilities		<u>73,506</u>	<u>14,735</u>	<u>-</u>	<u>3,242</u>
Deferred Inflows of Resources:					
Unavailable revenue		-	1,191	-	-
Total deferred inflows of resources		<u>-</u>	<u>1,191</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted		1,160,651	421,562	158,144	316,279
Committed		-	-	-	-
Unassigned		-	-	-	-
Total fund balances		<u>1,160,651</u>	<u>421,562</u>	<u>158,144</u>	<u>316,279</u>
Total liabilities and fund balances		<u>\$ 1,234,157</u>	<u>\$ 437,488</u>	<u>\$ 158,144</u>	<u>\$ 319,521</u>

City of Douglas
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Special Revenue Fund			Total Non-major Governmental Funds
	Golf Course MPC Fund	Public Housing Fund	City Capital Projects Fund	
ASSETS				
Cash and investments	\$ 2,077	\$ 279,524	\$ 80,618	\$ 1,926,243
Receivables:				
Accounts	-	7,901	-	7,901
Intergovernmental	-	-	91,458	676,744
Restricted cash and investments	-	48,370	-	48,370
Total assets	<u>\$ 2,077</u>	<u>\$ 335,795</u>	<u>\$ 172,076</u>	<u>\$ 2,659,258</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,820	\$ 5,787	\$ 16,881	\$ 100,781
Accrued wages and benefits	-	19,875	-	23,465
Deposits payable	-	30,693	-	30,693
Unearned revenue	-	13,568	-	28,168
Advances to other funds	24,225	-	-	24,225
Total liabilities	<u>29,045</u>	<u>69,923</u>	<u>16,881</u>	<u>207,332</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	1,191
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,191</u>
Fund Balances:				
Restricted	-	265,872	-	2,322,508
Committed	-	-	155,195	155,195
Unassigned	(26,968)	-	-	(26,968)
Total fund balances	<u>(26,968)</u>	<u>265,872</u>	<u>155,195</u>	<u>2,450,735</u>
Total liabilities and fund balances	<u>\$ 2,077</u>	<u>\$ 335,795</u>	<u>\$ 172,076</u>	<u>\$ 2,659,258</u>

City of Douglas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Fund			
	HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
REVENUES:				
Intergovernmental	\$ 1,588,430	\$ 326,527	\$ 28,533	\$ 921,112
Charges for services	-	-	-	26,112
Rents and royalties	-	5,363	-	-
Investment income	-	63	4,999	-
Miscellaneous	8,446	15,086	-	4,047
Total revenues	1,596,876	347,039	33,532	951,271
EXPENDITURES:				
Current:				
General government	-	7,096	-	-
Public safety	-	22,916	4,929	-
Highways and streets	815,584	-	-	-
Transportation	-	-	-	791,062
Culture and recreation	-	1,171	-	-
Redevelopment and housing	-	-	-	-
Capital outlay	569,307	303,700	73,100	49,879
Debt service:				
Principal	5,544	-	-	-
Interest and fiscal charges	1,015	-	-	-
Total expenditures	1,391,450	334,883	78,029	840,941
REVENUES OVER (UNDER) EXPENDITURES	205,426	12,156	(44,497)	110,330
OTHER FINANCING SOURCES (USES):				
Transfers in	-	19,220	-	-
Transfers out	(95,385)	-	-	-
Total other financing sources (uses)	(95,385)	19,220	-	-
Net changes in fund balances	110,041	31,376	(44,497)	110,330
FUND BALANCES:				
Beginning of year	1,050,610	390,186	202,641	205,949
End of year	<u>\$ 1,160,651</u>	<u>\$ 421,562</u>	<u>\$ 158,144</u>	<u>\$ 316,279</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, 2020

	Special Revenue Fund			Total Non-major Governmental Funds
	Golf Course MPC Fund	Public Housing Fund	City Capital Projects Fund	
REVENUES:				
Intergovernmental	\$ -	\$ 885,321	\$ 52,014	\$ 3,801,937
Charges for services	223,680	-	-	249,792
Rents and royalties	-	-	-	5,363
Investment income	-	991	8,946	14,999
Miscellaneous	2,122	53,527	83,704	166,932
Total revenues	225,802	939,839	144,664	4,239,023
EXPENDITURES:				
Current:				
General government	-	-	-	7,096
Public safety	-	-	-	27,845
Highways and streets	-	-	-	815,584
Transportation	-	-	-	791,062
Culture and recreation	221,568	-	-	222,739
Redevelopment and housing	-	964,144	-	964,144
Capital outlay	-	-	468,490	1,464,476
Debt service:				
Principal	-	-	-	5,544
Interest and fiscal charges	-	-	-	1,015
Total expenditures	221,568	964,144	468,490	4,299,505
REVENUES OVER (UNDER) EXPENDITURES	4,234	(24,305)	(323,826)	(60,482)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	325,125	344,345
Transfers out	-	-	-	(95,385)
Total other financing sources (uses)	-	-	325,125	248,960
Net changes in fund balances	4,234	(24,305)	1,299	188,478
FUND BALANCES:				
Beginning of year	(31,202)	290,177	153,896	2,262,257
End of year	<u>\$ (26,968)</u>	<u>\$ 265,872</u>	<u>\$ 155,195</u>	<u>\$ 2,450,735</u>

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES:				
Debt service:				
Principal	\$ 814,449	\$ 814,449	\$ 648,995	\$ 165,454
Interest and fiscal charges	252,351	252,351	252,351	-
Total expenditures	1,066,800	1,066,800	901,346	165,454
OTHER FINANCING SOURCES:				
Transfers in	-	-	901,346	901,346
Total other financing sources	-	-	901,346	901,346
Net change in fund balances	\$ (1,066,800)	\$ (1,066,800)	-	\$ 1,066,800
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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,528,584	\$ 1,528,584	\$ 1,588,430	\$ 59,846
Miscellaneous	35,000	35,000	8,446	(26,554)
Total revenues	<u>1,563,584</u>	<u>1,563,584</u>	<u>1,596,876</u>	<u>33,292</u>
EXPENDITURES:				
Current:				
Highways and streets	870,349	870,349	815,584	54,765
Capital outlay	657,902	657,902	569,307	88,595
Debt service:				
Principal	5,544	5,544	5,544	-
Interest and fiscal charges	1,015	1,015	1,015	-
Total expenditures	<u>1,534,810</u>	<u>1,534,810</u>	<u>1,391,450</u>	<u>143,360</u>
REVENUE OVER				
(UNDER) EXPENDITURES	<u>28,774</u>	<u>28,774</u>	<u>205,426</u>	<u>176,652</u>
OTHER FINANCING (USES):				
Transfers out	<u>(106,025)</u>	<u>(106,025)</u>	<u>(95,385)</u>	<u>10,640</u>
Total other financing (uses)	<u>(106,025)</u>	<u>(106,025)</u>	<u>(95,385)</u>	<u>10,640</u>
Net change in fund balances	<u>\$ (77,251)</u>	<u>\$ (77,251)</u>	110,041	<u>\$ 187,292</u>
FUND BALANCE:				
Beginning of year			<u>1,050,610</u>	
End of year			<u>\$ 1,160,651</u>	

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,046,030	\$ 1,046,030	\$ 326,527	\$ (719,503)
Rents and royalties	-	-	5,363	5,363
Investment income	-	-	63	63
Miscellaneous	30,500	30,500	15,086	(15,414)
Total revenues	1,076,530	1,076,530	347,039	(729,491)
EXPENDITURES:				
Current:				
General government	295,000	295,000	7,096	287,904
Public safety	57,094	57,094	22,916	34,178
Highways and streets	150,000	150,000	-	150,000
Culture and recreation	118,436	118,436	1,171	117,265
Capital outlay	456,000	456,000	303,700	152,300
Total expenditures	1,076,530	1,076,530	334,883	741,647
REVENUE OVER				
(UNDER) EXPENDITURES	-	-	12,156	12,156
OTHER FINANCING SOURCES:				
Transfers in	-	-	19,220	19,220
Total other financing sources	-	-	19,220	19,220
Net change in fund balances	\$ -	\$ -	31,376	\$ 31,376
FUND BALANCE:				
Beginning of year			390,186	
End of year			\$ 421,562	

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 121,745	\$ 121,745	\$ 28,533	\$ (93,212)
Investment income	3,000	3,000	4,999	1,999
Total revenues	<u>124,745</u>	<u>124,745</u>	<u>33,532</u>	<u>(91,213)</u>
EXPENDITURES:				
Current:				
Public safety	32,000	32,000	4,929	27,071
Capital outlay	92,745	92,745	73,100	19,645
Total expenditures	<u>124,745</u>	<u>124,745</u>	<u>78,029</u>	<u>46,716</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(44,497)	<u>\$ (44,497)</u>
FUND BALANCE:				
Beginning of year			<u>202,641</u>	
End of year			<u>\$ 158,144</u>	

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,001,412	\$ 1,001,412	\$ 921,112	\$ (80,300)
Charges for services	45,000	45,000	26,112	(18,888)
Miscellaneous	-	-	4,047	4,047
Total revenues	1,046,412	1,046,412	951,271	(95,141)
EXPENDITURES:				
Current:				
Transportation	911,400	911,400	791,062	120,338
Capital outlay	135,000	135,000	49,879	85,121
Total expenditures	1,046,400	1,046,400	840,941	205,459
Net change in fund balances	\$ 12	\$ 12	110,330	\$ 110,318
FUND BALANCE:				
Beginning of year			205,949	
End of year			\$ 316,279	

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 52,014	\$ 52,014
Investment income	-	-	8,946	8,946
Miscellaneous	-	-	83,704	83,704
Total revenues	-	-	144,664	144,664
EXPENDITURES:				
Current:				
Capital outlay	588,566	588,566	468,490	120,076
Total expenditures	588,566	588,566	468,490	120,076
REVENUE OVER (UNDER) EXPENDITURES	(588,566)	(588,566)	(323,826)	264,740
OTHER FINANCING SOURCES:				
Transfers in	547,585	547,585	325,125	(222,460)
Total other financing sources	547,585	547,585	325,125	(222,460)
Net change in fund balances	\$ (40,981)	\$ (40,981)	1,299	\$ 42,280
FUND BALANCE:				
Beginning of year			153,896	
End of year			\$ 155,195	

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Statistical Section

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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.

<u>INDEX</u>	<u>Page</u>
Financial Trends	
Net Position by Component	144
Changes in Net Position	146
Fund Balances of Governmental Funds	150
Changes in Fund Balances of Governmental Funds	152
Revenue Capacity	
Governmental Activities Tax Revenues By Source	155
Taxable Sales by Category	156
Direct and Overlapping Sales Tax Rates	159
Assessed Value and Estimated Actual Value of Taxable Property	160
Direct and Overlapping Property Tax Rates	161
Top Ten Principal Property Tax Payers	162
Property Tax Levies and Collections	163
Debt Capacity	
Ratios of Outstanding Debt by Type	164
Direct and Overlapping Governmental Activities Debt	165
Legal Debt Margin Information	166
Pledged Revenue Coverage	168
Demographic and Economic Information	
Demographic and Economic Statistics	171
Principal Employers	172
Operating Information	
Full-Time Equivalent Employees by Function	173
Capital Assets Statistics by Function	174
Operating Indicators by Function	176

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental activities					
Net investment in capital assets	\$ 17,564,128	\$ 18,049,988	\$ 15,840,000	\$ 16,107,618	\$ 16,236,005
Restricted	2,835,368	2,603,663	2,521,494	2,385,205	2,087,831
Unrestricted	<u>(24,538,145)</u>	<u>(25,161,686)</u>	<u>(23,079,733)</u>	<u>(21,402,039)</u>	<u>(20,045,765)</u>
Total governmental activities net position	<u>\$ (4,138,649)</u>	<u>\$ (4,508,035)</u>	<u>\$ (4,718,239)</u>	<u>\$ (2,909,216)</u>	<u>\$ (1,721,929)</u>
Business-type activities					
Net investment in capital assets	\$ 28,012,546	\$ 25,363,178	\$ 18,044,782	\$ 15,748,934	\$ 16,301,425
Restricted	1,076,985	722,154	628,579	615,334	893,708
Unrestricted	<u>6,241,651</u>	<u>5,418,265</u>	<u>6,195,530</u>	<u>5,712,000</u>	<u>4,142,534</u>
Total business-type activities net position	<u>\$ 35,331,182</u>	<u>\$ 31,503,597</u>	<u>\$ 24,868,891</u>	<u>\$ 22,076,268</u>	<u>\$ 21,337,667</u>
Primary government					
Net investment in capital assets	\$ 45,576,674	\$ 43,413,166	\$ 33,884,782	\$ 31,856,552	\$ 32,537,430
Restricted	3,912,353	3,325,817	3,150,073	3,000,539	2,981,539
Unrestricted	<u>(18,296,494)</u>	<u>(19,743,421)</u>	<u>(16,884,203)</u>	<u>(15,690,039)</u>	<u>(15,903,231)</u>
Total primary government net position	<u>\$ 31,192,533</u>	<u>\$ 26,995,562</u>	<u>\$ 20,150,652</u>	<u>\$ 19,167,052</u>	<u>\$ 19,615,738</u>

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 14,659,500	\$ 13,255,510	\$ 20,087,841	\$ 20,735,227	\$ 15,847,448
Restricted	1,632,597	1,261,605	1,234,695	871,510	719,796
Unrestricted	(20,445,957)	5,512,891	3,991,132	3,923,990	3,938,127
Total governmental activities net position	<u>\$ (4,153,860)</u>	<u>\$ 20,030,006</u>	<u>\$ 25,313,668</u>	<u>\$ 25,530,727</u>	<u>\$ 20,505,371</u>
Business-type activities					
Net investment in capital assets	\$ 16,271,458	\$ 16,491,574	\$ 16,866,077	\$ 15,921,451	\$ 16,048,928
Restricted	712,773	568,237	443,520	-	-
Unrestricted	3,157,152	4,508,051	3,685,177	3,880,161	2,100,001
Total business-type activities net position	<u>\$ 20,141,383</u>	<u>\$ 21,567,862</u>	<u>\$ 20,994,774</u>	<u>\$ 19,801,612</u>	<u>\$ 18,148,929</u>
Primary government					
Net investment in capital assets	\$ 30,930,958	\$ 29,747,084	\$ 36,953,918	\$ 36,656,678	\$ 31,896,376
Restricted	2,345,370	1,829,842	1,678,215	871,510	719,796
Unrestricted	(17,288,805)	10,020,942	7,676,309	7,804,151	6,038,128
Total primary government net position	<u>\$ 15,987,523</u>	<u>\$ 41,597,868</u>	<u>\$ 46,308,442</u>	<u>\$ 45,332,339</u>	<u>\$ 38,654,300</u>

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Expenses					
Governmental Activities					
General government	\$ 3,778,054	\$ 2,748,212	\$ 2,910,916	\$ 3,463,981	\$ 3,336,212
Public Safety	10,716,648	10,108,483	11,269,994	10,479,931	9,678,626
Highway and streets	2,339,293	2,746,780	2,929,910	2,649,507	2,597,146
Transportation	929,660	-	-	-	-
Culture and recreation	2,047,217	2,086,493	2,107,161	2,100,889	2,057,077
Redevelopment and housing	964,144	919,628	985,896	924,901	922,816
Interest on long-term debt	319,488	277,654	351,121	379,124	414,014
Total governmental activities expenses	21,094,504	18,887,250	20,554,998	19,998,333	19,005,891
Business-Type Activities					
Water	\$ 1,691,796	1,905,224	1,798,870	1,902,651	1,654,307
Sewer	1,415,170	1,505,490	1,434,055	1,344,495	1,353,423
Solid Waste	1,159,892	1,104,702	1,066,948	991,934	1,134,665
Total business-type activities expenses	4,266,858	4,515,416	4,299,873	4,239,080	4,142,395
Total primary government expenses	\$ 25,361,362	\$ 23,402,666	\$ 24,854,871	\$ 24,237,413	\$ 23,148,286
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,315,216	\$ 1,232,733	\$ 1,296,371	\$ 1,538,549	\$ 1,482,688
Public safety	1,320,659	1,470,386	1,457,381	1,603,762	1,647,339
Transportation	26,112	33,198	33,949	21,666	20,537
Culture and recreation	300,457	276,349	287,159	302,204	304,953
Operating grants and contributions	4,614,840	3,821,410	4,184,057	4,084,183	3,661,814
Capital grants and contributions	1,189	657,443	474,578	383,742	2,996,541
Total governmental activities program revenues	7,578,473	7,491,519	7,733,495	7,934,106	10,113,872
Business-type activities					
Charges for services:					
Water	1,974,837	1,930,573	1,997,192	2,031,524	1,989,253
Sewer	1,939,179	1,941,762	1,939,739	1,941,864	1,954,149
Solid Waste	1,269,886	1,243,450	1,205,083	1,199,843	1,207,590
Operating grants and contributions	-	-	-	-	400,000
Capital grants and contributions	2,929,618	6,068,651	2,064,313	-	-
Total business-type activities program revenues	8,113,520	11,184,436	7,206,327	5,173,231	5,550,992
Total primary government program revenues	\$ 15,691,993	\$ 18,675,955	\$ 14,939,822	\$ 13,107,337	\$ 15,664,864
Net (Expenses)/Revenue					
Governmental activities	\$ (13,516,031)	\$ (11,395,731)	\$ (12,821,503)	\$ (12,064,227)	\$ (8,892,019)
Business-type activities	3,846,662	6,669,020	2,906,454	934,151	1,408,597
Total primary government net expense	<u>\$ (9,669,369)</u>	<u>\$ (4,726,711)</u>	<u>\$ (9,915,049)</u>	<u>\$ (11,130,076)</u>	<u>\$ (7,483,422)</u>

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Expenses					
Governmental Activities					
General government	\$ 3,858,018	\$ 4,499,732	\$ 4,989,484	\$ 4,840,153	\$ 5,121,084
Public Safety	9,792,922	8,050,797	7,799,983	7,186,954	6,700,135
Highway and streets	1,946,662	2,394,792	2,605,395	2,555,331	2,773,973
Transportation	-	-	-	-	-
Culture and recreation	1,680,063	1,965,397	1,868,116	1,827,388	1,936,579
Redevelopment and housing	954,039	1,064,489	1,041,957	-	51,599
Interest on long-term debt	478,120	530,417	579,592	664,519	704,510
Total governmental activities expenses	18,709,824	18,505,624	18,884,527	17,074,345	17,287,880
Business-Type Activities					
Water	1,884,943	1,839,897	1,666,863	1,698,669	1,367,914
Sewer	1,472,735	1,538,514	1,310,421	1,313,976	1,320,648
Solid Waste	930,769	956,297	785,788	765,647	755,546
Total business-type activities expenses	4,288,447	4,334,708	3,763,072	3,778,292	3,444,108
Total primary government expenses	\$ 22,998,271	\$ 22,840,332	\$ 22,647,599	\$ 20,852,637	\$ 20,731,988
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,699,542	\$ 1,890,264	\$ 1,825,479	\$ 2,035,725	\$ 1,728,090
Public safety	1,246,153	1,069,174	895,111	924,788	972,724
Transportation	-	-	-	-	-
Culture and recreation	94,747	136,056	89,531	73,255	173,836
Operating grants and contributions	3,466,981	3,751,156	3,340,827	2,193,829	2,303,776
Capital grants and contributions	582,348	423,034	1,000,170	5,622,718	951,180
Total governmental activities program revenues	7,089,771	7,269,684	7,151,118	10,850,315	6,129,606
Business-type activities					
Charges for services:					
Water	1,979,308	2,070,331	2,025,752	2,000,402	1,965,519
Sewer	1,852,495	1,880,405	1,835,771	1,796,248	1,703,223
Solid Waste	1,212,089	1,202,806	1,205,675	1,237,449	1,203,563
Operating grants and contributions	-	1,320	8,196	592,435	-
Capital grants and contributions	-	-	19,578	274,140	-
Total business-type activities program revenues	5,043,892	5,154,862	5,094,972	5,900,674	4,872,305
Total primary government program revenues	\$ 12,133,663	\$ 12,424,546	\$ 12,246,090	\$ 16,750,989	\$ 11,001,911
Net (Expense) Revenue					
Governmental activities	\$ (11,620,053)	\$ (11,235,940)	\$ (11,733,409)	\$ (6,224,030)	\$ (11,158,274)
Business-type activities	755,445	820,154	1,331,900	2,122,382	1,428,197
Total primary government	\$ (10,864,608)	\$ (10,415,786)	\$ (10,401,509)	\$ (4,101,648)	\$ (9,730,077)

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

	Fiscal Year				
	2020	2019	2018	2017	2016
General Revenue and					
Other Changes in Net Position					
Net Revenue/(Expense)	(9,669,369)	(4,726,711)	(9,915,049)	(11,130,076)	(7,483,422)
Governmental Activities					
Taxes:					
Sales taxes	\$ 7,556,918	\$ 5,497,780	\$ 5,166,243	\$ 5,097,699	\$ 5,361,849
Property taxes	631,690	609,312	587,260	595,284	585,960
Motor vehicle in-lieu taxes	853,672	-	-	-	-
Franchise taxes	307,193	318,871	314,717	295,034	312,874
Transient occupancy taxes	109,803	-	-	-	-
Unrestricted grants and contributions	-	41,672	38,510	38,171	37,610
State share revenue	3,718,423	1,957,579	2,056,563	2,029,912	2,108,081
State sales tax revenue sharing	-	1,624,359	1,591,310	1,518,751	1,644,426
Auto lieu tax revenue sharing	-	848,552	855,842	819,277	812,549
Gain (loss) on sale of capital assets	-	101,517	-	69,902	(11,611)
Investment earnings	175,011	208,885	136,960	73,269	39,738
Miscellaneous	357,315	262,463	82,176	106,863	188,576
Special item	-	-	-	-	-
Transfers	175,392	134,945	182,899	232,778	243,898
Total governmental activities	13,885,417	11,605,935	11,012,480	10,876,940	11,323,950
Business-type activities:					
Investment earnings	79,082	100,631	69,068	37,228	31,585
Miscellaneous	77,233	-	-	-	-
Transfers	(175,392)	(134,945)	(182,899)	(232,778)	(243,898)
Total business-type activities	(19,077)	(34,314)	(113,831)	(195,550)	(212,313)
Total primary government	\$ 13,866,340	\$ 11,571,621	\$ 10,898,649	\$ 10,681,390	\$ 11,111,637
Change in Net Position					
Governmental activities	\$ 369,386	\$ 210,204	\$ (1,809,023)	\$ (1,187,287)	\$ 2,431,931
Business-type activities	3,827,585	6,634,706	2,792,623	738,601	1,196,284
Total primary government	\$ 4,196,971	\$ 6,844,910	\$ 983,600	\$ (448,686)	\$ 3,628,215

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

	Fiscal Year				
	2015	2014	2013	2012	2011
General Revenue and					
Other Changes in Net Position					
Net Revenue/(Expense)	(10,864,608)	(10,415,786)	(10,401,509)	(4,101,648)	(9,730,077)
Governmental Activities					
Taxes:					
Sales taxes	\$ 5,578,165	\$ 5,533,351	\$ 5,364,312	\$ 5,825,402	\$ 5,953,998
Property taxes	577,360	578,759	563,698	533,742	545,995
Motor vehicle in-lieu taxes	-	-	-	-	-
Franchise taxes	317,610	311,019	314,080	334,074	337,029
Transient occupancy taxes	-	-	-	-	-
Unrestricted grants and contributions	40,417	41,950	70,074	42,590	39,082
State share revenue	2,119,573	1,976,038	1,775,125	1,466,716	1,687,895
State sales tax revenue sharing	1,600,126	1,545,589	1,419,048	1,357,922	1,316,667
Auto lieu tax revenue sharing	776,774	736,085	757,402	803,452	762,824
Gain (loss) on sale of capital assets	20,480	-	-	6,769	-
Investment earnings	26,489	30,607	39,423	44,626	67,493
Miscellaneous	265,826	281,915	596,739	356,342	258,705
Special item	-	(5,352,178)	-	-	-
Transfers	245,316	269,143	162,208	477,751	358,411
Total governmental activities	11,568,136	5,952,278	11,062,109	11,249,386	11,328,099
Business-type activities:					
Investment earnings	18,232	22,077	23,470	8,052	980
Miscellaneous	-	-	-	-	-
Transfers	(245,316)	(269,143)	(162,208)	(477,751)	(358,411)
Total business activities	(227,084)	(247,066)	(138,738)	(469,699)	(357,431)
Total primary government	\$ 11,341,052	\$ 5,705,212	\$ 10,923,371	\$ 10,779,687	\$ 10,970,668
Change in Net Position					
Governmental activities	\$ (51,917)	\$ (5,283,662)	\$ (671,300)	\$ 5,025,356	\$ 169,825
Business-type activities	528,361	573,088	1,193,162	1,652,683	1,070,766
Total primary government	\$ 476,444	\$ (4,710,574)	\$ 521,862	\$ 6,678,039	\$ 1,240,591

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

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund					
Nonspendable	\$ 889,138	\$ 879,473	\$ 951,828	\$ 858,288	\$ 734,543
Restricted	512,860	162,887	159,571	158,488	157,580
Unassigned	5,765,455	4,586,753	5,678,698	5,680,849	6,512,749
Total general fund	<u>\$ 7,167,453</u>	<u>\$ 5,629,113</u>	<u>\$ 6,790,097</u>	<u>\$ 6,697,625</u>	<u>\$ 7,404,872</u>
All Other Governmental Funds					
Restricted	\$ 2,322,508	\$ 2,139,563	\$ 3,027,040	\$ 2,204,745	\$ 1,900,963
Committed	155,195	153,896	233,639	195,001	693,863
Assigned	-	-	-	-	-
Unassigned	(26,968)	(31,202)	(18,010)	(14,568)	-
Total all other governmental funds	<u>\$ 2,450,735</u>	<u>\$ 2,262,257</u>	<u>\$ 3,242,669</u>	<u>\$ 2,385,178</u>	<u>\$ 2,594,826</u>

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

	Fiscal Year				
	2015	2014	2013	2012	2011
General Fund					
Nonspendable	\$ 723,641	\$ 720,416	\$ 686,488	\$ 652,189	\$ 58,493
Restricted	156,889	-	-	-	-
Unassigned	5,613,427	4,790,887	4,260,979	4,108,952	4,683,978
Total general fund	<u>\$ 6,493,957</u>	<u>\$ 5,511,303</u>	<u>\$ 4,947,467</u>	<u>\$ 4,761,141</u>	<u>\$ 4,742,471</u>
All Other Governmental Funds					
Restricted	\$ 1,439,415	\$ 1,218,198	\$ 1,174,505	\$ 871,510	\$ 2,220,530
Committed	779,693	1,033,237	-	-	-
Assigned	-	320,290	224,190	228,340	-
Unassigned	-	-	-	-	(29,857)
Total all other governmental funds	<u>\$ 2,219,108</u>	<u>\$ 2,571,725</u>	<u>\$ 1,398,695</u>	<u>\$ 1,099,850</u>	<u>\$ 2,190,673</u>

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Revenues:					
Taxes	\$ 8,605,604	\$ 6,439,932	\$ 6,073,634	\$ 5,996,580	\$ 6,252,364
Intergovernmental	9,184,848	8,958,369	8,813,558	8,750,525	8,446,141
Fines and Forfeitures	11,471	24,331	94,183	157,059	202,116
Licenses and Permits	148,759	163,967	119,114	151,967	152,482
Charges for services	1,883,825	2,088,228	2,055,584	2,335,745	2,282,537
Rents and royalties	925,417	736,140	805,979	821,410	818,382
Special Assessments	175,011	-	-	-	-
Investment Income (loss)	357,315	208,885	136,960	73,271	39,738
Other	-	262,463	82,176	106,863	188,576
Total revenues	21,292,250	18,882,315	18,181,188	18,393,420	18,382,336
Expenditures:					
General government	\$ 3,065,734	\$ 2,565,876	\$ 2,856,638	\$ 2,838,725	\$ 2,863,112
Public safety	9,169,072	9,055,963	8,692,967	9,453,283	8,395,922
Highways and streets	1,256,958	2,991,082	2,827,175	2,161,891	1,909,520
Transportation	791,062	-	-	-	-
Culture and recreation	1,585,179	1,711,403	1,734,621	1,744,473	1,694,211
Redevelopment and housing	964,144	919,628	985,896	920,658	916,674
Capital outlay	2,654,055	1,910,355	395,179	1,124,777	521,648
Debt Service	-				
Principal Retirement	727,925	2,854,677	967,010	913,997	907,502
Interest and fiscal charges	264,134	277,654	351,121	379,124	414,014
Total expenditures	20,478,263	22,286,638	18,810,607	19,536,928	17,622,603
Excess of revenues over (under) expenditures	813,987	(3,404,323)	(629,419)	(1,143,508)	759,733
Other Financing Sources (Uses)					
Transfers In	\$ 1,393,784	\$ 3,278,786	\$ 1,542,011	\$ 1,558,311	\$ 1,633,133
Transfers Out	(1,218,392)	(3,143,841)	(1,359,112)	(1,325,533)	(1,389,235)
Obligations incurred on capital leases	704,439	998,496	1,060,480	140,482	67,277
Proceeds from sale of capital assets	33,000	129,486	336,003	69,902	215,725
Total other financing sources (uses)	912,831	1,262,927	1,579,382	443,162	526,900
Net change in fund balances	\$ 1,726,818	\$ (2,141,396)	\$ 949,963	\$ (700,346)	\$ 1,286,633
Debt service as a percentage of noncapital expenditures	5.9%	16.6%	7.5%	7.2%	7.9%

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues:					
Taxes	\$ 6,476,819	\$ 6,399,692	\$ 6,234,848	\$ 6,707,653	\$ 6,831,876
Intergovernmental	8,035,692	8,455,635	8,031,863	6,783,653	7,083,337
Fines and Forfeitures	160,870	311,448	273,475	319,294	201,361
Licenses and Permits	165,004	201,227	162,571	196,385	172,602
Charges for services	1,895,749	1,763,797	1,605,657	1,759,653	1,745,359
Rents and royalties	818,819	819,022	768,418	758,436	755,328
Special Assessments	136,718	-	-	-	-
Investment Income (loss)	26,489	30,607	39,423	44,626	67,493
Other	265,826	281,915	596,739	356,342	258,705
Total revenues	17,981,986	18,263,343	17,712,994	16,926,042	17,116,061
Expenditures:					
General government	\$ 3,203,318	\$ 3,407,238	\$ 3,469,997	\$ 3,555,255	\$ 3,910,726
Public safety	7,030,010	7,295,712	7,139,134	6,709,042	6,275,426
Highways and streets	1,276,388	1,685,298	1,779,871	2,093,297	1,975,991
Transportation	-	-	-	-	-
Culture and recreation	1,337,577	1,513,927	1,407,089	1,361,590	1,409,501
Redevelopment and housing	947,866	1,058,347	1,035,816	-	51,599
Capital outlay	1,923,777	1,806,890	2,007,665	2,620,504	2,007,704
Debt Service					
Principal Retirement	1,474,930	1,464,848	1,627,585	1,636,402	1,611,006
Interest and fiscal charges	423,879	501,922	551,097	623,553	663,544
Total expenditures	17,617,745	18,734,182	19,018,254	18,599,643	17,905,497
Excess of revenues over (under) expenditures	364,241	(470,839)	(1,305,260)	(1,673,601)	(789,436)
Other Financing Sources (Uses)					
Transfers In	\$ 2,557,063	\$ 2,354,892	\$ 2,480,730	\$ 2,923,356	\$ 2,837,907
Transfers Out	(2,311,747)	(2,085,749)	(2,318,522)	(2,445,605)	(2,479,496)
Obligations incurred on capital leases	20,480	1,041,474	1,205,911	71,676	75,413
Proceeds from sale of capital assets	-	897,088	-	52,021	-
Total other financing sources (uses)	265,796	2,207,705	1,368,119	601,448	433,824
Net change in fund balances	\$ 630,037	\$ 1,736,866	\$ 62,859	\$ (1,072,153)	\$ (355,612)
Debt service as a percentage of noncapital expenditures	12.1%	11.7%	12.7%	14.3%	14.0%

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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
2020	\$ 7,556,918	\$ 631,690	\$ 307,193	\$ 8,495,801
2019	5,497,780	609,312	318,871	6,425,963
2018	5,166,243	587,260	314,717	6,068,220
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
2012	5,825,402	533,742	334,074	6,693,218
2011	5,953,998	545,995	337,029	6,837,022

City of Douglas
Taxable Sales By Category
Last Ten Calendar Years

	Fiscal Year				
	2020	2019	2018	2017	2016
Mining	\$ 1,406	\$ -	\$ -	\$ -	\$ -
Communications and Utilities	16,793,374	17,301,286	17,199,821	17,469,469	20,056,514
Transportation & Warehousing	-	14,607	10,500	7,646	23,200
Construction	6,653,135	10,147,464	4,842,286	7,855,430	7,836,315
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	135,187,713	125,972,964	135,090,750	124,098,318	134,525,779
Finance and Insurance	-	-	-	-	-
Real Estate, Rental and Leases	11,681,180	9,685,357	9,606,250	8,341,499	8,776,313
Restaurants and Bars	15,212,256	14,519,750	13,806,714	14,290,984	14,629,652
Accommodations	2,938,962	2,624,500	2,646,883	2,646,883	2,685,332
Public Administration	-	-	-	-	-
Services	7,239,283	5,873,250	4,424,929	2,318,353	709,281
Arts & Entertainment	192,118	214,250	210,429	588,899	342,208
Other	113,383	184,000	201,500	195,312	177,197
Total	\$ 196,012,810	\$ 186,537,428	\$ 188,040,062	\$ 177,812,793	\$ 189,761,791
City sales tax rate	3.80%	2.80%	2.80%	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				
	2015	2014	2013	2012	2011
Mining	\$ 2,891	\$ 2,626	\$ 4,715	\$ 6,606	\$ 301,452
Communications and Utilities	20,725,169	20,874,694	20,996,222	21,998,591	23,550,249
Transportation & Warehousing	32,657	7,558	34,024	36,614	66,060
Construction	10,778,758	7,161,065	4,980,458	18,615,619	19,963,998
Manufacturing	-	-	-	-	986,650
Wholesale Trade	-	-	-	-	1,226,017
Retail Trade	141,407,356	138,881,604	137,243,931	136,449,566	147,664,164
Finance and Insurance	-	-	-	-	33,753
Real Estate, Rental and Leases	8,143,356	8,037,675	7,812,435	8,369,967	8,690,896
Restaurants and Bars	14,634,276	14,404,604	14,682,935	15,215,328	14,153,836
Accommodations	2,848,778	3,792,273	3,855,249	4,552,670	3,652,951
Public Administration	-	-	-	-	-
Services	1,102,206	1,385,854	1,152,749	1,224,696	1,018,073
Arts & Entertainment	377,338	477,238	642,019	758,552	410,600
Other	262,025	173,041	196,727	276,830	2,599,103
Total	\$ 200,314,810	\$ 195,198,232	\$ 191,601,464	\$ 207,505,039	\$ 224,317,802
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, 2020

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

<u>Fiscal Year</u>	<u>City of Douglas</u>	<u>Cochise County</u>	<u>Rate Total</u>
2020*	3.80	6.10	9.90
2019	2.80	6.10	8.90
2018	2.80	6.10	8.90
2017	2.80	6.10	8.90
2016	2.80	6.10	8.90
2015	2.80	6.10	8.90
2014	2.80	6.10	8.90
2013	2.80	6.10	8.90
2012	2.80	7.10	9.90
2011	2.80	7.10	9.90

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				Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property Assessed/ Market Value	Personal Property Assessed/ Market Value	Less: Tax Exempt Real Property	Total Taxable Assessed Value			
2020	\$ 59,750	\$ 5,112	\$ (9,585)	\$ 55,277	11.86	\$ 519,621	10.64%
2019	57,989	4,978	(9,771)	53,196	12.42	502,473	10.59%
2018	56,100	3,770	(9,725)	50,145	13.38	478,426	10.48%
2017	55,327	3,784	(9,140)	49,971	13.53	478,522	10.51%
2016	55,812	3,782	(9,709)	49,885	13.90	468,189	10.66%
2015	56,289	3,718	(9,531)	50,476	13.79	468,243	10.78%
2014	59,500	3,585	(9,685)	53,400	11.64	494,935	10.79%
2013	60,731	3,905	(9,743)	54,892	7.21	499,871	10.98%
2012	61,660	3,936	(9,408)	56,188	8.36	506,672	11.11%
2011	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		Rate Total
	City of Douglas	Cochise County	Cochise County Community College	Douglas Unified School District	Total Direct Rate	School District	County	
2020	1.16	2.67	2.40	5.63	11.86	0.67	0.55	13.08
2019	1.18	2.67	2.45	6.12	12.42	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	1.13	0.55	15.22
2016	1.19	2.63	2.29	7.79	13.90	1.13	0.55	15.58
2015	1.18	2.63	2.18	7.80	13.79	0.89	0.55	15.23
2014	1.15	2.63	2.03	5.83	11.64	0.87	0.55	13.06
2013	1.08	2.63	1.85	1.65	7.21	0.86	0.55	8.62
2012	1.05	2.63	1.73	2.95	8.36	0.53	0.55	9.44
2011	0.98	2.63	1.67	2.95	8.23	0.87	0.45	9.55

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

	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Southwest Gas Corporation	\$ 1,414,146	1	2.51%	\$ 435,529	9	0.76%
Arizona Public Service	1,583,690	2	2.81%	1,831,924	2	3.22%
Wal-Mart Stores Inc.	817,879	3	1.45%	2,940,968	1	5.17%
Qwest Corporation	398,598	4	0.71%	524,562	6	0.92%
Centurylink Communications	249,144	5	0.44%			
Cox Communications Arizona	238,513	6	0.42%			
Phelps Dodge Corporation	203,090	7	0.36%	612,035	5	1.07%
Pioneer Title Agency	186,611	8	0.33%			
Circle K Stores, Inc #2702940	179,899	9	0.32%			
Verizon Wireless Messaging	157,157	10	0.28%			
Safeway Inc.				669,770	3	1.18%
DHD LLC				645,874	4	1.13%
SFP Pool Five Shopping Centers				480,861	7	0.84%
FAE Holdings 356216R LLC				452,000	8	0.79%
Douglas Customs LLC				400,000	10	0.70%
Total	<u>\$ 5,428,727</u>		<u>9.64%</u>	<u>\$ 8,993,523</u>		<u>15.80%</u>
Net Assessed Value	56,325,340			56,935,469		

Source: County of Sonoma Auditor-Controller Treasurer-Tax Collector

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	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2020	\$ 652,867	\$ 636,279	97.46%	13,505	\$ 649,783	99.53%	\$ 3,084	0.47%
2019	620,798	565,341	91.07%	-	565,341	91.07%	55,457	8.93%
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%
2012	538,029	490,427	91.15%	45,058	535,485	99.53%	2,544	0.47%
2011	555,804	504,613	90.79%	51,191	555,804	100.00%	555,804	-

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)

Fiscal Year	Governmental Activities				Business-Type Activities			Total Outstanding Debt		
	Revenue Bonds	Loans Payable	Capital Leases	Total	Loans Payable	Capital Leases	Total	Total Primary Government	Percentage of Personal Income	Per Capita
2020	\$ -	\$ 3,000,000	\$ 2,222,894	\$ 5,222,894	\$ 8,805,915	\$ 57,861	\$ 8,863,776	\$ 14,086,670	5.29%	\$ 870
2019	-	3,375,000	1,871,380	5,246,380	6,971,835	78,518	7,050,353	12,296,733	4.55%	747
2018	-	5,590,000	1,512,561	7,102,561	4,609,499	98,268	4,707,767	11,810,328	4.86%	71
2017	-	6,110,000	899,091	7,009,091	4,937,620	90,903	5,028,523	12,037,614	5.15%	712
2016	-	6,620,000	1,162,606	7,782,606	5,263,184	210,018	5,473,202	13,255,808	5.66%	799
2015	-	7,125,000	1,506,753	8,631,753	4,604,627	326,606	4,931,233	13,562,986	5.79%	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
2012	1,365,000	9,155,000	431,731	10,951,731	5,928,449	-	5,928,449	16,880,180	6.44%	854
2011	1,790,000	10,025,000	701,457	12,516,457	5,857,703	-	5,857,703	18,374,160	6.24%	913

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, 2020
(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	\$ -	5.788%	\$ -
Cochise County Community College District	22,188,338	5.788%	1,284,261
Douglas Unified School District No. 27	4,325,000	78.231%	3,383,491
Other debt	-	0.000%	-
Subtotal overlapping debt			\$ 4,667,752
City Direct Debt	12,516,457	100.000%	12,516,457
Total direct and overlapping debt			\$ 17,184,209

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	\$ 3,208.00
As a Percentage of Net Limited Assessed Valuation	36.93%
As a Percentage of Gross Full Cash Value	5.51%

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	\$56,325,340
Debt Limit (20% of assessed value)	11,265,068
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>\$14,644,588</u></u>

	2020	2019	2018	2017	2016
Total 20% Debt Limit	11,265,068	10,639,254	10,029,043	\$9,994,192	\$9,977,035
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 11,265,068</u></u>	<u><u>\$ 10,639,254</u></u>	<u><u>\$ 10,029,043</u></u>	<u><u>\$ 9,994,192</u></u>	<u><u>\$ 9,977,035</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%
	2020	2019	2018	2017	2016
Total 6% Debt Limit	3,379,520	3,191,776	3,008,713	2,998,258	2,993,111
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 3,379,520</u></u>	<u><u>\$ 3,191,776</u></u>	<u><u>\$ 3,008,713</u></u>	<u><u>\$ 2,998,258</u></u>	<u><u>\$ 2,993,111</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	\$56,325,340
Debt Limit (20% of assessed value)	11,265,068
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>\$14,644,588</u></u>

	2015	2014	2013	2012	2011
Total 20% Debt Limit	\$ 10,095,268	\$ 10,679,957	\$ 10,978,476	\$ 11,237,561	\$ 11,387,094
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 10,095,268</u></u>	<u><u>\$ 10,679,957</u></u>	<u><u>\$ 10,978,476</u></u>	<u><u>\$ 11,237,561</u></u>	<u><u>\$ 11,387,094</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%
	2015	2014	2013	2012	2011
Total 6% Debt Limit	3,028,580	3,203,987	3,293,543	3,371,268	3,416,128
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 3,028,580</u></u>	<u><u>\$ 3,203,987</u></u>	<u><u>\$ 3,293,543</u></u>	<u><u>\$ 3,371,268</u></u>	<u><u>\$ 3,416,128</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 Service Principal	Debt Service Interest	Annual Debt Service Total	Estimated Times Coverage
<u>Revenue Bonds*</u>							
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	24.24
2014	11,462,981	-	11,462,981	455,000	31,806	486,806	23.55
2013	10,896,218	-	10,896,218	440,000	46,106	486,106	22.42
2012	11,017,679	-	11,017,679	425,000	59,457	484,457	22.74
2011	11,458,594	-	11,458,594	415,000	71,077	486,077	23.57
<u>GADA Loan**</u>							
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2019	9,079,718	-	9,079,718	1,840,000	-	1,840,000	4.93
2018	8,814,116	-	8,814,116	145,000	-	145,000	60.79
2017	8,646,362	-	8,646,362	135,000	-	135,000	64.05
2016	8,650,701	-	8,650,701	130,000	-	130,000	66.54
2015	10,074,638	-	10,074,638	125,000	-	125,000	80.60
2014	9,791,063	-	9,791,063	120,000	-	120,000	81.59
2013	9,315,887	-	9,315,887	115,000	-	115,000	81.01
2012	9,453,492	-	9,453,492	110,000	-	110,000	85.94
2011	9,721,384	-	9,721,384	110,000	-	110,000	88.38

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

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

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

The GADA Loan was paid off 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	Annual Debt Service Total	Estimated Times Coverage
<u>Call Center Loan***</u>							
2020	\$ 9,209,154	\$ -	\$ 9,209,154	\$ 375,000	\$ 193,179	\$ 568,179	16.21
2019	7,722,556	-	7,722,556	375,000	214,057	589,057	13.11
2018	8,872,919	-	8,872,919	375,000	235,463	610,463	14.53
2017	8,683,759	-	8,683,759	375,000	256,869	631,869	13.74
2016	9,129,585	-	9,129,585	375,000	279,037	654,037	13.96
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
2012	8,735,260	-	8,735,260	700,000	391,310	1,091,310	8.00
2011	8,996,669	-	8,996,669	675,000	431,325	1,106,325	8.13
<u>WIFA Loans****</u>							
2020	\$ 4,683,327	\$ 3,132,262	\$ 1,551,065	\$ 599,001	\$ 166,474	\$ 765,475	2.03
2019	3,963,761	3,325,258	638,503	543,556	102,643	646,199	0.99
2018	3,994,252	3,128,025	866,227	328,121	100,678	428,799	2.02
2017	4,002,528	3,130,108	872,420	325,564	82,723	408,287	2.14
2016	3,969,670	2,924,914	1,044,756	536,634	96,238	632,872	1.65
2015	3,846,928	3,250,667	596,261	490,947	98,597	589,544	1.01
2014	3,916,977	3,252,197	664,780	480,756	114,104	594,860	1.12
2013	3,779,059	2,974,329	804,730	470,781	124,189	594,970	1.35
2012	3,722,556	2,980,047	742,509	460,014	126,183	586,197	1.27
2011	3,540,996	2,688,562	852,434	65,145	103,461	168,606	5.06

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

Notes: ***Pledged Revenue for Call Center Loan includes state shared revenue, state sales tax, City sales tax, and lease revenue received on the lease.

****Pledged Revenue for WIFA Loans includes water and sewer revenues.

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Douglas
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (4)</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2020	16,193	\$ 266,131,955	\$ 16,435	32.5	6.7%
2019	16,453	270,405,055	16,435	32.5	5.3%
2018	165,888	242,781,968	14,636	32.2	7.1%
2017	16,897	239,667,048	14,184	32.2	7.2%
2016	16,592	223,046,254	13,443	32.2	7.7%
2015	16,989	233,785,629	13,761	32.2	7.8%
2014	17,509	234,200,384	13,376	32.2	9.6%
2013	17,378	227,252,106	13,077	32.2	10.2%
2012	19,772	262,236,036	13,263	32.2	10.1%
2011	20,122	294,364,738	14,629	32.2	10.8%

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

2020				2011			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Area Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Area Employment</u>
US Department of Homeland Security	730	1	14.81%				
Arizona Department of Corrections	615	2	12.48%	Arizona Department of Corrections	661	1	10.23%
Douglas Unified School District	492	3	9.98%	Douglas Unified School District	538	2	8.32%
Advanced Call Center Technologies	248	4	5.03%	Advance Call Center Technologies	319	3	4.94%
City of Douglas	179	5	3.63%	City of Douglas	205	6	3.17%
Cochise College	165	6	3.35%	Cochise College	215	5	3.33%
Chiricahua Community Health Center	116	7	2.35%				
Cochise Private Industry Council	90	8	1.83%				
Cochise County	48	9	0.97%	Cochise County	64	9	0.99%
Copper Queen Community Hospital	37	10	0.75%				
				Wal-Mart Stores, Inc	300	4	4.64%
				Southeast Arizona Medical Center	134	7	2.07%
				Basha's Inc	70	8	1.08%
				La Solana Care and Rehab	59	10	0.91%
Total	<u>2,720</u>		<u>55.18%</u>	Total	<u>2,565</u>		<u>39.68%</u>
Total employment	<u>4929</u>			Total employment	<u>6464</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

Function	Full-Time Equivalent Employees									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Management Services										
Administration	2.00	2.00	4.00	5.00	4.00	4.50	4.50	5.00	5.00	5.00
City Clerk	1.00	2.00	2.00	-	-	-	-	-	-	-
City Attorney	1.00	1.00	1.00	-	-	-	-	-	-	-
Human Resources	2.00	2.00	2.00	2.50	3.00	3.00	3.00	3.00	3.00	3.00
Court	-	-	-	-	1.50	1.50	1.50	1.50	1.50	2.00
MIS	4.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	3.50	4.50
Finance	8.00	8.00	6.50	7.50	7.00	9.00	9.00	8.50	8.50	9.00
Economic Dev	-	1.00	1.00	1.00	-	-	-	-	-	-
Visitor Center/Parking	-	1.00	0.50	0.50	0.50	1.00	1.00	1.00	3.50	3.50
Total General Government	18.00	20.00	21.00	20.50	20.00	23.00	23.00	22.00	25.00	27.00
Housing	4.00	3.00	3.00	3.50	3.50	3.50	6.50	6.50	8.50	7.50
Police										
Officers	22.00	32.00	33.00	34.00	29.00	31.00	31.00	32.00	32.00	32.00
Civilians	21.00	12.00	11.00	13.50	13.00	13.00	11.50	15.00	14.00	14.00
Total Police	43.00	44.00	44.00	47.50	42.00	44.00	42.50	47.00	46.00	46.00
Fire										
Officers	34.00	30.00	28.00	27.50	27.00	25.00	23.00	24.00	23.00	25.00
Civilians	2.00	1.00	1.00	2.50	2.00	2.00	2.00	2.00	1.50	1.50
Total Fire	36.00	31.00	29.00	30.00	29.00	27.00	25.00	26.00	24.50	26.50
Public Works										
Engineering (PW Adm)	3.00	3.00	3.00	2.00	-	1.00	2.00	2.00	4.00	3.50
Planning & Zoning	3.00	2.00	2.00	2.00	1.50	2.00	2.00	1.00	2.00	2.00
Construction	5.00	5.00	4.50	5.00	5.00	5.00	5.00	6.00	6.00	7.00
Refuse Collections	6.00	6.00	12.50	7.50	8.00	9.00	8.00	7.00	5.00	6.00
Mechanics	3.00	2.00	1.50	3.00	3.00	3.00	3.00	2.50	2.00	3.00
Streets	8.00	8.00	8.00	8.00	5.00	5.00	7.00	8.00	6.00	7.00
Streets Maintenance	-	-	-	-	-	-	-	-	4.00	4.00
Airport	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1.00	-	-
Water Field	12.00	10.00	12.00	9.50	7.50	7.50	7.50	7.50	7.00	7.00
Water CIP	-	-	2.00	-	2.00	2.00	2.00	2.00	4.00	4.00
Billing	-	-	-	-	-	-	-	-	-	-
Wastewater	6.00	4.00	3.00	5.50	5.50	5.50	5.50	5.50	5.00	6.00
Total Public Works	47.00	41.00	49.50	43.50	38.00	41.00	43.00	42.50	45.00	49.50
Parks and Recreation										
Comm Dev Admin								1.00	1.00	1.00
Aquatics	15.00	11.50	12.00	11.50	10.50	10.50	12.00	12.50	10.50	11.50
Cemetery	4.49	2.50	2.50	2.00	2.00	2.00	3.00	3.00	2.00	1.00
Parks	7.85	7.50	8.00	7.50	8.50	9.00	9.00	8.50	9.50	10.50
Recreation	7.00	10.00	8.50	8.00	6.00	6.50	5.50	5.50	6.50	5.50
Golf Course	-	-	-	-	-	2.50	5.50	7.50	9.50	10.50
Library	7.50	7.50	7.50	7.50	7.50	8.00	6.50	6.50	7.00	8.00
Transit	12.00	12.00	11.00	9.00	9.00	6.00	6.50	5.50	-	-
Bisbee Transit	2.00	2.00	2.00	2.50	3.00	-	-	-	-	-
Total Parks and Recreation	55.84	53.00	51.50	48.00	46.50	44.50	48.00	50.00	46.00	48.00
Total	203.84	192.00	198.00	193.00	179.00	183.00	188.00	194.00	195.00	204.50

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

<u>Function</u>	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Police					
Stations	1	1	1	1	1
Patrol Units	20	22	24	21	23
Fire stations	2	1	1	1	1
Refuse collection					
Collection trucks	3	5	4	4	4
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	1,210	1,209*	1,209*	2,697	2,693
Traffic Signals	13	13	13	13	12
Parks and recreation					
Acreage	92	92	92	92	92
Playgrounds	6	6	5	5	5
Baseball/softball diamonds	7	7	7	6	6
Soccer/football fields	13	13	13	13	13
Aquatic Centers	2	2	2	2	2
Community centers					1
Water					
Water mains (miles)	100.2	100	100	100	100
Fire hydrants	576	576	574	573	570
Storage capacity (thousands of gallons)	590,000	590,000	590,000	590,000	590,000
Wastewater					
Sanitary sewers (miles)	87.0	87.0	87.0	87.0	86.5
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
Capital Asset Statistics by Function/Program (Continued)
Last Ten Fiscal Years

<u>Function</u>	Fiscal Year Ended June 30,				
	2015	2014	2013	2012	2011
Police					
Stations	1	1	1	1	1
Patrol Units	23	21	22	23	21
Fire stations	1	1	1	1	1
Refuse collection					
Collection trucks	4	4	4	5	5
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	2,693	2,693	2,693	2,693	2,693
Traffic Signals	14	14	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	1
Water					
Water mains (miles)	100	100	100	100	100
Fire hydrants	567	560	548	545	540
Storage capacity (thousands of gallons)	590,900	590,900	590,900	590,900	590,900
Wastewater					
Sanitary sewers (miles)	86.0	86.0	86.0	85.5	85.0
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>	<u>Fiscal Year Ended June 30,</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government					
Building permits issued	289	275	235	329	205
Building inspections conducted	356	532	427		277
Police					
Physical arrests	591	811	764	937	1,317
Parking violations	149	173	390	85	140
Traffic violations	1,873	2,655	4,031	2,973	2,490
Fire					
Emergency responses	2,451	3,040	3,665	3,295	3,479
Fires extinguished	199	140	239	178	196
Inspections	83	130	160		108
Refuse collection					
Refuse collected (tons/day)	26.0	30.0	25.0	22.0	24.6
Recyclables collected (tons/day)					
Other public works					
Street resurfacing (miles)	5.0	4.1	3.8	2.0	6.2
Potholes repaired (streets)	7,000	6,000	7,000	6,500	4,500
Parks and recreation					
Special Event Permits Issued	66	95	91	68	56
Community center admissions	679	1,749	2,987	1,749	3,384
Aquatic Center Admissions	5,286	15,005	15,402	15,005	11,631
Library					
Volumes in collection	56,400	55,465	54,515	52,543	63,930
Total volumes borrowed	22,768	32,166	34,084	38,089	59,737
Transit					
Riders	47,772	58,603	60,044	56,262	55,770
Miles	210,308	229,794	220,202	120,453	105,158
Water					
New connections	11	5	3	8	5
Water main breaks	24	16	11	5	6
Average daily consumption (thousands of gallons)	3,000,000	3,000,000	3,050,474	3,054,914	2,725,146
Peak daily consumption (thousands of gallons)	5,300,000	5,400,000	4,041,935	4,050,528	3,366,799
Wastewater					
Average daily sewage treatment (thousands of gallons)	2.0	2.0	2.0	1.8	1.9

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 down significantly due to COVID-19 shutdown of Aquatic Center*

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

<u>Function</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government					
Building permits issued	188	202	264	221	198
Building inspections conducted	229	704	695	778	305
Police					
Physical arrests	1,164	1,348	1,332	554	1,564
Parking violations	158	183	258	545	745
Traffic violations	2,981	3,220	4,158	3,888	4,211
Fire					
Emergency responses	2,900	2,560	2,459	2,437	2,829
Fires extinguished	52	457	231	55	61
Inspections	261	367	161	200	150
Refuse collection					
Refuse collected (tons/day)	33.4	22.9	27.5	26.5	23.5
Recyclables collected (tons/day)					
Other public works					
Street resurfacing (miles)	6.0	0.8	2.1	0.5	1.0
Potholes repaired (streets)	2,385	1,763	1,600	2,100	1,360
Parks and recreation					
Special Event Permits Issued	105	83	93	125	122
Community center admissions	7,954	16,051	10,199	8,812	11,021
Aquatic Center Admissions	14,674	17,792	16,685	21,301	14,808
Library					
Volumes in collection	53,887	59,033	47,157	56,715	57,684
Total volumes borrowed	53,181	64,843	61,256	63,180	74,141
Transit					
Riders	68,777	56,400			
Miles	105,615	106,795			
Water					
New connections	5	11	11	10	16
Water main breaks	8	7	12	8	9
Average daily consumption (thousands of gallons)	2,971,544	3,321,000	3,216,045	3,177,000	3,500,000
Peak daily consumption (thousands of gallons)	3,984,848	4,384,000	4,716,136	4,725,000	5,023,000
Wastewater					
Average daily sewage treatment (thousands of gallons)	1.9	2.1	2.0	1.7	1.7

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 down significantly due to COVID-19 shutdown of Aquatic Center*

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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