



**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

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**CITY OF DOUGLAS, ARIZONA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2021**

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Donald Huish  
*Mayor*

Margaret Morales

Mitch Lindemann

Danya Acosta

Ray Shelton

Michael Baldenegro  
*Councilmembers*

Jose Grijalva

Luis Pedroza  
*Interim City Manager*

Prepared by: Finance Department



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

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

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March 31, 2022

Mayor and Councilmembers  
Citizens of the City of Douglas, Arizona

### **Requirements & Statements of Fact**

The Arizona Auditor General Office requires all local government entities to file a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited. Audits are done in accordance with the generally accepted auditing standards by a licensed certified public accounting firm by December 31, or by March 31 of each year if an automatic extension is requested. Pursuant of that requirement, we hereby issue the comprehensive annual financial report of the City of Douglas, Arizona for the fiscal year ended June 30, 2021. As management, we assert that, **to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.**

### **Profile of the City**

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

Our two cities share an interdependent economy and culture. In 2021<sup>1</sup>, 28,745 trucks, 1.2 million cars, 570,039 pedestrians crossed northbound totaling 2.57 million people. The same year there was a total value of imports/exports of \$2.9 billion with refined copper, alloys, unwrought, silver, various forms, and live cattle comprising the top commodity imports.<sup>2</sup> The top exports are LNG, other petroleum gases, commercial vehicles, and molybdenum ores, concentrates<sup>3</sup>.

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 2020, Douglas boasted three A Schools, one elementary and two Charter Schools. A WalletHub analysis of Cochise College ranks third among Arizona community colleges in 2021, preparing many transferring students for the world-renowned University of Arizona and many

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<sup>1</sup> US Department of Transportation, Bureau of Transportation Statistics

<sup>2</sup> US TradeNumbers.com

<sup>3</sup> US TradeNumbers.com

other colleges in Arizona. 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 Department of Corrections, Rehabilitation and Reentry, 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 2021 was at 6.9%, which is slightly higher to the national and state unemployment rates of 5.9% and 6.8% respectively.

COVID-19 effects started in early 2020 and have continued to affect all aspects of everyday life to date. With vaccines and ongoing protective measures and guidelines, COVID has been somewhat mitigated but has had lasting effects in the way business is done and interactions are made. In March 2020, the US border was partially closed due to COVID precautions, only remaining open to essential purposes. It wasn't until November 8, 2021, that our land port of entry was re-opened for non-essential travelers. Port of entry crossings are slowly growing back to normal rates, while hesitancy and Mexican visa renewals begin getting processed. For the calendar years of 2020 compared to 2019, we experienced a decline of visitors of 29% or 1,074,270 persons entering through the Douglas port. Despite this steep decline, our economy remained solid experiencing a 32% or \$2.1 million increase over budget projected sales tax revenue.

At the end of FY 20/21 sales tax revenue came in above last year by 11% or \$799,962 even through the COVID affected period that included a partially closed border. Growth in sales tax continued as a result of shopping local initiatives mostly forced by COVID restrictions as well as additional online sales tax revenue that cities are now getting as a result of more retailers having to remit sales taxes to local jurisdictions. Another factor was the increase in building and home improvements that occurred during the pandemic. Although the border remained closed, Mexican shoppers' presence was still felt as many utilized family members to shop for those that were not able to cross the border. For Fiscal Year 20/21 we were pleased to report a \$6.8 million surplus

for the General Fund that includes \$4 million from the PSPRS pledged revenue obligation contingency reserve.

### **Major Initiatives**

1. The City issued \$38,885,000 in pledged revenue obligations to combat the growing unfunded liability for the Public Safety Personnel Retirement System (PSPRS) to help alleviate the annual increases in employer pension contributions for our public safety personnel. By fully funding the unfunded obligation of \$34.3 million and funding a contingency reserve of \$4.1 million, the City is at 100% funded and with capacity to fund out of its contingency reserve as a result of any market fluctuations that affect our funding ratio to less than 100%. It is expected that the City will earn about \$18 million in present value savings over 17 years. The Mayor and Council felt this financial tool would stabilize our finances and protect our public safety retired and existing personnel pensions.

2. The Infrastructure Investment and Jobs Act funded by Congress and signed by President Biden on November 15, 2021 allocated \$400 million for the construction of a new commercial port of entry in Douglas and the renovation/expansion of our existing Raul H. Castro Port of Entry (POE). It has been more than 12 years that the City has been trying to fund this major economic initiative that is expected will bring much needed growth to the City. Obtaining funding was big news for our Mayor and Council and our City as a whole, that were anxiously waiting for this result. Now that funding has been obtained, we pivot to execute the needed objectives for this major project, starting with City obligations to donate the land to the General Services Administration (GSA) for the construction of the commercial POE and building out the water and sewer infrastructure that will feed the new POE and surrounding development.

We are working closely with our partners in this major project that includes Cochise County as our close partner that has already funded and completed a water/sewer/broadband master plan for the POE growth areas. Cochise County has also committed funding towards the design of the water/sewer/broadband for the POE. We've formalized our partnership through a Memorandum of Understanding that will collaboratively seek funding towards POE infrastructure development. Another partner is ADOT, who has started a design concept report of the connector road from the POE location located on an undeveloped James Ranch Road connecting to Highway 80. It is important to continue our excellent dialogue and relationship with Mexico, who has also seen commitments for funding their side of the POE from its federal agencies and there is also an interested private party that submitted a proposal to fund the POE through a public/private partnership. This infrastructure development is being coordinated with all stakeholders through a technical team comprised of our partners mentioned, our Mexican counterparts, utilities, GSA/CBP, other government sectors and educational institutions.

2. The CARES Act, enacted in March 2020, allocated \$1.8 million in relief funds to the City with utilization to go towards public safety COVID response from police and fire. By the City allocating this funding to our first responder responses to COVID budgets, we were able to free up existing general funds and allocated them towards one time capital projects. Additionally, the American Rescue Plan Act (ARPA) enacted in March 2021 funded the City with \$4.4 million in more relief funding for the City that would also fund COVID response initiatives; but until recently in 2022 new guidance provided that funding provided to cities receiving less than \$10 million, would be recognized as revenue loss and no further spending restrictions would be imposed. This one-time funding injected much needed capital funding in various areas that included \$2.1 million for public safety, \$1.6 million for streets equipment, \$1.1 million for parks, recreation and library, \$828,245 for public works, \$500,000 for POE water/sewer design, \$425,000 for downtown revitalization and \$363,750 for general government projects.

3. The Bay Acres sewer project was completed. The project connected 353 existing homes to sanitary sewer and set up at least 61 parcels for future development. The project was fully funded by USDA Rural Development in the amount of \$6,883,056 and also made possible by the NADBank and WIFA funding that expanded the wastewater treatment plant that increased capacity to treat additional wastewater flows.

4. APS completed a remediation cleanup of City property of a former manufactured gas plant site. The site was cleaned of contaminants and improved with compacted dirt and fencing. The site is located close to the port of entry and may be utilized to facilitate trade or other commercial purposes in the future.

5. Major purchases and capital improvements included the purchase of a new fire engine for \$585,239, 26 police mobile radios for \$361,136 and the installation of a new shade structure at Veteran's Park playground through a CDBG grant for \$96,340.

6. The Water Division has completed its Automated Meter Infrastructure (AMI) project replacing all manual read city water meters with automatic-read meters that has alleviated staff from this monthly manual process and provide more efficient and correct readings. The total cost of the project was \$2.26 million, but the City was able to secure a \$750,000 grant and \$750,000 loan from WIFA. Another major purchase in the enterprise funds was a new garbage truck purchase in the Sanitation fund for \$289,757.

7. The Urban Design study of our Downtown Revitalization was finalized in January 2021. The study involved various community stakeholders that enthusiastically participated in this study that helped shape the direction of our downtown keeping in mind the expected port of entry coming to the City and driving commercial traffic out of the downtown. We expect that once the new commercial POE is built, vacant warehouse buildings will need to be revamped for other purposes more conducive to attract more people from Mexico and U.S. tourists to the downtown for shopping, entertainment and living.

8. After the study was conducted, our downtown has received a lot of interest from outside investors. The Gadsden Hotel was purchased by an investor that loves historic buildings, which also spurred the purchase of 5 other downtown buildings that included the purchase of the Rivera building from the City of Douglas. The Rivera building sale contains restrictions that the building must obtain a business license within 18 months of the sale and have a mural attached that needs to be approved by the City.

### **Upcoming Year**

Key initiatives set the stage for the upcoming year.

1. The City and County began a 30% design of the water/sewer/broadband for the new commercial POE in February 2022. The County funded this initial phase of the project, the City applied for two grants and the County expressed interest in funding the remaining portion of \$2.4 million in order to finalize the design.

2. The City is considering the sale of major city properties that include the Douglas Municipal Airport and the Rancho La Perilla Apartments. The Council gave direction to staff to put out for bid the Airport in an effort to get outside private funding to potentially develop the Airport for fly-in community homes and bring improvements to the runway. The City is seeking public input on these concepts and an appraisal of the Airport and will bring back results to Council before moving forward. The La Perilla apartments are also being considered for sale for a total sales price of \$4.85 million that currently hold a \$3.9 million HUD mortgage loan. The Council is seeking the sale in order to exit the apartment business and receive revenue to utilize for other improvements.

3. The annexation effort of the Sunnyside Fire District is underway and set to finalize in mid-May. The plan is to take in close to 800 parcels to the City of Douglas. After providing sewer to the community of Bay Acres, the City is ready to provide other services such as garbage and 24/7 police and fire services. It is up to the citizens to sign a petition; a successful annexation would entail 50% plus one of both owners and assessed valuation as well as City and County ratification. The City wants to annex to gain population, thus enhancing state and federal revenues.

4. The City will be holding three council member elections this Spring. Three councilmembers will be seeking re-election unopposed from Wards 2, 4 and 6. In addition, the City is going through a charter election, seeking to change various areas of the City Charter to provide a more modern and efficient governance in certain areas while still providing required transparency and process for citizen participation.

5. The City issued an RFQ for the construction of a new animal shelter and an RFQ for a parks master plan study. The animal shelter is proposed to be built on City owned property on 1<sup>st</sup> Street between E and F Avenues. The parks master plan will assess the City's needs and map out a plan for recreational facilities in the City. The master plan will study these needs by using subject matter experts and citizen/stakeholder participation and present a roadmap for the future of City parks and recreation areas. The parks master plan will also set up the City in good position for future grant applications.

6. The transit facility study is complete; however, the City decided to seek other options for facilities as those identified as the best options are not readily available. We are studying additional locations within the City that would provide a suitable location for bus facilities and administrative offices as well as conducive for other bus line connections.

### **Long-Term Financial Planning**

Through its 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 69%. 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. We will need to grow our debt service reserve from \$1 million to \$3.3 million next year as a result of the new annual PSPRS pledged revenue obligation debt service requirements.

After the completion of a water and sewer rate study, Mayor and Council approved water and sewer rate increases in 2021 that entail a 2.5% increase in water each year for the first 3 years and a 3.5% increase each year for the following 2 years and a 4% increase in sewer rates for each year for the next five years. These increases will help with upcoming infrastructure needs in both water and sewer areas. It will also position the enterprise funds in a favorable financial position to borrow funds specifically for upcoming needs in the water funds for new and/or rehabbing its water wells.

### **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, 2021 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation.

**The independent auditors concluded,** based upon the audit, that there was a reasonable basis for rendering an unmodified opinion of **City of Douglas' financial statements** for the Fiscal-Year-Ended June 30, 2021, and **that they are fairly presented** in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

In addition to general government activities, the City of Douglas reports a governmental blended component unit: Douglas Housing Authority and one business-type discretely presented component unit Rancho La Perilla Apartments. Therefore, these activities are included as discretely presented component unit. 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 30, 2020. 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,

A handwritten signature in blue ink, appearing to read "Ana Urquijo", written over a horizontal line.

Ana Urquijo  
City Manager

A handwritten signature in blue ink, appearing to read "Luis Pedroza", written over a horizontal line.

Luis Pedroza, Deputy City Manager/  
City Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Douglas  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# City of Douglas Organizational Chart

Fiscal Year 2020-2021



Total FTE's: 183  
\*not counted as FTEs

**CITY OF DOUGLAS, ARIZONA  
LIST OF PRINCIPAL OFFICIALS  
YEAR ENDED JUNE 30, 2021**

**ELECTED OFFICIALS**

Mayor	Donald C. 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
City Attorney	Denis Fitzgibbons
City Treasurer	Luis Pedroza
City Magistrate	Alma Vildosola

**DEPARTMENT DIRECTORS**

Deputy City Manager	Vacant
Management Services Director	Luis Pedroza
Public Works Director	Vacant
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 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, 2021, 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 "Component Unit"), 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 Component Unit, 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.

**4742 North 24th Street, Suite 300, Phoenix, Arizona 85016**

**Tel: 602-274-9966 • Fax: 480-522-2021**

**[www.pungroup.cpa](http://www.pungroup.cpa)**

### ***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, 2021, 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 – General Fund, the Schedules of Proportionate Share of the Pension/OPEB Liability and Related Ratios, the Schedules of Changes in Net Pension and OPEB Asset/(Liability) and Related Ratios, and Schedules of Contributions, as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, 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 PwC Group, LLP*

Phoenix, Arizona  
March 31, 2022

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

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# **City of Douglas, Arizona**

**Management's Discussion and Analysis (Unaudited)**  
**(Required Supplementary Information)**  
For the Fiscal Year Ended June 30, 2021

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

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**City of Douglas**  
**Management's Discussion and Analysis (Unaudited)**  
**(Required Supplementary Information)**  
**For the Year Ended June 30, 2021**

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Management of the City of Douglas (the "City") provides the Management Discussion and Analysis of the City's Annual Comprehensive Financial Report (ACFR) for readers of the City's basic financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2021 (FY 2020-2021). We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's basic financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net position/fund balance, changes in net position and fund disclosures are discussed in more detail later in the report.

***Financial Highlights – Primary Government***

♦ *Government-Wide Highlights*

*Net Position* – Assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at fiscal year ending June 30, 2021 by \$38.0 million, this compared to \$31.2 million at fiscal year ended June 30, 2020. This is an overall increase in net position of \$6.8 million or an increase of 21.7% of prior year's net position. Liabilities and deferred inflows of resources of the governmental activities exceeded assets and deferred outflows of resources by \$1.8 million, this compared to \$4.1 million at fiscal year ended June 30, 2020. This is a \$2.3 million (56.6%) improvement in the City's deficit net position. Assets and deferred outflows of resources for business-type activities exceeded liabilities and deferred inflows of resources by \$39.8 million compared to \$35.3 million at June 30, 2020, an increase of 12.6% or \$4.5 million.

*Changes in Net Position* – The City's net position increased \$6.8 million in FY 2020-2021; this compared to \$4.2 million increase in FY 2019-2020. Net position of governmental activities increased \$2.4 million compared to an increase of \$0.2 million in 2019-2020. Net position of business-type activities increased by \$4.5 million compared to a \$3.8 million increase in FY 2019-2020.

♦ *Fund Highlights*

*Governmental Funds* – At the close of FY 2020-2021 the City's total governmental funds reported a fund balance of \$16.6 million, a \$7.0 million increase from the FY 2019-2020 balance of \$9.6 million, an increase of 72.7%. The increase in fund balance was partially due to \$4.0 million from the PSPRS pledged revenue obligation (PRO) placed in contingency reserve, increase in sales tax collections and salary savings from vacant positions.

*General Fund* – The fund balance of the general fund on June 30, 2021 was \$14.0 million. The fund balance increased \$6.8 million due to the \$4.0 million reserve from PRO issuance, better than expected sales tax and salary savings.

**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**(Required Supplementary Information)**  
**For the Year Ended June 30, 2021**

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**OVERVIEW OF FINANCIAL STATEMENTS**

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

***Government-Wide Financial Statements***

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

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

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

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

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

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

***Fund Financial Statements***

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

**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**(Required Supplementary Information)**  
**For the Year Ended June 30, 2021**

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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 and 37.

The City of Douglas, Arizona maintains nine individual governmental funds. Financial activity is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Financial activity from remaining funds 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 funds, which are considered to be major funds of the City. The internal service fund is presented in the proprietary fund financial statements as a separate column. The basic proprietary funds financial statements can be found on pages 42-45.

**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
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**For the Year Ended June 30, 2021**

**Notes to the Financial Statements**

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

**Required Supplementary Information**

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

**Government-Wide Financial Analysis**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38.0 million at the close of the current fiscal year. The following table is a condensed comparative analysis of the net position of governmental and business-type activities as of June 30, 2021 and June 30, 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current & Other Assets	\$ 18,269,382	\$ 11,320,174	\$ 11,183,472	\$ 10,138,665	\$ 29,452,854	\$ 21,458,839
Capital Assets	22,957,662	22,787,022	39,416,512	36,876,322	62,374,174	59,663,344
Total Assets	41,227,044	34,107,196	50,599,984	47,014,987	91,827,028	81,122,183
<b>Deferred Outflows</b>	41,900,719	6,109,338	365,066	165,112	42,265,785	6,274,450
<b>Liabilities</b>						
Current Liabilities	3,486,839	2,167,680	1,496,425	2,043,206	4,983,264	4,210,886
Long-term Liabilities	80,547,847	40,646,351	9,629,806	9,632,649	90,177,653	50,279,000
Total Liabilities	84,034,686	42,814,031	11,126,231	11,675,855	95,160,917	54,489,886
<b>Deferred Inflows</b>	869,247	1,113,504	47,288	171,768	916,535	1,285,272
<b>Net Position</b>						
Net Investment in						
Capital Assets	18,756,696	17,564,128	30,755,973	28,012,546	49,512,669	45,576,674
Restricted	6,676,023	2,835,368	1,210,316	1,076,985	7,886,339	3,912,353
Unrestricted (Deficit)	(27,208,889)	(24,495,573)	7,825,242	6,242,945	(19,383,647)	(18,252,628)
Total Net Position (Deficit)	\$ (1,776,170)	\$ (4,096,077)	\$ 39,791,531	\$ 35,332,476	\$ 38,015,361	\$ 31,236,399

**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**(Required Supplementary Information)**  
**For the Year Ended June 30, 2021**

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**Analysis of Net Position**

The City's total net position (government and business-type activities) increased by \$6.8 million, or 21.7% during the fiscal year.

**Net investment in Capital Assets** is the largest portion of the City's net position (130%) 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, 2021, the City of Douglas, Arizona reported \$49.5 million as the net investment in capital assets. Another \$3.8 million of the resources are subject to external restrictions on how they may be used. Unrestricted net position is a deficit of \$15.3 million due to the recognition of the City's net pension and OPEB liability.

The City's net position increased approximately \$6.8 million over the prior fiscal year. Net investment in capital assets increased \$3.9 million primarily due to current year capital additions and contributed assets of \$6,441,971, and a reduction in current year debt outstanding, the net of the sale of capital assets and annual depreciation,. Current year debt payments were approximately \$1.5 million (including payments made on capital leases). A portion of the increase was due to capital acquired through a loan.

**Restricted Net Position** of \$7.9 million represents resources that are subject to external restrictions on their use, or by enabling legislation. Restricted net position increased by \$4.0 million due to the PSPRS revenue bonds contingency reserve.

**Unrestricted (Deficit) Net Position** of \$19.3 million represents net position of the City that is not restricted for any project or purpose. The deficit change of \$1.1 million, or 6.2%, was primarily due to an increase in the unrestricted net position of the business-type activities (\$1.6 million) and a increase in the unrestricted (deficit) net position of the governmental activities (\$2.7 million).

**Current and Other Assets** increased by \$8.0 million, or 37.3% mainly due to \$3.3 million increase in Unrestricted Cash and Investments, \$4.1 million increase in Restricted Cash and Investments related to the 2021 Pledged Revenue Bonds reserve funds, and \$0.5 million increase in Intergovernmental Receivables.

**Current and Other Liabilities** increased by \$0.8 million, or 18.3% while Long-term Liabilities increased by \$39.9 million, or 79.4% mainly due to new \$38.8 million of pledged revenue bonds (PRB) for PSPRS net pension.

**Deferred Outflows and Inflows of Resources** Deferred outflows or resources increased by \$36.0 million, or 574% primarily due to the PSPRS contributions made from proceeds from the 2021 Pledged Revenue Bonds t and related bond issuance costs of \$34.9 million while Deferred Inflows of Resources decreased by \$0.1 million, or 9.7% due to changes in pension and OPEB related items.

**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
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**For the Year Ended June 30, 2021**

**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, 2021 and 2020:

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,526,804	\$ 2,962,444	\$ 6,247,949	\$ 5,137,237	\$ 8,774,753	\$ 8,099,681
Operating grants and contributions	6,834,439	4,614,840	-	-	6,834,439	4,614,840
Capital grants and contributions	-	1,189	3,685,847	2,976,283	3,685,847	2,977,472
Total program revenues	9,361,243	7,578,473	9,933,796	8,113,520	19,295,039	15,691,993
General revenues:						
Sales taxes	8,854,433	7,556,918	-	-	8,854,433	7,556,918
Property taxes	634,856	631,690	-	-	634,856	631,690
Motor vehicle in-lieu taxes	1,022,527	853,672	-	-	1,022,527	853,672
Franchise taxes	101,382	109,803	-	-	101,382	109,803
Transient occupancy taxes	324,192	307,193	-	-	324,192	307,193
Total taxes	10,937,390	9,459,276	-	-	10,937,390	9,459,276
State share revenue	4,235,232	3,718,423	-	-	4,235,232	3,718,423
Investment earnings	31,208	175,011	8,216	79,082	39,424	254,093
Gain on sale of asset	46,725	-	-	-	46,725	-
Miscellaneous	303,952	357,315	61,223	77,233	365,175	434,548
Total general revenues and transfers	15,554,507	13,710,025	69,439	156,315	15,623,946	13,866,340
<b>Total revenues</b>	<b>24,915,750</b>	<b>21,288,498</b>	<b>10,003,235</b>	<b>8,269,835</b>	<b>34,918,985</b>	<b>29,558,333</b>
<b>Expenses:</b>						
General government	3,928,915	3,778,054	-	-	3,928,915	3,778,054
Public safety	11,990,879	10,716,648	-	-	11,990,879	10,716,648
Highways and streets	2,418,139	2,339,293	-	-	2,418,139	2,339,293
Transportation	984,314	929,660	-	-	984,314	929,660
Culture and recreation	2,207,620	2,047,217	-	-	2,207,620	2,047,217
Redevelopment and housing	949,544	964,144	-	-	949,544	964,144
Interest and fiscal charges	261,413	276,916	-	-	261,413	276,916
Water	-	-	2,130,546	1,690,502	2,130,546	1,690,502
Sewer	-	-	2,045,785	1,415,170	2,045,785	1,415,170
Solid waste	-	-	1,182,167	1,159,892	1,182,167	1,159,892
<b>Total expenses</b>	<b>22,740,824</b>	<b>21,051,932</b>	<b>5,358,498</b>	<b>4,265,564</b>	<b>28,099,322</b>	<b>25,317,496</b>
<b>Change in net position</b>	<b>2,174,926</b>	<b>236,566</b>	<b>4,644,737</b>	<b>4,004,271</b>	<b>6,819,663</b>	<b>4,240,837</b>
<b>Transfers</b>	<b>185,682</b>	<b>175,392</b>	<b>(185,682)</b>	<b>(175,392)</b>	<b>-</b>	<b>-</b>
<b>Increase in net position</b>	<b>2,360,608</b>	<b>411,958</b>	<b>4,459,055</b>	<b>3,828,879</b>	<b>6,819,663</b>	<b>4,240,837</b>
<b>Net position (deficit), beginning of year</b>	<b>(4,136,778)</b>	<b>(4,508,035)</b>	<b>35,332,476</b>	<b>31,503,597</b>	<b>31,195,698</b>	<b>26,995,562</b>
<b>Net position (deficit), end of year</b>	<b>\$ (1,776,170)</b>	<b>\$ (4,096,077)</b>	<b>\$ 39,791,531</b>	<b>\$ 35,332,476</b>	<b>\$ 38,015,361</b>	<b>\$ 31,236,399</b>

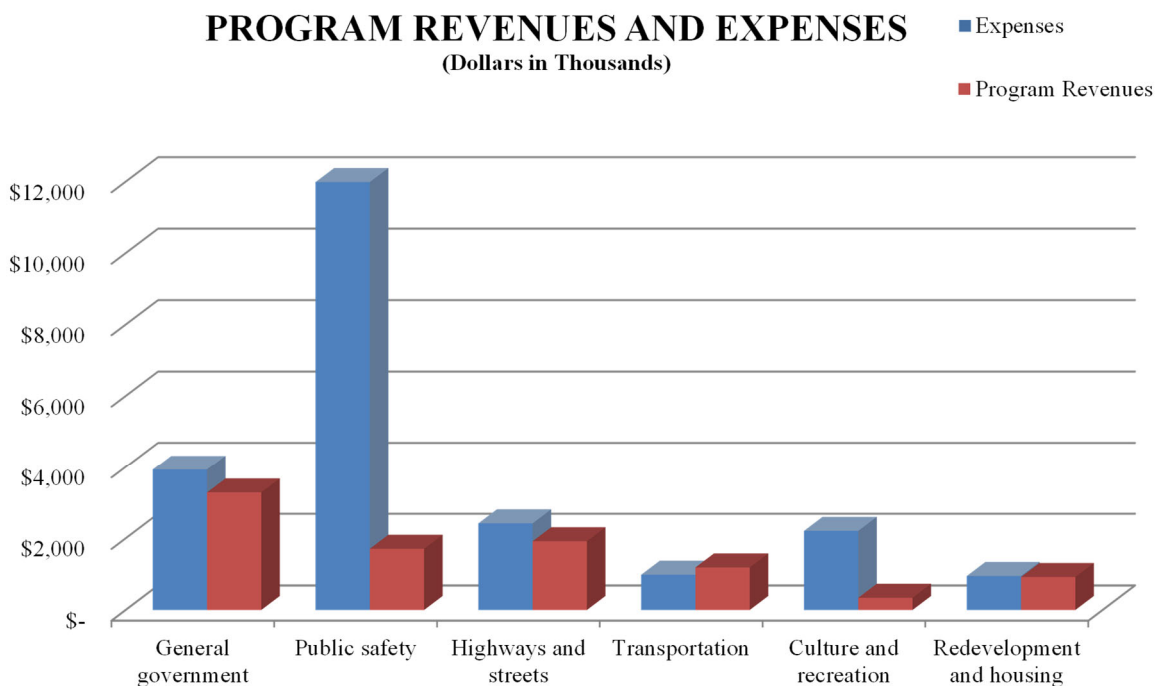
**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
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**For the Year Ended June 30, 2021**

**Analysis of Changes in Net Position**

*Governmental Activities* – Governmental Activities increased the City's net position (decreased deficit) by \$2.3 million, or 56.6% to (\$1.8 million) for the year ended June 30, 2021. Key factors of the overall increase in net position are as follows:

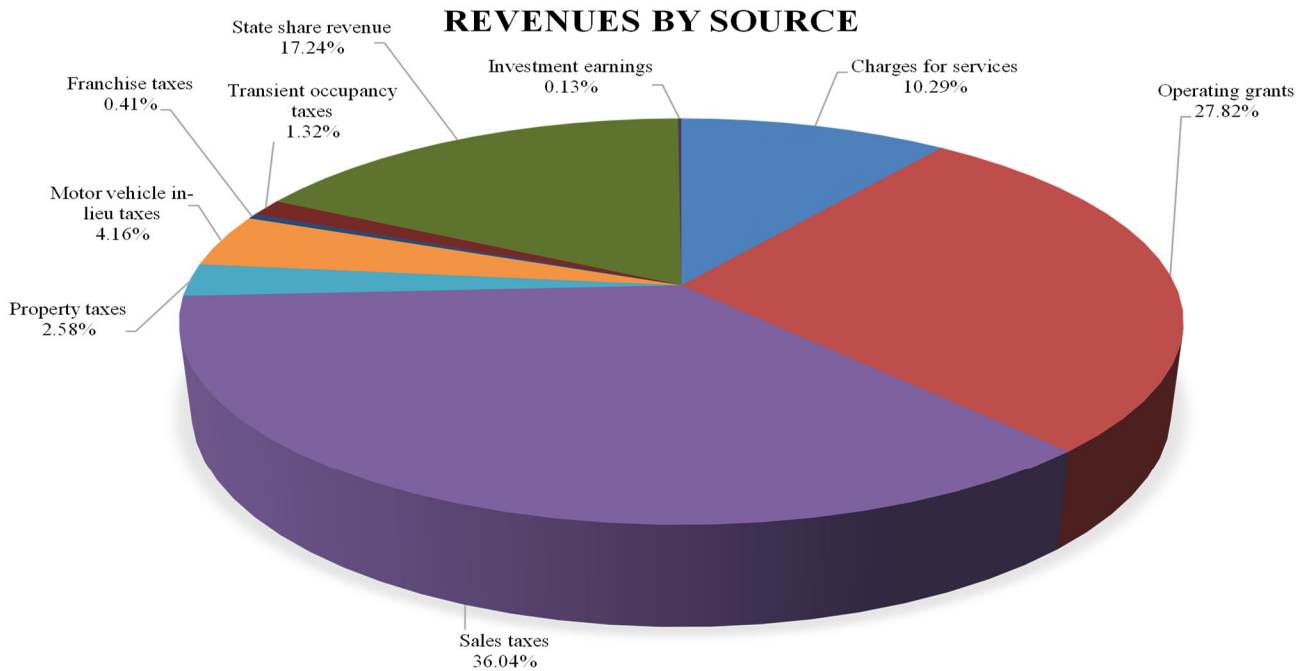
- Increase in local taxes compared to last year in the amount of \$1.3 million due to the 1-cent sales tax increase and a 2-cent bed tax increase that became effective September 2019, as well as an increase in state shared revenues of \$136,000.
- Completion of 10 different street projects for a total investment of \$388,889 in the HURF fund.
- Acquired \$99,412 in Building Improvements, \$807,313 in Machinery and Equipment and \$943,195 in Vehicle Capital Equipment:
- Capital Building Improvements were made that include a new dehumidifier at the aquatic center for \$75,792, fiber upgrades in IT for \$6,847, cemetery restroom upgrades of \$6,718 and fire station exterior painting of \$10,055.
- Small capital equipment improvements of \$361,136 for 26 police mobile radios, \$96,340 for a new shade structure at the Veteran's Park playground, \$99,681 of IT upgrades including an access control system at City Hall and a backup data store unit, \$34,374 for basketball court lights at Veteran's Park, \$25,925 for a 40 foot outdoor movie screen and \$19,488 for a cemetery mini excavator.
- Purchased a new fire pumper for \$585,239, 5 new police vehicles totaling \$221,877, an administration vehicle for \$40,055, a new 9 passenger transit bus for \$77,771 and a dump truck and vehicle for cemetery for \$18,253.

The chart below illustrates the City's governmental expenses and revenues by program: Public Safety (police, fire, and emergency medical services) is the largest expense (53%), followed by General Government (17%), Highway/Streets (11%), Culture/Recreation (10%), Transportation (4%), Redevelopment and Housing (4%) and the remaining attributable to interest. Public Safety is supported by General Government revenues. Program revenues as shown consist of charges for services and grants.

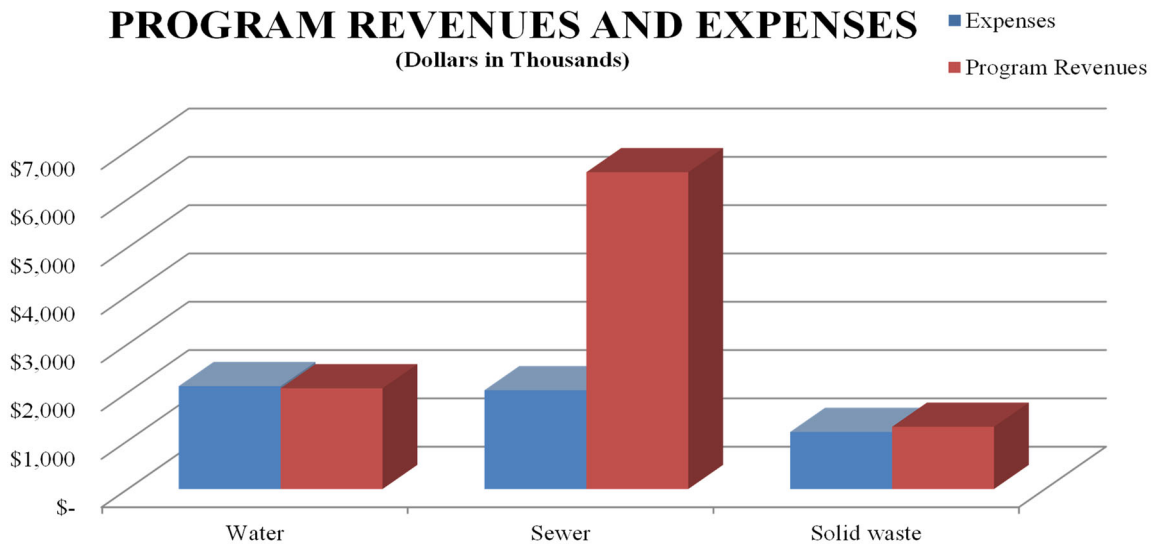


**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
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**For the Year Ended June 30, 2021**

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 (27%) and state shared revenues (17%) as illustrated in the chart below.



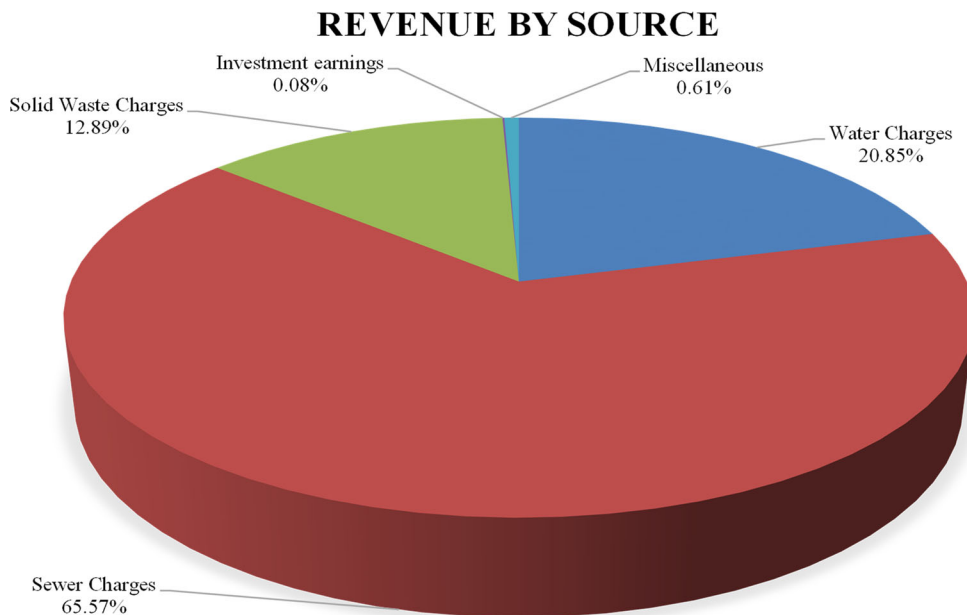
*Business-Type Activities* – Business-type activities increased the City's net position by \$4.5 million. The increase in net position was primarily the result of \$1.6 million received in capital grants and contributions. These capital grants and contributions were used to fund water and sewer capital 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)**  
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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 \$2.0 million, with Water operating expenses at \$2.1 million, followed by Solid Waste at approximately \$1.2 million. For FY 2020-2021, the change in net position in the Sewer Fund was a positive \$4.5 million and the Solid Waste Fund was a positive \$0.1 million while the change in net position in the Water Fund was a negative \$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'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 \$16.6 million, an increase of \$7.0 million from the prior year.

Revenues for governmental funds overall totaled approximately \$24.9 million for the fiscal year ended June 30, 2021 which represents an increase of 17% from the prior fiscal year. This increase is primarily due to an increase in capital grants and contributions (\$2.2 million) and local sales tax (\$1.3 million), and increase in state shared revenues (\$516,809).

**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
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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 \$8.6 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 16.8% of the total General Fund expenditures of \$51.2 million.

The fund balance of the City's General Fund increased \$7.0 million. Revenues increased largely due to additional operating grants and contributions that included of \$1.8 million from CARES Act and 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 \$4.5 million was largely due to the contributions of \$3.7 million from the USDA Grant towards the Bay Acres Sewer project.

***Proprietary Funds***

Net position of the Enterprise Funds and the Internal Service Fund at the end of the fiscal year amounted to \$39.8 million and \$433,809, respectively. The increase in net position in the Enterprise Funds of \$4.5 million from the prior fiscal year was primarily due to the completion of the Bay Acres Sewer project. 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 \$1.2 million and actual expenditures were more than budget by \$37.8 million mostly due to the issuance of pledged revenue bonds for payment of the City's PSPRS net pension obligation which was not budgeted in the amount of \$38.8 million. The actual revenues were greater than budget largely due to conservative budget of sales tax revenues projected as a result of COVID-19 impacts.

The City exceeded the expenditures budget in the City Attorney, Municipal Court, Community Development, Development Services, Cemetery, Parks, Fire, Emergency Medical Services and Debt Service expenditures. The Fire and Emergency Medical Services deficit was largely due to additional overtime expenses required for emergency room transports. Debt Service had a deficit due to principal and interest of the newly acquired PSPRS pledged revenue obligation debt service.

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)**  
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**For the Year Ended June 30, 2021**

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of June 30, 2021 amount to \$62.4 million (net of accumulated depreciation). Capital assets include land and improvements, infrastructure, buildings and improvements, machinery equipment, and vehicles, and construction in progress.

	<b>Capital Assets (Net)</b>					
	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Land Improvements	\$ 2,507,699	\$ 2,612,296	\$ -	\$ -	\$ 2,507,699	\$ 2,612,296
Streets and Storm Drains	7,786,274	8,260,116	-	-	7,786,274	8,260,116
Buildings and Improvements	6,640,815	7,179,300	18,096,455	4,110,475	24,737,270	11,289,775
Water System	-	-	6,875,872	4,992,475	6,875,872	4,992,475
Wastewater System	-	-	12,957,409	7,257,169	12,957,409	7,257,169
Machinery, Equipment and Vehicles	3,457,500	2,197,336	1,125,655	1,003,118	4,583,155	3,200,454
Construction In Progress	2,565,374	2,537,974	361,121	19,513,085	2,926,495	22,051,059
<b>Total</b>	<b>\$ 22,957,662</b>	<b>\$ 22,787,022</b>	<b>\$ 39,416,512</b>	<b>\$ 36,876,322</b>	<b>\$ 62,374,174</b>	<b>\$ 59,663,344</b>

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

*Governmental Activities*

- A New Fire Pumper Engine for \$585,239
- 26 Mobile Police Radios for \$361,136.
- A New Shade Structure at Veteran's Park Playground for \$96,340
- 5 New Police Vehicles for \$221,877.
- A New 9 Passenger Transit Bus for \$77,771
- Streets Improvements for \$473,842

*Business-type Activities*

- Expansion of the Wastewater Treatment Plan for \$14,074,019
- Bay Acres Sewer for \$5,982,497
- Water Automated Meter Infrastructure (AMI) System for Automatic Meter Reads at \$2,260,256

For government-wide financial statement purposes, capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures. Additional information on the City's capital assets may be found in the Note 5 to the basic financial statements.

**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**(Required Supplementary Information)**  
**For the Year Ended June 30, 2021**

**Debt Administration**

At the end of the fiscal year, the City of Douglas, Arizona had total long-term obligations outstanding of \$52.0 million. The current year increase was the net result of the pledged revenue bond debt service issued in the amount of \$38,885,000 issued to fund the PSPRS net pension obligation, required principal due on outstanding debt, additional capital leases for vehicles, loans through the Water Infrastructure Finance Authority of Arizona, net of required annual debt service payments made on outstanding debt.

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, 2021 is \$3.4 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 \$3.4 million. The City's outstanding bonds are not considered general obligation bonds subject to statutory limits because the bonds are secured by sales taxes.

	<b>Long-Term Debt</b>					
	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital leases	\$ 1,813,691	\$ 2,222,894	\$ 58,148	\$ 57,861	\$ 1,871,839	\$ 2,280,755
Bonds payable	38,885,000	-	-	-	38,885,000	-
Loans payable	2,625,000	3,000,000	8,602,391	8,805,915	11,227,391	11,805,915
<b>Total</b>	<b>\$ 43,323,691</b>	<b>\$ 5,222,894</b>	<b>\$ 8,660,539</b>	<b>\$ 8,863,776</b>	<b>\$ 51,984,230</b>	<b>\$ 14,086,670</b>

Additional information on the City's long-term debt can be found in Note 9 in the Notes to the basic financial statements.

***Economic Factors and Next Year's Budget***

Many factors were considered by the City's officials during the process of developing the fiscal year 2021-22 budget. Among them:

- The City expected additional COVID relief funding through the American Rescue Plan Act (ARPA) and budgeted an additional \$4.4 million towards COVID response activities and eligible capital expenses.
- Budgeted funding the PSPRS unfunded liability to or close to 100% by issuing pledged revenue obligations debt service in the estimated amount of \$40 million.
- The budget City officials developed took a conservative approach with sales tax projections due to the continued uncertainty of COVID and partial border closures, but still was able to fund a \$3.6 million General Fund capital improvement plan and \$1.9 million in the special revenue funds (HURF, Transit).
- The upcoming budget also approved \$5.5 million in capital improvement projects in the Enterprise funds. This included the construction of a new water well at \$1.7 million and \$2.4 million from grant funding sources for water and sewer infrastructure design for the new port of entry. In addition, \$500,000 was also allocated from ARPA funds for the POE water/sewer infrastructure project.
- The budget also included funding for a full 12 months the Deputy City Manager, Parks Maintenance Worker and Mechanic positions with a \$180,000 budget impact.

**City of Douglas**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**(Required Supplementary Information)**  
**For the Year Ended June 30, 2021**

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- The consolidated municipal and justice court costs increased from the prior year for an additional impact of \$154,399.
- A major decrease in revenue of \$400,000 was budgeted for ambulance transport costs due to the reduction in interfacility transports being now mostly absorbed by a third party interfacility ambulance service.
- Council provided direction to utilize FY 20/21 surplus to issue a one-time bonus of \$1,000 to employees at the end of the calendar year 2021 (pro-rated based on the number of months worked in the last 12 months and the number of hours).

**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

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**Basic Financial Statements**

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**Government-Wide Financial Statements**

**City of Douglas**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government			Component Unit
	Governmental	Business-Type		Douglas
	Activities	Activities	Total	Community
				Housing Corp.
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 11,816,135	\$ 7,106,982	\$ 18,923,117	\$ 47,597
Receivables:				
Accounts	232,436	561,124	793,560	1,001
Taxes	945,528	-	945,528	-
Intergovernmental	795,698	1,030,071	1,825,769	-
Inventories	62,109	-	62,109	-
Prepaid items	23,980	-	23,980	31,340
Internal balances	(1,268,602)	1,268,602	-	-
Due from Component Unit	799,065	-	799,065	-
Total current assets	13,406,349	9,966,779	23,373,128	79,938
Noncurrent assets:				
Restricted cash and investment	4,420,446	1,210,316	5,630,762	421,131
Aggregate net pension asset	-	-	-	-
Aggregate net OPEB asset	442,587	6,377	448,964	-
Capital assets:				
Nondepreciable	3,608,465	361,121	3,969,586	265,000
Depreciable, net	19,349,197	39,055,391	58,404,588	2,563,927
Total capital assets, net	22,957,662	39,416,512	62,374,174	2,828,927
Total noncurrent assets	27,820,695	40,633,205	68,453,900	3,250,058
<b>Total assets</b>	41,227,044	50,599,984	91,827,028	3,329,996
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related deferred outflows	41,766,285	346,556	42,112,841	-
OPEB-related deferred outflows	134,434	18,510	152,944	-
<b>Total deferred outflows of resources</b>	41,900,719	365,066	42,265,785	-

**City of Douglas**  
**Statement of Net Position (Continued)**  
**June 30, 2021**

	Primary Government			Component Unit
	Governmental	Business-Type		Douglas
	Activities	Activities	Total	Community
				Housing Corp.
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	142,064	506,014	648,078	21,119
Accrued wages and benefits	333,933	51,644	385,577	2,437
Insurance claims payable	237,519	-	237,519	-
Interest payable	11,835	86,460	98,295	10,028
Deposits payable	42,614	82,100	124,714	26,510
Unearned revenue	97,841	-	97,841	5,646
Due to Primary Government	-	-	-	799,065
Compensated absences - due within one year	702,776	119,067	821,843	-
Long-term debt - due within one year	1,918,257	651,140	2,569,397	82,385
<b>Total current liabilities</b>	<b>3,486,839</b>	<b>1,496,425</b>	<b>4,983,264</b>	<b>947,190</b>
Long-term liabilities:				
Compensated absences - due in more than one year	858,949	29,766	888,715	-
Long-term debt - due in more than one year	41,405,434	8,009,399	49,414,833	3,908,708
Aggregate net pension liability - due in more than one year	38,257,550	1,583,775	39,841,325	-
Aggregate net OPEB liability - due in more than one year	25,914	6,866	32,780	-
<b>Total long-term liabilities</b>	<b>80,547,847</b>	<b>9,629,806</b>	<b>90,177,653</b>	<b>3,908,708</b>
<b>Total liabilities</b>	<b>84,034,686</b>	<b>11,126,231</b>	<b>95,160,917</b>	<b>4,855,898</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related deferred inflows	653,354	34,202	687,556	-
OPEB-related deferred inflows	215,893	13,086	228,979	-
<b>Total deferred inflows of resources</b>	<b>869,247</b>	<b>47,288</b>	<b>916,535</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	18,756,696	30,755,973	49,512,669	(1,162,166)
Restricted for:				
PSPRS contingency reserve	4,070,000	-	4,070,000	-
Firefighters injured in line of duty	145,366	-	145,366	-
Federal and state grant programs	428,599	-	428,599	-
Law enforcement operations	125,645	-	125,645	-
Local transportation	436,231	-	436,231	-
Highways and streets by A.R.S. 28-6533	1,161,419	-	1,161,419	-
Housing and redevelopment	308,763	-	308,763	-
Debt service	-	779,471	779,471	-
Repair and replacement	-	348,745	348,745	-
Other restricted deposits	-	82,100	82,100	-
<b>Total restricted</b>	<b>6,676,023</b>	<b>1,210,316</b>	<b>7,886,339</b>	<b>-</b>
Unrestricted (deficit)	(27,208,889)	7,825,242	(19,383,647)	(363,736)
<b>Total net position (deficit)</b>	<b>\$ (1,776,170)</b>	<b>\$ 39,791,531</b>	<b>\$ 38,015,361</b>	<b>\$ (1,525,902)</b>

**City of Douglas**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 3,928,915	\$ 1,424,559	\$ 1,859,063	\$ -	\$ 3,283,622
Public safety	11,990,879	820,642	887,853	-	1,708,495
Highways and streets	2,418,139	-	1,919,088	-	1,919,088
Transportation	984,314	736	1,187,101	-	1,187,837
Culture and recreation	2,207,620	280,867	60,680	-	341,547
Redevelopment and housing	949,544	-	920,654	-	920,654
Interest and fiscal charges	261,413	-	-	-	-
<b>Total governmental activities</b>	<b>22,740,824</b>	<b>2,526,804</b>	<b>6,834,439</b>	<b>-</b>	<b>9,361,243</b>
<b>Business-Type activities:</b>					
Water	2,130,546	2,085,908	-	-	2,085,908
Sewer	2,045,785	2,873,077	-	3,685,847	6,558,924
Solid waste	1,182,167	1,288,964	-	-	1,288,964
<b>Total business-type activities</b>	<b>5,358,498</b>	<b>6,247,949</b>	<b>-</b>	<b>3,685,847</b>	<b>9,933,796</b>
<b>Total primary government</b>	<b>\$ 28,099,322</b>	<b>\$ 8,774,753</b>	<b>\$ 6,834,439</b>	<b>\$ 3,685,847</b>	<b>\$ 19,295,039</b>
<b>Component unit:</b>					
Douglas Community Housing Corporation	\$ 711,721	\$ 639,638	\$ -	\$ -	\$ 639,638
<b>Total component unit</b>	<b>\$ 711,721</b>	<b>\$ 639,638</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 639,638</b>

**City of Douglas**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2021**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	Douglas Community Housing Corp.
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ (645,293)	\$ -	\$ (645,293)	\$ -
Public safety	(10,282,384)	-	(10,282,384)	-
Highways and streets	(499,051)	-	(499,051)	-
Transportation	203,523	-	203,523	-
Culture and recreation	(1,866,073)	-	(1,866,073)	-
Redevelopment and housing	(28,890)	-	(28,890)	-
Interest and fiscal charges	(261,413)	-	(261,413)	-
<b>Total governmental activities</b>	<b>(13,379,581)</b>	<b>-</b>	<b>(13,379,581)</b>	<b>-</b>
<b>Business-Type activities:</b>				
Water	-	(44,638)	(44,638)	-
Sewer	-	4,513,139	4,513,139	-
Solid waste	-	106,797	106,797	-
<b>Total business-type activities</b>	<b>-</b>	<b>4,575,298</b>	<b>4,575,298</b>	<b>-</b>
<b>Total primary government</b>	<b>(13,379,581)</b>	<b>4,575,298</b>	<b>(8,804,283)</b>	<b>-</b>
<b>Component unit:</b>				
Douglas Community Housing Corporation	-	-	-	(72,083)
<b>Total component unit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(72,083)</b>
<b>General revenues:</b>				
Taxes:				
Sales taxes	8,854,433	-	8,854,433	-
Property taxes	634,856	-	634,856	-
Motor vehicle in-lieu taxes	1,022,527	-	1,022,527	-
Franchise taxes	101,382	-	101,382	-
Transient occupancy taxes	324,192	-	324,192	-
<b>Total taxes</b>	<b>10,937,390</b>	<b>-</b>	<b>10,937,390</b>	<b>-</b>
State share revenue	4,235,232	-	4,235,232	-
Investment earnings	31,208	8,216	39,424	-
Miscellaneous	303,952	61,223	365,175	52,706
Gain (loss) on sale of assets	46,725	-	46,725	-
<b>Transfers</b>	<b>185,682</b>	<b>(185,682)</b>	<b>-</b>	<b>-</b>
<b>Total general revenues and transfers</b>	<b>15,740,189</b>	<b>(116,243)</b>	<b>15,623,946</b>	<b>52,706</b>
<b>Change in net position</b>	<b>2,360,608</b>	<b>4,459,055</b>	<b>6,819,663</b>	<b>(19,377)</b>
<b>Net position (deficit) - beginning of year</b>	<b>(4,136,778)</b>	<b>35,332,476</b>	<b>31,195,698</b>	<b>(1,506,525)</b>
<b>Net position (deficit) - end of year</b>	<b>\$ (1,776,170)</b>	<b>\$ 39,791,531</b>	<b>\$ 38,015,361</b>	<b>\$ (1,525,902)</b>

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**Fund Financial Statements**

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

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**Governmental Fund Financial Statements**

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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, 2021**

	Major Funds			
	General Fund	City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 8,968,246	\$ -	\$ 2,176,561	\$ 11,144,807
Receivables:				
Accounts	205,457	-	26,979	232,436
Taxes	945,528	-	-	945,528
Intergovernmental	260,571	-	535,127	795,698
Inventories	62,109	-	-	62,109
Prepaid items	23,980	-	-	23,980
Advances to other funds	24,225	-	-	24,225
Due from Component Unit	799,065	-	-	799,065
Restricted cash and investments	4,341,921	-	78,525	4,420,446
<b>Total assets</b>	<b>\$ 15,631,102</b>	<b>\$ -</b>	<b>\$ 2,817,192</b>	<b>\$ 18,448,294</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 81,847	\$ -	\$ 60,217	\$ 142,064
Accrued wages and benefits	288,985	-	44,948	333,933
Deposits payable	404	-	42,210	42,614
Unearned revenue	93,841	-	4,000	97,841
Advances from other funds	1,140,000	-	24,225	1,164,225
<b>Total liabilities</b>	<b>1,605,077</b>	<b>-</b>	<b>175,600</b>	<b>1,780,677</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	53,491	-	1,731	55,222
<b>Total deferred inflows of resources</b>	<b>53,491</b>	<b>-</b>	<b>1,731</b>	<b>55,222</b>
<b>Fund Balances:</b>				
Nonspendable	909,379	-	-	909,379
Restricted	4,453,091	-	2,496,768	6,949,859
Committed	-	-	143,093	143,093
Unassigned	8,610,064	-	-	8,610,064
<b>Total fund balances</b>	<b>13,972,534</b>	<b>-</b>	<b>2,639,861</b>	<b>16,612,395</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 15,631,102</b>	<b>\$ -</b>	<b>\$ 2,817,192</b>	<b>\$ 18,448,294</b>

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, 2021**

<b>Total Fund Balances - Total Governmental Funds</b>	\$ 16,612,395
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>22,957,662</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	(702,776)
Compensated absences - due in more than one year	(858,949)
Long-term debt - due within one year	(1,918,257)
Long-term debt - due in more than one year	<u>(41,405,434)</u>
	<u>(44,885,416)</u>
Aggregate net OPEB asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>442,587</u>
Actuarially determined deferred outflows of resources are reported in the government-wide statements:	
OPEB-related deferred outflows	41,766,285
Pension-related deferred outflows	<u>134,434</u>
	<u>41,900,719</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>(38,257,550)</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>(25,914)</u>
Actuarially determined deferred inflows of resources are reported in the government-wide statements:	
OPEB-related deferred outflows	(653,354)
Pension-related deferred outflows	<u>(215,893)</u>
	<u>(869,247)</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>(11,835)</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>55,222</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.	433,809
Less: amount attributable to the Business-Type Activities	<u>(128,602)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ (1,776,170)</u></u>

**City of Douglas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	Major Funds			
	General Fund	City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Sales taxes	\$ 8,854,393	\$ -	\$ 40	\$ 8,854,433
Property taxes	637,925	-	-	637,925
Franchise taxes	324,192	-	-	324,192
Transient occupancy taxes	101,382	-	-	101,382
Intergovernmental	7,908,534	-	4,208,749	12,117,283
Fines and forfeitures	7,663	-	-	7,663
Licenses and permits	177,124	-	-	177,124
Charges for services	1,150,478	-	221,466	1,371,944
Rents and royalties	927,110	-	2,218	929,328
Investment income	29,049	-	2,159	31,208
Miscellaneous	100,403	-	218,669	319,072
	<u>20,218,253</u>	<u>-</u>	<u>4,653,301</u>	<u>24,871,554</u>
<b>EXPENDITURES:</b>				
Current:				
General government	3,429,612	-	45,086	3,474,698
Public safety	44,605,634	-	217,155	44,822,789
Highways and streets	510,589	-	922,209	1,432,798
Transportation	-	-	901,787	901,787
Culture and recreation	1,475,256	-	238,793	1,714,049
Redevelopment and housing	-	-	949,544	949,544
Capital outlay	1,028,899	-	1,623,627	2,652,526
Debt service:				
Principal	95,840	791,785	5,544	893,169
Interest and fiscal charges	25,937	234,758	1,665	262,360
<b>Total expenditures</b>	<u>51,171,767</u>	<u>1,026,543</u>	<u>4,905,410</u>	<u>57,103,720</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(30,953,514)</u>	<u>(1,026,543)</u>	<u>(252,109)</u>	<u>(32,232,166)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Obligations incurred on capital leases	108,966	-	-	108,966
Proceeds from bond issuance	38,885,000	-	-	38,885,000
Sales of property	-	-	46,725	46,725
Transfers in	155,404	1,026,543	488,613	1,670,560
Transfers out	(1,390,775)	-	(94,103)	(1,484,878)
<b>Total other financing sources (uses)</b>	<u>37,758,595</u>	<u>1,026,543</u>	<u>441,235</u>	<u>39,226,373</u>
<b>Net changes in fund balances</b>	<u>6,805,081</u>	<u>-</u>	<u>189,126</u>	<u>6,994,207</u>
<b>FUND BALANCES:</b>				
Beginning of year	7,167,453	-	2,450,735	9,618,188
End of year	<u>\$ 13,972,534</u>	<u>\$ -</u>	<u>\$ 2,639,861</u>	<u>\$ 16,612,395</u>

See accompanying Notes to the Basic Financial Statements.

**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, 2021**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 6,994,207</b>
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.	2,652,526
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.	(2,481,886)
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	(38,993,966)
Principal payment of long-term debt	893,169
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.	947
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.	33,122,191
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.	83,292
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	(8,962)
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.	(2,529)
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.	107,267
Less: amount attributable to the Business-Type Activities	(5,648)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,360,608</b>

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For the Year Ended June 30, 2021

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For the Year Ended June 30, 2021

**Proprietary Fund Financial Statements**

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

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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, 2021**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Solid Waste	Total
ASSETS				
Current assets:				
Cash and cash investments	\$ 3,752,138	\$ 2,427,028	\$ 927,816	\$ 7,106,982
Receivables:				
Accounts	246,831	200,016	114,277	561,124
Taxes	-	-	-	-
Intergovernmental	-	1,030,071	-	1,030,071
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total current assets	3,998,969	3,657,115	1,042,093	8,698,177
Noncurrent assets:				
Advances to other funds	633,283	315,779	190,938	1,140,000
Restricted cash and cash equivalents	287,936	897,003	25,377	1,210,316
Net OPEB Asset	986	1,666	3,725	6,377
Capital assets:				
Non-depreciable	50,058	300,767	10,296	361,121
Depreciable, net	6,974,443	31,269,950	810,998	39,055,391
Total capital assets	7,024,501	31,570,717	821,294	39,416,512
Total noncurrent assets	7,946,706	32,785,165	1,041,334	41,773,205
Total assets	11,945,675	36,442,280	2,083,427	50,471,382
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	187,450	90,534	68,572	346,556
OPEB-related deferred outflows	4,507	4,835	9,168	18,510
Total deferred outflows of resources	191,957	95,369	77,740	365,066
LIABILITIES				
Current liabilities:				
Accounts payable	224,805	241,421	39,788	506,014
Accrued payroll and related liabilities	27,504	12,219	11,921	51,644
Insurance claims payable	-	-	-	-
Interest payable	14,537	71,923	-	86,460
Deposits payable	30,281	26,442	25,377	82,100
Due to other funds	-	-	-	-
Compensated absences - due within one year	62,400	36,261	20,406	119,067
Long-term debt - due within one year	152,058	499,082	-	651,140
Total current liabilities	511,585	887,348	97,492	1,496,425
Noncurrent liabilities:				
Compensated absences - due in more than one year	15,600	9,065	5,101	29,766
Long term debt - due in more than one year	1,211,771	6,797,628	-	8,009,399
Aggregate net pension liability	856,656	413,744	313,375	1,583,775
Aggregate net OPEB liability	3,714	1,794	1,358	6,866
Total noncurrent liabilities	2,087,741	7,222,231	319,834	9,629,806
Total liabilities	2,599,326	8,109,579	417,326	11,126,231
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred outflows	18,499	8,935	6,768	34,202
OPEB-related deferred outflows	2,198	3,419	7,469	13,086
Total deferred inflows of resources	20,697	12,354	14,237	47,288
NET POSITION				
Net investment in capital assets	5,660,672	24,274,007	821,294	30,755,973
Restricted for:				
Debt service	257,655	521,816	-	779,471
Repair and replacement	-	348,745	-	348,745
Other restricted deposits	30,281	26,442	25,377	82,100
Total restricted	287,936	897,003	25,377	1,210,316
Unrestricted	3,569,001	3,244,706	882,933	7,696,640
Total net position	\$ 9,517,609	\$ 28,415,716	\$ 1,729,604	\$ 39,662,929
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				128,602
Net position of business-type activities				\$ 39,791,531

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, 2021**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Solid Waste	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,067,664	\$ 1,969,872	\$ 1,288,964	\$ 5,326,500
Other revenue	43,839	17,112	272	61,223
<b>Total operating revenues</b>	<b>2,111,503</b>	<b>1,986,984</b>	<b>1,289,236</b>	<b>5,387,723</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	679,558	539,089	420,135	1,638,782
Materials, supplies and operational expenses	895,808	697,041	544,997	2,137,846
Insurance claims, premiums, and administration	63,092	38,551	54,221	155,864
Depreciation	459,839	624,637	164,779	1,249,255
<b>Total operating expenses</b>	<b>2,098,297</b>	<b>1,899,318</b>	<b>1,184,132</b>	<b>5,181,747</b>
<b>OPERATING INCOME</b>	<b>13,206</b>	<b>87,666</b>	<b>105,104</b>	<b>205,976</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Impact fees	18,244	903,205	-	921,449
Investment income	2,419	5,366	431	8,216
Interest expense	(33,646)	(148,753)	-	(182,399)
Intergovernmental	-	3,685,847	-	3,685,847
<b>Total nonoperating revenues (expenses)</b>	<b>(12,983)</b>	<b>4,445,665</b>	<b>431</b>	<b>4,433,113</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>223</b>	<b>4,533,331</b>	<b>105,535</b>	<b>4,639,089</b>
<b>TRANSFERS:</b>				
Transfers out	(89,340)	(57,064)	(39,278)	(185,682)
<b>Total transfers</b>	<b>(89,340)</b>	<b>(57,064)</b>	<b>(39,278)</b>	<b>(185,682)</b>
<b>Changes in net position</b>	<b>(89,117)</b>	<b>4,476,267</b>	<b>66,257</b>	<b>4,453,407</b>
<b>NET POSITION:</b>				
Beginning of year	9,606,726	23,939,449	1,663,347	326,542
End of year	\$ 9,517,609	\$ 28,415,716	\$ 1,729,604	\$ 433,809
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				5,648
End of year change in net position of business-type activities				\$ 4,459,055

**City of Douglas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Solid Waste	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers and others	\$ 2,036,529	\$ 1,954,585	\$ 1,290,626	\$ 5,281,740	\$ -
Cash received from interfund services provided	-	-	-	-	-
Cash payments to suppliers for goods and services	(780,042)	(1,475,400)	(611,156)	(2,866,598)	(1,043,990)
Cash payments to employees for services	(748,653)	(495,337)	(462,130)	(1,706,120)	-
Other operating revenues and expenses	43,839	17,112	272	61,223	1,212,942
Net cash provided by operating activities	551,673	960	217,612	770,245	168,952
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash received from repayment of advances	138,878	69,250	41,872	250,000	-
Transfers out	(89,340)	(57,064)	(39,278)	(185,682)	-
Net cash provided by noncapital financing activities	49,538	12,186	2,594	64,318	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Impact fees received	18,244	903,205	-	921,449	-
Capital grants received	-	2,964,246	-	2,964,246	-
Acquisition of capital assets	(287,471)	(3,358,878)	(143,096)	(3,789,445)	-
Proceeds from issuance of capital-related debt	234,266	196,885	-	431,151	-
Principal paid on capital-related debt	(148,035)	(486,353)	-	(634,388)	-
Interest paid on capital-related debt	(34,061)	(151,666)	-	(185,727)	-
Net cash (used in) capital and related financing activities	(217,057)	67,439	(143,096)	(292,714)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income	2,419	5,366	431	8,216	271
Net cash provided by investing activities	2,419	5,366	431	8,216	271
Net increase in cash and cash equivalents	386,573	85,951	77,541	550,065	169,223
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	3,653,501	3,238,080	875,652	7,767,233	502,105
End of year	\$ 4,040,074	\$ 3,324,031	\$ 953,193	\$ 8,317,298	\$ 671,328
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>					
Cash and cash investments	\$ 3,752,138	\$ 2,427,028	\$ 927,816	\$ 7,106,982	\$ 671,328
Restricted cash and investments	287,936	897,003	25,377	1,210,316	-
Total cash and cash equivalents	\$ 4,040,074	\$ 3,324,031	\$ 953,193	\$ 8,317,298	\$ 671,328

See accompanying Notes to the Basic Financial Statements.

**City of Douglas**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Solid Waste		
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income	\$ 13,206	\$ 87,666	\$ 105,104	\$ 205,976	\$ 106,996
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	459,839	624,637	164,779	1,249,255	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Accounts receivable	(19,867)	(5,161)	11,381	(13,647)	-
Aggregate net OPEB asset	430	(1,105)	(3,171)	(3,846)	-
Pension-related deferred outflows	(101,650)	(57,155)	(36,051)	(194,856)	-
OPEB-related deferred outflows	3,014	(1,862)	(6,250)	(5,098)	-
Accounts payable	178,858	(739,808)	(11,938)	(572,888)	-
Accrued payroll and related liabilities	17,007	10,284	10,098	37,389	-
Insurance claims payable	-	-	-	-	61,956
Deposits payable	(11,268)	(10,126)	(9,719)	(31,113)	-
Compensated absences	5,016	5,746	(4,291)	6,471	-
Aggregate net pension liability	83,217	112,849	20,226	216,292	-
Aggregate net OPEB liability	286	447	57	790	-
Pension-related deferred inflows	(74,801)	(27,363)	(28,595)	(130,759)	-
OPEB-related deferred outflows	(1,614)	1,911	5,982	6,279	-
<b>Total adjustments</b>	<u>538,467</u>	<u>(86,706)</u>	<u>112,508</u>	<u>564,269</u>	<u>61,956</u>
<b>Net cash provided by operating activities</b>	<u>\$ 551,673</u>	<u>\$ 960</u>	<u>\$ 217,612</u>	<u>\$ 770,245</u>	<u>\$ 168,952</u>

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**Notes to the Basic Financial Statements**

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**City of Douglas**  
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**City of Douglas**  
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**City of Douglas**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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**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, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

**Blended Component Units (Continued)**

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

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

**Discretely Presented Component Units**

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

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

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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**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, 2021**

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**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, 2021**

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**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.

**Discretely Presented Component Unit Financial Statements**

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

***C. Cash, Cash Equivalents and Investments***

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

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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Cash, Cash Equivalents and Investments (Continued)**

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

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

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

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

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

**D. Restricted Cash and Investments**

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

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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***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 \$11,681.

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

***F. Fair Value Measurement***

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

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

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

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

***G. Due from Component Unit***

Due from component unit recorded in the governmental activities column of the government-wide financial statements represents a loan due from Rancho La Perilla Housing Corporation, a discretely presented component unit of the City. Rancho La Perilla 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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***H. Capital Assets (Continued)***

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.

***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.

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***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:

The following timeframes are used for pension/OPEB reporting:

<u>ASRS</u>	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
 <u>PSPRS</u>	
Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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, 2021**

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**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, 2010, the City Council adopted the fund balance policy authorizing the City Manager to make the assignments.

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

***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, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***O. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2021***

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, 2021. 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. 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. Application of this statement did not have a significant effect on the City's financial statements for the fiscal year ending June 30, 2021.

*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 did not have a significant effect on the City's financial statements for the fiscal year ending June 30, 2021.

*GASB Statement No. 98*

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, to establish the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. Application of this statement did not have a significant effect on the City's financial statements for the 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, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***P. Upcoming Governmental Accounting Standards Implementation***

*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. 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.

*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.

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***P. Upcoming Governmental Accounting Standards Implementation (Continued)***

*GASB Statement No. 94*

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

*GASB Statement No. 96*

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

*GASB Statement No. 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.

**Note 2 – Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the government-wide Statement of Net Position as "Cash and investments" and "Restricted cash and investments". The following is a summary of cash and investments and restricted cash and investments at June 30, 2021:

	Primary Government			Component Unit	Government Wide
	Governmental Activities	Business-type Activities	Total		
Cash and investments	\$ 11,816,135	\$ 7,106,982	\$ 18,923,117	\$ 47,597	\$ 18,970,714
Restricted cash and investments	4,420,446	1,210,316	5,630,762	421,131	6,051,893
<b>Total</b>	<b>\$ 16,236,581</b>	<b>\$ 8,317,298</b>	<b>\$ 24,553,879</b>	<b>\$ 468,728</b>	<b>\$ 25,022,607</b>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

Cash, cash equivalents, and investments, excluding investments with fiscal agents, consisted of the following at June 30, 2021:

<b>Cash and cash equivalents:</b>	
Petty cash	\$ 5,400
Demand deposits	1,188,211
Restricted demand deposits	5,273,282
<b>Investments:</b>	
Local Government Investment Pool - Pool 5	17,777,103
Restricted Local Government Investment Pool - Pool 500	778,611
<b>Total</b>	<u><u>\$ 25,022,607</u></u>

The City's investments at June 30, 2021, categorized within the fair value hierarchy as described in Note 1F are as follows:

Investment Type	Total Fair Value	Measurement Inputs
<b>External Investment Pools measured at Fair Value</b>		
Local Government Investment Pool - Pool 5	\$ 17,777,103	Uncategorized
Local Government Investment Pool - Pool 500	778,611	Uncategorized
Total investment pools measured at fair value	<u>18,555,714</u>	
<b>Total investments</b>	<u><u>\$ 18,555,714</u></u>	

**A. Cash Deposits**

The carrying value of the City's demand deposits at June 30, 2021 was \$6,461,493 and the bank balance was \$6,981,197. Of the bank balance, \$6,222,562 was covered by federal depository insurance, \$758,635 was uninsured and covered by collateral held by the City's custodial bank in the City's name. Cash on deposit with the county attorney was insured by federal depository insurance or was uninsured and collateralized by securities held by the pledging financial institution in the trustee's name.

**B. Investments**

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

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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

**C. External Investment Pool**

The State Treasurer's Pool is an external investment pool, the Local Government Investment Pool (Pool 5 and Pool 500), with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The City's investments in the State Treasurer's investment pools in the amount of \$18,555,714 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, 2021, the City's investments had the following maturities:

	Amount	Weighted Average Maturities (in Years)	
		1 year or less	1 - 5 years
<b>Investments:</b>			
Local Government Investment Pool - Pool 5	\$ 17,777,103	\$ 17,777,103	\$ -
Local Government Investment Pool - Pool 500	778,611	-	778,611
<b>Total</b>	<b>\$ 18,555,714</b>	<b>\$ 17,777,103</b>	<b>\$ 778,611</b>

**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
<b>Investments:</b>			
Local Government Investment Pool - Pool 5	\$ 17,777,103	AAA	Not applicable
Local Government Investment Pool - Pool 500	778,611	AA-2	Not applicable
<b>Total</b>	<b>\$ 18,555,714</b>		

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

***D. Risk Disclosures (Continued)***

**Custodial Credit Risk**

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

**Concentration of Credit Risk**

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

***E. Restricted Cash and Investments***

Restricted cash and investments at June 30, 2021, consisted of the following:

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>
Loan debt service reserve requirement	\$ -	\$ 1,128,216	\$ 1,128,216	\$ -
Restricted customer deposits	-	82,100	82,100	26,550
Housing restricted cash and investments	78,525	-	78,525	-
Unspent capital lease proceeds	237,725	-	237,725	-
Unspent bond proceeds	4,104,196	-	4,104,196	-
Funds held by mortgage (HUD required)	-	-	-	394,581
<b>Total</b>	<b>\$ 4,420,446</b>	<b>\$ 1,210,316</b>	<b>\$ 5,630,762</b>	<b>\$ 421,131</b>

**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:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Funds Subtotal</b>	<b>Sewer Fund</b>	<b>Total</b>
Due from federal government	\$ 12,642	\$ 4,469	\$ 17,111	\$ 1,030,071	\$ 1,047,182
Due from state government	225,752	453,615	679,367	-	679,367
Due from local government	22,177	77,043	99,220	-	99,220
<b>Total</b>	<b>\$ 260,571</b>	<b>\$ 535,127</b>	<b>\$ 795,698</b>	<b>\$ 1,030,071</b>	<b>\$ 1,825,769</b>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 3 – Intergovernmental Receivables (Continued)**

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable:		
(General Fund)	\$ 53,491	\$ -
Unavailable grant revenue:		
(Nonmajor Governmental Funds)	1,731	-
Unearned revenue:		
(General Fund)	-	93,841
(Nonmajor Governmental Funds)	-	4,000
	<u>\$ 55,222</u>	<u>\$ 97,841</u>

**Note 4 – Interfund Balances and Transactions**

**A. Transfers**

At June 30, 2021, the City had the following transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	HURF Fund	\$ 25,847	Administrative cost
General Fund	Water Fund	46,836	Administrative cost
General Fund	Sewer Fund	48,154	Administrative cost
General Fund	Solid Waste Fund	34,567	Administrative cost
	<b>Subtotal</b>	<u>155,404</u>	
Debt Service Fund	General Fund	902,162	Debt service
Debt Service Fund	HURF Fund	68,256	Debt service
Debt Service Fund	Water Fund	42,504	Debt service
Debt Service Fund	Sewer Fund	8,910	Debt service
Debt Service Fund	Solid Waste Fund	4,711	Debt service
	<b>Subtotal</b>	<u>1,026,543</u>	
Grants Special Revenue Fund	General Fund	2,733	Capital projects
Capital Projects Fund	General Fund	485,880	Capital projects
	<b>Total</b>	<u>\$ 1,670,560</u>	

**B. Long-Term Advances**

At June 30, 2021, the balances of long-term advances were as follows:

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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 4 – Interfund Balances and Transactions (Continued)**

**B. Long-Term Advances (Continued)**

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, 2021, the outstanding balance of the agreement was \$1,140,000.

General Fund Advance to the Golf Course Fund

The General Fund loan is the result of the Nonmajor Golf Course MPC Fund requiring a cash flow loan for operating expenses. The repayment of the loan is to be funded through operating activities. At June 30, 2021, the outstanding balance of the advance was \$24,225.

**Note 5 – Capital Assets**

**A. Governmental Activities**

Summary of changes in capital assets for governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
<b>Nondepreciable assets:</b>					
Land	\$ 1,043,091	\$ -	\$ -	\$ -	\$ 1,043,091
Construction in progress	2,537,974	1,255,771	-	(1,228,371)	2,565,374
<b>Total nondepreciable assets</b>	<b>3,581,065</b>	<b>1,255,771</b>	<b>-</b>	<b>(1,228,371)</b>	<b>3,608,465</b>
<b>Depreciable assets</b>					
Land improvements	5,496,207	49,164	-	85,012	5,630,383
Streets and storm drains	23,306,696	-	-	388,889	23,695,585
Buildings and improvements	16,145,058	16,902	-	84,076	16,246,036
Machinery and equipment	14,000,546	515,756	(12,318)	568,028	15,072,012
Vehicles	6,780,271	814,933	(39,976)	102,366	7,657,594
<b>Subtotal</b>	<b>65,728,778</b>	<b>1,396,755</b>	<b>(52,294)</b>	<b>1,228,371</b>	<b>68,301,610</b>
<b>Less accumulated depreciation</b>					
Land improvements	(3,927,002)	(238,773)	-	-	(4,165,775)
Streets and storm drains	(15,046,580)	(862,731)	-	-	(15,909,311)
Buildings and improvements	(8,965,758)	(639,463)	-	-	(9,605,221)
Machinery and equipment	(12,736,053)	(354,591)	12,318	-	(13,078,326)
Vehicles	(5,847,428)	(386,328)	39,976	-	(6,193,780)
<b>Subtotal</b>	<b>(46,522,821)</b>	<b>(2,481,886)</b>	<b>52,294</b>	<b>-</b>	<b>(48,952,413)</b>
<b>Total depreciable assets, net</b>	<b>19,205,957</b>	<b>(1,085,131)</b>	<b>-</b>	<b>1,228,371</b>	<b>19,349,197</b>
<b>Total</b>	<b>\$ 22,787,022</b>	<b>\$ 170,640</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,957,662</b>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 5 – Capital Assets (Continued)**

**A. Governmental Activities (Continued)**

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2021 are as follows:

General government	\$ 406,631
Public safety	516,676
Highways and streets	984,049
Transportation	81,235
Culture and recreation	493,295
<b>Total depreciation expense</b>	<b>\$ 2,481,886</b>

**B. Business-Type Activities**

Summary of changes in capital assets for business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Transfers /Reclassifications	Balance June 30, 2021
<b>Nondepreciable assets:</b>					
Construction in progress	\$ 19,513,085	\$ 3,454,565	\$ -	\$ (22,606,529)	\$ 361,121
<b>Total nondepreciable assets</b>	19,513,085	3,454,565	-	(22,606,529)	361,121
<b>Depreciable assets</b>					
Water distribution system	16,118,082	56,030	-	2,260,257	18,434,369
Wastewater systems	14,885,320	63,760	-	5,982,497	20,931,577
Building and improvements	7,905,442	113,837	-	14,074,019	22,093,298
Vehicles, machinery and equipment	4,251,088	101,253	-	289,756	4,642,097
<b>Subtotal</b>	43,159,932	334,880	-	22,606,529	66,101,341
<b>Less accumulated depreciation</b>					
Water distribution system	(11,125,607)	(432,890)	-	-	(11,558,497)
Wastewater systems	(7,628,151)	(346,017)	-	-	(7,974,168)
Building and improvements	(3,794,967)	(201,876)	-	-	(3,996,843)
Vehicles, machinery and equipment	(3,247,970)	(268,472)	-	-	(3,516,442)
<b>Subtotal</b>	(25,796,695)	(1,249,255)	-	-	(27,045,950)
<b>Total depreciable assets, net</b>	17,363,237	(914,375)	-	22,606,529	39,055,391
<b>Total</b>	\$ 36,876,322	\$ 2,540,190	\$ -	\$ -	\$ 39,416,512

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2021 are as follows:

Water	\$ 459,839
Sewer	624,637
Solid Waste	164,779
<b>Total depreciation expense</b>	<b>\$ 1,249,255</b>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**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, 2021, is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Nondepreciable assets:</b>				
Land	\$ 265,000	\$ -	\$ -	\$ 265,000
<b>Total nondepreciable assets</b>	265,000	-	-	265,000
<b>Depreciable assets</b>				
Buildings and improvements	5,207,564	-	-	5,207,564
Furniture and equipment	26,278	-	-	26,278
<b>Subtotal</b>	5,233,842	-	-	5,233,842
<b>Less accumulated depreciation</b>				
Buildings and improvements	(2,515,221)	(130,186)	-	(2,645,407)
Furniture and equipment	(23,750)	(758)	-	(24,508)
<b>Subtotal</b>	(2,538,971)	(130,944)	-	(2,669,915)
<b>Total depreciable assets, net</b>	2,694,871	(130,944)	-	2,563,927
<b>Total</b>	\$ 2,959,871	\$ (130,944)	\$ -	\$ 2,828,927

Depreciation expense for the component unit for the year ended June 30, 2021 was \$130,944.

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 6 – Long-Term Debt**

**A. Summary**

	<b>Final Maturity</b>	<b>Remaining Interest Rate</b>	<b>Remaining Annual Principal Installments</b>	<b>Original Issue Amounts</b>	<b>Outstanding at June 30, 2021</b>
<b>Governmental Activities</b>					
Public borrowings:					
2021 Pledged Revenue Bonds	1/1/2039	0.27 - 2.92%	\$40,751 - \$789,922	\$ 38,885,000	\$ 38,885,000
Direct borrowings:					
Capital leases	3/30/2028	2.56 - 6.03%	\$98,971 - \$468,981	\$ 2,902,773	\$ 1,813,691
Call Center loan payable	7/1/2028	4.29 - 5.63%	\$375,000	9,000,000	2,625,000
Total Governmental Activities				<u>\$ 50,787,773</u>	<u>\$ 43,323,691</u>
<b>Business-Type Activities</b>					
Direct borrowings:					
Capital leases	2/1/2023	6.42%	\$22,598 - \$13,659	\$ 106,637	\$ 58,148
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2029	2.00%	\$85,982 - \$104,417	2,677,286	673,567
Water Infrastructure Finance Authority of Arizona Issued 2018-2019 (WIFA)	7/1/2033	1.81%	\$38,436 - \$51,669	1,500,000	661,257
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2027	2.81%	\$224,930 - \$262,660	1,500,000	2,231,837
Water Infrastructure Finance Authority of Arizona Issued 2015-2016 (WIFA)	7/1/2034	2.00%	\$39,887 - \$56,267	900,000	674,740
Water Infrastructure Finance Authority of Arizona Issued 2016-2017 (WIFA)	7/1/2037	1.89%	\$120,174 - \$291,427	5,500,000	4,360,990
Total Business-Type Activities				<u>\$ 12,183,923</u>	<u>\$ 8,660,539</u>
<b>Component Unit</b>					
Direct borrowings:					
HUD mortgage note payable	5/1/2042	2.95%	\$76,314-\$3,643,617	5,008,546	3,991,093
Total Component Unit				<u>\$ 5,008,546</u>	<u>\$ 3,991,093</u>

**B. Governmental Activities**

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2021 is as follows:

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2021</b>	<b>Classification</b>	
					<b>Due Within One Year</b>	<b>Due In More Than One Year</b>
Capital leases	\$ 2,222,894	\$ 108,966	\$ (518,169)	\$ 1,813,691	\$ 433,257	\$ 1,380,434
2021 Pledged Revenue Bonds	-	38,885,000	-	38,885,000	1,485,000	37,400,000
Call Center loan payable	3,000,000	-	(375,000)	2,625,000	-	2,625,000
<b>Total long-term debt</b>	<u>\$ 5,222,894</u>	<u>\$ 38,993,966</u>	<u>\$ (893,169)</u>	<u>\$ 43,323,691</u>	<u>\$ 1,918,257</u>	<u>\$ 41,405,434</u>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 6 – Long-Term Debt (Continued)**

**B. Governmental Activities (Continued)**

**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, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 459,172	\$ 62,430	\$ 521,602
2023	451,498	45,408	496,906
2024	364,188	28,945	393,133
2025	220,438	18,137	238,575
2026	98,971	11,385	110,356
2027-2028	219,424	10,790	230,214
Total	<u>\$ 1,813,691</u>	<u>\$ 177,095</u>	<u>\$ 1,990,786</u>

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:

Construction in progress	\$ 628,483
Buildings and improvements	895,329
Machinery and equipment	651,894
Vehicles	526,531
Less: accumulated depreciation	<u>(790,926)</u>
Subtotal	1,911,311
Unspent capital lease proceeds	<u>237,725</u>
Total	<u>\$ 2,149,036</u>

**2021 Pledged Revenue Bonds**

On June 29, 2021, the City issued Pledged Revenue Refunding Bonds, Series 2021 in the amount of \$38,885,000, maturing through 2039 in annual principal payments ranging in amounts from \$1,485,000 to \$2,795,000. Interest is payable semi-annually ranging from 0.27% to 2.92%. The proceeds of the bonds were used to: (i) fund all or a portion of the City's unfunded liabilities with respect to Arizona Public Safety Personnel Retirement System ("PSPRS"), (ii) fund amounts all or portion of which will fund future portions of the City's unfunded liabilities with respect to PSPRS and, (iii) paying costs incurred in connection with the execution and delivery of the Bonds. The total of \$34,317,039 was deposited to PSPRS, \$4,070,000 to the additional projects fund, and \$497,961 for payment of costs of issuance. The bonds are secured by the City's Excise Tax Revenues and State Shared Revenues. Bonds outstanding at June 30, 2021 were \$20,380,000. Amounts due before July 1, 2031 cannot be prepaid prior to those due dates.

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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 6 – Long-Term Debt (Continued)**

**B. Governmental Activities (Continued)**

**2021 Pledged Revenue Bonds (Continued)**

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,485,000	\$ 789,922	\$ 2,274,922
2023	1,555,000	779,950	2,334,950
2024	1,585,000	770,755	2,355,755
2025	1,620,000	757,554	2,377,554
2026	1,655,000	740,805	2,395,805
2027-2031	10,630,000	3,233,632	13,863,632
2032-2036	12,205,000	1,971,232	14,176,232
2038-2039	8,150,000	359,285	8,509,285
<b>Total</b>	<b>\$ 38,885,000</b>	<b>\$ 9,403,135</b>	<b>\$ 48,288,135</b>

**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 \$3,216,498. Principal and interest paid for the current year was \$546,246 and the City sales tax and lease revenues were \$8,854,433 and \$623,042, respectively.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 147,788	\$ 147,788
2023	375,000	126,675	501,675
2024	375,000	105,852	480,852
2025	375,000	84,450	459,450
2026	375,000	63,338	438,338
2027-2029	1,125,000	63,395	1,188,395
<b>Total</b>	<b>\$ 2,625,000</b>	<b>\$ 591,498</b>	<b>\$ 3,216,498</b>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**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, 2021 is as follows:

	Balance			Balance	Classification	
	July 1, 2020	Additions	Deletions	June 30, 2021	Due Within One Year	Due In More Than One Year
<b>Water Fund:</b>						
Capital leases	\$ 46,289	\$ -	\$ (17,284)	\$ 29,005	\$ 18,078	\$ 10,927
2010 WIFA Loan	759,549	-	(85,982)	673,567	88,401	585,166
2019 WIFA Loan	471,760	234,266	(44,769)	661,257	45,579	615,678
<b>Total water fund</b>	<b>1,277,598</b>	<b>234,266</b>	<b>(148,035)</b>	<b>1,363,829</b>	<b>152,058</b>	<b>1,211,771</b>
<b>Sewer Fund:</b>						
Capital leases	11,572	23,121	(5,550)	29,143	8,707	20,436
2010 WIFA Loan	2,456,767	-	(224,930)	2,231,837	229,428	2,002,409
2016 WIFA Loan	714,627	-	(39,887)	674,740	40,879	633,861
2017 WIFA Loan	4,403,212	173,764	(215,986)	4,360,990	220,068	4,140,922
<b>Total sewer fund</b>	<b>7,586,178</b>	<b>196,885</b>	<b>(486,353)</b>	<b>7,296,710</b>	<b>499,082</b>	<b>6,797,628</b>
<b>Total business-type activities</b>	<b>\$ 8,863,776</b>	<b>\$ 431,151</b>	<b>\$ (634,388)</b>	<b>\$ 8,660,539</b>	<b>\$ 651,140</b>	<b>\$ 8,009,399</b>

**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, 2021 are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2022	\$ 26,785	\$ 2,240	\$ 29,025
2023	18,076	1,046	19,122
2024	4,659	598	5,257
2025	4,915	343	5,258
2026	3,713	79	3,792
<b>Total</b>	<b>\$ 58,148</b>	<b>\$ 4,306</b>	<b>\$ 62,454</b>

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:

Vehicles	\$ 129,757
Less: accumulated depreciation	(50,612)
<b>Total</b>	<b>\$ 79,145</b>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**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 \$9,818,246. Principal and interest paid for the current year and total pledged revenues were \$786,055 and \$1,313,094, respectively.

The annual requirements to amortize the bonds outstanding at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 624,355	\$ 167,301	\$ 791,656
2023	637,432	155,001	792,433
2024	650,789	141,501	792,290
2025	664,433	127,710	792,143
2026	678,370	113,624	791,994
2027-2031	3,000,073	362,711	3,362,784
2032-2036	1,761,575	136,920	1,898,495
2037-2039	585,364	11,087	596,451
Total	<u>\$ 8,602,391</u>	<u>\$ 1,215,855</u>	<u>\$ 9,818,246</u>

**D. Component Unit**

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due Within One Year	Due In More Than One Year
HUD mortgage note payable	\$ 4,064,548	\$ -	\$ (73,455)	\$ 3,991,093	\$ 82,385	\$ 3,908,708
<b>Total long-term debt</b>	<u>\$ 4,064,548</u>	<u>\$ -</u>	<u>\$ (73,455)</u>	<u>\$ 3,991,093</u>	<u>\$ 82,385</u>	<u>\$ 3,908,708</u>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**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, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 82,385	\$ -	\$ 82,385
2023	84,848	-	84,848
2024	87,385	-	87,385
2025	89,999	-	89,999
2025	92,690	-	92,690
Thereafter	3,553,786	-	3,553,786
Total	<u>\$ 3,991,093</u>	<u>\$ -</u>	<u>\$ 3,991,093</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, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
<b>Compensated absences:</b>						
Governmental Activities	\$ 1,552,763	\$ 794,481	\$ (785,519)	\$ 1,561,725	\$ 702,776	\$ 858,949
Business-Type Activities	142,362	104,659	(98,188)	148,833	119,067	29,766
<b>Total compensated absences</b>	<u>\$ 1,695,125</u>	<u>\$ 899,140</u>	<u>\$ (883,707)</u>	<u>\$ 1,710,558</u>	<u>\$ 821,843</u>	<u>\$ 888,715</u>

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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Pension Plans and Other Postemployment Benefits**

**A. Summary – Pension and OPEB**

**Deferred Outflows of Resources**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Pension-related deferred outflows of resources:</b>			
Pension contributions made after measurement date:			
ASRS	\$ 472,695	\$ 125,243	\$ 597,938
PSPRS - Police Plan - Tier 1 & 2	22,364,390	-	22,364,390
PSPRS - Fire Plan - Tier 1 & 2	14,954,585	-	14,954,585
PSPRS - Police Plan - Tier 3	21,136	-	21,136
PSPRS - Fire Plan - Tier 3	51,190	-	51,190
Total pension contributions made after measurement date	<u>37,863,996</u>	<u>125,243</u>	<u>37,989,239</u>
Projected earnings on pension plan investments in excess of actual earnings:			
ASRS	576,539	152,757	729,296
PSPRS - Police Plan - Tier 1 & 2	437,794	-	437,794
PSPRS - Fire Plan - Tier 1 & 2	298,028	-	298,028
PSPRS - Police Plan - Tier 3	1,224	-	1,224
PSPRS - Fire Plan - Tier 3	3,102	-	3,102
Total projected earnings on pension plan investments in excess of actual earnings	<u>1,316,687</u>	<u>152,757</u>	<u>1,469,444</u>
Change in assumptions:			
PSPRS - Police Plan - Tier 1 & 2	282,750	-	282,750
PSPRS - Fire Plan - Tier 1 & 2	752,758	-	752,758
PSPRS - Police Plan - Tier 3	179	-	179
PSPRS - Fire Plan - Tier 3	455	-	455
Total change in assumption	<u>1,036,142</u>	<u>-</u>	<u>1,036,142</u>
Difference between expected and actual experience			
ASRS	54,077	14,328	68,405
PSPRS - Police Plan - Tier 1 & 2	800,165	-	800,165
PSPRS - Fire Plan - Tier 1 & 2	383,850	-	383,850
PSPRS - Police Plan - Tier 3	23,664	-	23,664
PSPRS - Fire Plan - Tier 3	59,982	-	59,982
Total difference between expected and actual experience	<u>1,321,738</u>	<u>14,328</u>	<u>1,336,066</u>
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS	204,669	54,228	258,897
PSPRS - Fire Plan - Tier 3	23,053	-	23,053
Total change in proportion and differences between employer contributions and proportionate share of contributions	<u>227,722</u>	<u>54,228</u>	<u>281,950</u>
Total pension-related deferred outflows of resources			
ASRS	1,307,980	346,556	1,654,536
PSPRS - Police Plan - Tier 1 & 2	23,885,099	-	23,885,099
PSPRS - Fire Plan - Tier 1 & 2	16,389,221	-	16,389,221
PSPRS - Police Plan - Tier 3	46,203	-	46,203
PSPRS - Fire Plan - Tier 3	137,782	-	137,782
Total pension-related deferred outflows of resources	<u>\$ 41,766,285</u>	<u>\$ 346,556</u>	<u>\$ 42,112,841</u>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Pension Plans and Other Postemployment Benefits (Continued)**

**A. Summary – Pension and OPEB (Continued)**

**Deferred Outflows of Resources (Continued)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>OPEB-related deferred outflows of resources:</b>			
OPEB contributions made after measurement date:			
ASRS - Health Benefit Supplement Plan	\$ 15,821	\$ 4,191	\$ 20,012
ASRS - Long-Term Disability Plan	7,302	1,935	9,237
PSPRS - Police Plan - Tier 3	3,311	-	3,311
PSPRS - Fire Plan - Tier 3	778	-	778
Total OPEB contributions made after measurement date	27,212	6,126	33,338
Projected earnings on OPEB plan investments in excess of actual earnings:			
ASRS - Health Benefit Supplement Plan	24,632	6,525	31,157
ASRS - Long-Term Disability Plan	2,853	756	3,609
PSPRS - Police Plan - Tier 1 & 2	31,212	-	31,212
PSPRS - Fire Plan - Tier 1 & 2	24,985	-	24,985
PSPRS - Police Plan - Tier 3	36	-	36
PSPRS - Fire Plan - Tier 3	92	-	92
Total projected earnings on OPEB plan investments in excess of actual earnings	83,810	7,281	91,091
Change in assumptions:			
ASRS - Health Benefit Supplement Plan	13,347	3,535	16,882
ASRS - Long-Term Disability Plan	2,792	740	3,532
PSPRS - Police Plan - Tier 1 & 2	1,048	-	1,048
PSPRS - Fire Plan - Tier 1 & 2	2,187	-	2,187
Total change in assumption	19,374	4,275	23,649
Difference between expected and actual experience			
ASRS - Long-Term Disability Plan	2,255	598	2,853
PSPRS - Police Plan - Tier 3	64	-	64
PSPRS - Fire Plan - Tier 3	162	-	162
Total difference between expected and actual experience	2,481	598	3,079
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Long-Term Disability Plan	868	230	1,098
PSPRS - Fire Plan - Tier 3	689	-	689
Total change in proportion and differences between employer contributions and proportionate share of contributions	1,557	230	1,787
Total OPEB-related deferred outflows of resources			
ASRS - Health Benefit Supplement Plan	53,800	14,251	68,051
ASRS - Long-Term Disability Plan	16,070	4,259	20,329
PSPRS - Police Plan - Tier 1 & 2	32,260	-	32,260
PSPRS - Fire Plan - Tier 1 & 2	27,172	-	27,172
PSPRS - Police Plan - Tier 3	3,411	-	3,411
PSPRS - Fire Plan - Tier 3	1,721	-	1,721
Total OPEB-related deferred outflows of resources	\$ 134,434	\$ 18,510	\$ 152,944

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Pension Plans and Other Postemployment Benefits (Continued)**

**A. Summary – Pension and OPEB (Continued)**

**Pension/OPEB Assets and Liabilities**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net pension liability</b>			
ASRS	\$ 5,977,518	\$ 1,583,775	\$ 7,561,293
PSPRS - Police Plan - Tier 1 & 2	19,385,793	-	19,385,793
PSPRS - Fire Plan - Tier 1 & 2	12,891,811	-	12,891,811
PSPRS - Police Plan - Tier 3	687	-	687
PSPRS - Fire Plan - Tier 3	1,741	-	1,741
Total net pension liability	<u>\$ 38,257,550</u>	<u>\$ 1,583,775</u>	<u>\$ 39,841,325</u>
<b>Net OPEB asset</b>			
ASRS - Health Benefit Supplement Plan	\$ 24,074	\$ 6,377	\$ 30,451
PSPRS - Police Plan - Tier 1 & 2	193,338	-	193,338
PSPRS - Fire Plan - Tier 1 & 2	222,709	-	222,709
PSPRS - Police Plan - Tier 3	698	-	698
PSPRS - Fire Plan - Tier 3	1,768	-	1,768
Total Net OPEB asset	<u>\$ 442,587</u>	<u>\$ 6,377</u>	<u>\$ 448,964</u>
<b>Net OPEB liability</b>			
ASRS - Long-Term Disability Plan	\$ 25,914	\$ 6,866	\$ 32,780
Total Net OPEB liability	<u>\$ 25,914</u>	<u>\$ 6,866</u>	<u>\$ 32,780</u>

**Deferred Inflows of Resources**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Pension-related deferred inflows of resources:</b>			
Difference between expected and actual experience			
PSPRS - Fire Plan - Tier 1 & 2	\$ 521,473	\$ -	\$ 521,473
Total difference between expected and actual experience	<u>521,473</u>	<u>-</u>	<u>521,473</u>
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS	129,084	34,202	163,286
PSPRS - Police Plan - Tier 3	2,797	-	2,797
Total change in proportion and differences between employer contributions and proportionate share of contributions	<u>131,881</u>	<u>34,202</u>	<u>166,083</u>
Total pension-related deferred inflows of resources			
ASRS	129,084	34,202	163,286
PSPRS - Fire Plan - Tier 1 & 2	521,473	-	521,473
PSPRS - Police Plan - Tier 3	2,797	-	2,797
Total pension-related deferred inflows of resources	<u>\$ 653,354</u>	<u>\$ 34,202</u>	<u>\$ 687,556</u>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Pension Plans and Other Postemployment Benefits (Continued)**

**A. Summary – Pension and OPEB (Continued)**

**Deferred Inflows of Resources (Continued)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>OPEB-related deferred inflows of resources:</b>			
Change in assumptions:			
PSPRS - Police Plan - Tier 1 & 2	\$ 1,037	\$ -	\$ 1,037
PSPRS - Police Plan - Tier 3	1	-	1
PSPRS - Fire Plan - Tier 3	2	-	2
	<u>1,040</u>	<u>-</u>	<u>1,040</u>
Total change in assumption			
	1,040	-	1,040
Difference between expected and actual experience			
ASRS - Health Benefit Supplement Plan	47,436	12,566	60,002
ASRS - Long-Term Disability Plan	667	177	844
PSPRS - Police Plan - Tier 1 & 2	99,494	-	99,494
PSPRS - Fire Plan - Tier 1 & 2	65,672	-	65,672
PSPRS - Police Plan - Tier 3	70	-	70
PSPRS - Fire Plan - Tier 3	176	-	176
	<u>213,515</u>	<u>12,743</u>	<u>226,258</u>
Total difference between expected and actual experience			
	213,515	12,743	226,258
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Health Benefit Supplement Plan	254	67	321
ASRS - Long-Term Disability Plan	1,041	276	1,317
PSPRS - Police Plan - Tier 3	43	-	43
	<u>1,338</u>	<u>343</u>	<u>1,681</u>
Total change in proportion and differences between employer contributions and proportionate share of contributions			
	1,338	343	1,681
Total OPEB-related deferred inflows of resources			
ASRS - Health Benefit Supplement Plan	47,690	12,633	60,323
ASRS - Long-Term Disability Plan	1,708	453	2,161
PSPRS - Police Plan - Tier 1 & 2	100,531	-	100,531
PSPRS - Fire Plan - Tier 1 & 2	65,672	-	65,672
PSPRS - Police Plan - Tier 3	114	-	114
PSPRS - Fire Plan - Tier 3	178	-	178
	<u>215,893</u>	<u>13,086</u>	<u>228,979</u>
Total OPEB-related deferred inflows of resources	\$ 215,893	\$ 13,086	\$ 228,979

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Pension Plans and Other Postemployment Benefits (Continued)**

**A. Summary – Pension and OPEB (Continued)**

**Pension/OPEB Expenses**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Pension expenses:</b>			
ASRS	\$ 525,474	\$ 139,227	\$ 664,701
PSPRS - Police Plan - Tier 1 & 2	2,556,870	-	2,556,870
PSPRS - Fire Plan - Tier 1 & 2	1,557,100	-	1,557,100
PSPRS - Police Plan - Tier 3	1,880	-	1,880
PSPRS - Fire Plan - Tier 3	7,276	-	7,276
Total net pension expenses	<u>\$ 4,648,600</u>	<u>\$ 139,227</u>	<u>\$ 4,787,827</u>
<b>OPEB expenses/(income):</b>			
ASRS - Health Benefit Supplement Plan	\$ 7,550	\$ 2,000	\$ 9,550
ASRS - Long-Term Disability Plan	8,150	2,159	10,309
PSPRS - Police Plan - Tier 1 & 2	(50,496)	-	(50,496)
PSPRS - Fire Plan - Tier 1 & 2	(20,509)	-	(20,509)
PSPRS - Police Plan - Tier 3	(13)	-	(13)
PSPRS - Fire Plan - Tier 3	21	-	21
Total net OPEB expenses	<u>\$ (55,297)</u>	<u>\$ 4,159</u>	<u>\$ (51,138)</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](http://www.azasrs.gov).

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 8 – 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		Highest 60 months of last
based on	120 months	120 months
Benefit percent per	2.1% to 2.3%	2.1% to 2.3%
year of service		

\*With actuarially reduced benefits

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

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

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

**Employees Covered**

At June 30, 2021 the City had 121 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, 2021**

**Note 8 – 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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members’ annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 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 10.21 percent (10.14 percent for retirement 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, 2021, were:

	<b>Contributions - employer</b>
Pension Plan	\$ 597,938
Health Benefit Supplement Plan	20,012
Long-Term Disability Plan	9,237
Total	<u>\$ 627,187</u>

During fiscal year 2021, the City paid for ASRS pension and OPEB contributions as follows: 79.1 percent from the Governmental Funds, 11.3 percent from the Water Fund, 5.5 percent from the Sewer Fund, and 4.1 percent from the Solid Waste Fund.

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

At June 30, 2021, the City’s reported proportionate share of pension and OPEB liability/(asset)’s for the City was:

	<b>Net pension/OPEB (asset) liability</b>
Pension Plan	\$ 7,561,293
Health Benefit Supplement Plan	(30,451)
Long-Term Disability Plan	32,780
Total	<u>\$ 7,563,622</u>

The net asset and net liabilities were measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020. The City’s proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – 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)**

	<b>Pension Plan</b>	<b>Health Benefit Supplement Plan</b>	<b>Long-Term Disability Plan</b>
Proportion June 30, 2018	0.0410200%	0.0405600%	0.0406700%
Proportion June 30, 2019	0.0436400%	0.0430100%	0.0432100%
Change - Increase (Decrease)	0.0026200%	0.0024500%	0.0025400%

As of June 30, 2021, 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:

	<b>Plan's Net Pension and OPEB Liability/(Asset)</b>		
	<b>Pension Plan</b>	<b>Health Benefit Supplement Plan</b>	<b>Long-Term Disability Plan</b>
Balance at: 6/30/19 (Valuation date)	\$ 5,968,887	\$ (11,209)	\$ 26,494
Balance at: 6/30/20 (Measurement date)	7,561,293	(30,451)	32,780
Net Changes during 2018-2019	\$ 1,592,406	\$ (19,242)	\$ 6,286

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, 2021:

	<b>Pension/OPEB expenses</b>
Pension Plan	\$ 664,701
Health Benefit Supplement Plan	9,550
Long-Term Disability Plan	10,309
Total	<u>\$ 684,560</u>

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<b>Pension Plan</b>		<b>Health Benefit Supplement Plan</b>		<b>Long-Term Disability Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contributions made subsequent to measurement date	\$ 597,938	\$ -	\$ 20,012	\$ -	\$ 9,237	\$ -
Difference between projected and actual earning on pension plan investments	729,296	-	31,157	-	3,609	-
Changes in assumptions	-	-	16,882	-	3,532	-
Difference between actual and expected experience	68,405	-	-	(60,002)	2,853	(844)
Changes in proportion and differences between employer contributions and proportionate share of contributions	258,897	(163,286)	-	(321)	1,098	(1,317)
Total	<u>\$ 1,654,536</u>	<u>\$ (163,286)</u>	<u>\$ 68,051</u>	<u>\$ (60,323)</u>	<u>\$ 20,329</u>	<u>\$ (2,161)</u>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – 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, 2022. 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	\$ 57,686	\$ (6,553)	\$ 1,443
2022	346,265	45	2,028
2023	263,794	1,492	2,135
2024	225,567	(1,728)	1,912
2025	-	(5,540)	977
Thereafter	-	-	436
	<u>\$ 893,312</u>	<u>\$ (12,284)</u>	<u>\$ 8,931</u>

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

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. Both the June 30, 2019 and the June 30, 2020 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, 2019
Actuarial roll forward date	June 30, 2020
Actuarial Assumptions:	
Investment rate of return	7.5%
Projected salary increases	2.7–7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 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, 2021**

**Note 8 – 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)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equity	50.00%	6.39%	3.20%
Fixed income - credit	20.00%	5.44%	1.09%
Fixed income - interest rate sensitive	10.00%	0.22%	0.02%
Real Estate	20.00%	5.85%	1.17%
<b>Total</b>	<b>100.00%</b>		<b>5.48%</b>

**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:

	<b>Aggregate Net Pension and OPEB Liability/(Asset)</b>		
	<b>Discount Rate - 1% (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>Discount Rate + 1% (8.50%)</b>
Pension Plan	\$ 10,339,966	\$ 7,561,293	\$ 5,238,466
Health Benefit Supplement Plan	\$ 39,955	\$ (30,451)	\$ (90,369)
Long-Term Disability Plan	\$ 35,790	\$ 32,780	\$ 29,858
<b>Total</b>	<b>\$ 10,415,711</b>	<b>\$ 7,563,622</b>	<b>\$ 5,177,955</b>

**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](http://www.azasrs.gov).

**Payable to the Pension Plan**

At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – 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](http://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	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Normal retirement	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%	1.5% to 2.5% per year of credited service, not to exceed 80%	
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, 2021**

**Note 8 – 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:

	<b>Police Plan (Tier 1 &amp; 2)</b>		<b>Fire Plan (Tier 1 &amp; 2)</b>		<b>Police Plan (Tier 3)</b>		<b>Fire Plan (Tier 3)</b>	
	<b>Pension</b>	<b>Health</b>	<b>Pension</b>	<b>Health</b>	<b>Pension</b>	<b>Health</b>	<b>Pension</b>	<b>Health</b>
Active employees	24	24	20	20	3	3	6	6
Transferred and terminated employees	2	2	0	0	0	0	0	0
Retired employees and beneficiaries	36	36	24	24	0	0	0	0
<b>Total</b>	<b>62</b>	<b>62</b>	<b>44</b>	<b>44</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>6</b>

**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.

	<b>Police Plan (Tier 1 &amp; 2)</b>	<b>Fire Plan (Tier 1 &amp; 2)</b>	<b>Police Plan (Tier 3)</b>	<b>Fire Plan (Tier 3)</b>
Active members - pension	(Tier 1) 7.65%			
City of Douglas, Arizona:	(Tier 2 - hired after 7/2011) 11.65%		9.35%	
Pension	84.00%	69.62%	81.89%	63.53%
Health Insurance	0.00%	0.00%	1.41%	0.14%

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 84.00%, 69.62%, 83.30%, and 63.67%, 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:

	<b>Police Plan (Tier 1 &amp; 2)</b>		<b>Fire Plan (Tier 1 &amp; 2)</b>		<b>Police Plan (Tier 3)</b>		<b>Fire Plan (Tier 3)</b>	
	<b>Pension</b>	<b>Health</b>	<b>Pension</b>	<b>Health</b>	<b>Pension</b>	<b>Health</b>	<b>Pension</b>	<b>Health</b>
Contributions - employer	\$ 22,364,390	\$ -	\$ 14,954,585	\$ -	\$ 21,136	\$ 3,311	\$ 51,190	\$ 778

During fiscal year 2021, the City paid for the total PSPRS pension and OPEB contributions from the general fund. On June 29, 2021, the City through the issuance of the 2021 Pledged Revenue Bond made a one-time payment towards the unfunded liability for the City’s Police and Fire PSPRS pension plans (Tier 1 & 2) in the amounts of \$20,728,094 and \$13,588,948, respectively. The amounts were included within the contributions noted above.

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Pension Plans and Other Postemployment Benefits (Continued)**

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

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

The City’s net assets and net liabilities were measured as of June 30, 2020, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

The City’s proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

	<b>Police Pension Plan (Tier 3)</b>	<b>Police OPEB Plan (Tier 3)</b>	<b>Fire Pension Plan (Tier 3)</b>	<b>Fire OPEB Plan (Tier 3)</b>
Proportion June 30, 2018	0.1838100%	0.1831970%	0.7406770%	0.6514450%
Proportion June 30, 2019	0.0212430%	0.1995550%	0.2021680%	0.5057960%
	-0.1625670%	0.0163580%	-0.5385090%	-0.1456490%

**Actuarial Assumptions**

The total pension and liabilities/(assets) in the June 30, 2020 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:	
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, 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 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:

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Long-Term Expected Real Rate of Return<sup>1</sup></b>
U.S. public equity	23.00%	4.93%
International public equity	15.00%	6.09%
Global private equity	18.00%	8.42%
Other assets (capital appreciation)	7.00%	5.61%
Core bonds	2.00%	0.22%
Private credit	22.00%	5.31%
Diversifying strategies	12.00%	3.22%
Cash - Mellon	1.00%	-0.60%
	<b>100.00%</b>	

<sup>1</sup> 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, 2021**

**Note 8 – 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:

<b>Police Plan - 009</b>						
	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, 2019 (Valuation Date)	\$ 26,206,046	\$ 7,941,533	\$ 18,264,513	\$ 429,613	\$ 595,181	\$ (165,568)
Changes in the year:						
Service cost	323,894	-	323,894	8,129	-	8,129
Interest on the total pension liabilities	1,880,058	-	1,880,058	31,521	-	31,521
Differences between expected and actual experience	681,622	-	681,622	(60,594)	-	(60,594)
Changes of assumptions	-	-	-	-	-	-
Benefit payments, including refunds of members contributions	(1,551,430)	(1,551,430)	-	(23,568)	(23,568)	-
Contributions - employer	-	1,508,149	(1,508,149)	-	-	-
Contributions - employee	-	163,157	(163,157)	-	-	-
Net investment income	-	101,243	(101,243)	-	7,430	(7,430)
Administrative expenses	-	(8,256)	8,256	-	(604)	604
Other changes	-	1	(1)	-	-	-
Net changes	1,334,144	212,864	1,121,280	(44,512)	(16,742)	(27,770)
Balance at June 30, 2020 (Measurement Date)	\$ 27,540,190	\$ 8,154,397	\$ 19,385,793	\$ 385,101	\$ 578,439	\$ (193,338)

<b>Fire Plan - 008</b>						
	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, 2019 (Valuation Date)	\$ 17,570,502	\$ 5,418,419	\$ 12,152,083	\$ 232,768	\$ 470,068	\$ (237,300)
Changes in the year:						
Service cost	323,838	-	323,838	7,351	-	7,351
Interest on the total pension liabilities	1,260,594	-	1,260,594	17,313	-	17,313
Differences between expected and actual experience	460,619	-	460,619	(4,663)	-	(4,663)
Changes of assumptions	-	-	-	-	-	-
Benefit payments, including refunds of members contributions	(1,251,867)	(1,251,867)	-	(12,326)	(12,326)	-
Contributions - employer	-	1,111,263	(1,111,263)	-	-	-
Contributions - employee	-	130,500	(130,500)	-	-	-
Net investment income	-	69,540	(69,540)	-	5,889	(5,889)
Administrative expenses	-	(5,668)	5,668	-	(479)	479
Other changes	-	(312)	312	-	-	-
Net changes	793,184	53,456	739,728	7,675	(6,916)	14,591
Balance at June 30, 2020 (Measurement Date)	\$ 18,363,686	\$ 5,471,875	\$ 12,891,811	\$ 240,443	\$ 463,152	\$ (222,709)

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – 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:

	<b>Plan's Net Pension/OPEB (Asset) Liability</b>		
	<b>Discount Rate - 1% (6.30%)</b>	<b>Current Discount Rate (7.30%)</b>	<b>Discount Rate + 1% (8.30%)</b>
Police Pension Plan (Tier 1 & 2)	\$ 22,990,984	\$ 19,385,793	\$ 16,444,464
Police OPEB Plan (Tier 1 & 2)	\$ (149,293)	\$ (193,338)	\$ (230,272)
Fire Pension Plan (Tier 1 & 2)	\$ 15,374,280	\$ 12,891,811	\$ 10,869,309
Fire OPEB Plan (Tier 1 & 2)	\$ (194,754)	\$ (222,709)	\$ (246,252)
<b>Aggregate Total</b>	<b>\$ 38,021,217</b>	<b>\$ 31,861,557</b>	<b>\$ 26,837,249</b>

	<b>Plan's Aggregate Proportionate Share of Net Pension/OPEB (Asset) Liability</b>		
	<b>Discount Rate - 1% (6.40%)</b>	<b>Current Discount Rate (7.40%)</b>	<b>Discount Rate + 1% (8.40%)</b>
Police Pension Plan (Tier 3)	\$ 1,449	\$ 687	\$ (963)
Police OPEB Plan (Tier 3)	\$ (529)	\$ (698)	\$ (831)
Fire Pension Plan (Tier 3)	\$ 13,788	\$ 1,741	\$ (9,168)
Fire OPEB Plan (Tier 3)	\$ (1,341)	\$ (1,768)	\$ (2,105)
<b>Aggregate Total</b>	<b>\$ 13,367</b>	<b>\$ (38)</b>	<b>\$ (13,067)</b>

**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, 2021, the City recognized the following pension and OPEB expense:

	<b>Pension/OPEB expense/(income)</b>
Pension Plan - Police (Tier 1 & 2)	\$ 2,556,870
Pension Plan - Fire (Tier 1 & 2)	1,557,100
Pension Plan - Police (Tier 3)	1,880
Pension Plan - Fire (Tier 3)	7,276
OPEB Plan - Police (Tier 1 & 2)	(50,496)
OPEB Plan - Fire (Tier 1 & 2)	(20,509)
OPEB Plan - Police (Tier 3)	(13)
OPEB Plan - Fire (Tier 3)	21
<b>Total</b>	<b>\$ 4,052,129</b>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – 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, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Police Plan (Tier 1 &amp; 2)</b>				
	<b>Pension Plan</b>		<b>OPEB Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 22,364,390	\$ -	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	437,794	-	31,212	-
Changes in assumptions	282,750	-	1,048	(1,037)
Difference between actual and expected experience	800,165	-	-	(99,494)
Total	<u>\$ 23,885,099</u>	<u>\$ -</u>	<u>\$ 32,260</u>	<u>\$ (100,531)</u>
<b>Fire Plan (Tier 1 &amp; 2)</b>				
	<b>Pension Plan</b>		<b>OPEB Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 14,954,585	\$ -	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	298,028	-	24,985	-
Changes in assumptions	752,758	-	2,187	-
Difference between actual and expected experience	383,850	(521,473)	-	(65,672)
Total	<u>\$ 16,389,221</u>	<u>\$ (521,473)</u>	<u>\$ 27,172</u>	<u>\$ (65,672)</u>
<b>Police Plan (Tier 3)</b>				
	<b>Pension Plan</b>		<b>OPEB Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 21,136	\$ -	\$ 3,311	\$ -
Difference between projected and actual earning on pension plan investments	1,224	-	36	-
Changes in assumptions	179	-	-	(1)
Difference between actual and expected experience	23,664	-	64	(70)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(2,797)	-	(43)
Total	<u>\$ 46,203</u>	<u>\$ (2,797)</u>	<u>\$ 3,411</u>	<u>\$ (114)</u>
<b>Fire Plan (Tier 3)</b>				
	<b>Pension Plan</b>		<b>OPEB Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 51,190	\$ -	\$ 778	\$ -
Difference between projected and actual earning on pension plan investments	3,102	-	92	-
Changes in assumptions	455	-	-	(2)
Difference between actual and expected experience	59,982	-	162	(176)
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,053	-	689	-
Total	<u>\$ 137,782</u>	<u>\$ -</u>	<u>\$ 1,721</u>	<u>\$ (178)</u>

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – 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, 2022. 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)
2022	\$ 555,036	\$ (43,921)	\$ 172,795	\$ (11,804)
2023	572,197	(25,487)	219,722	(8,382)
2024	296,963	(5,890)	260,893	(8,730)
2025	96,513	7,027	182,983	(8,807)
2026	-	-	76,770	(777)
Thereafter	-	-	-	-
	<u>\$ 1,520,709</u>	<u>\$ (68,271)</u>	<u>\$ 913,163</u>	<u>\$ (38,500)</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)
2022	\$ 2,054	\$ 6	\$ 7,718	\$ 70
2023	2,054	6	7,718	70
2024	2,054	6	7,717	70
2025	2,079	7	7,782	73
2026	1,754	(3)	6,958	48
Thereafter	12,275	(36)	48,699	434
	<u>\$ 22,270</u>	<u>\$ (14)</u>	<u>\$ 86,592</u>	<u>\$ 765</u>

**Note 9 – Risk Management**

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

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

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

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 9 – Risk Management (Continued)**

The City reports its self-insurance activity as an internal service fund. The City allocates the cost of claims by charging a premium to each fund based on a percentage of each 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, 2021, the self-insured benefit claims payable reported within the internal service fund, including amounts incurred, but not yet reported totaled \$237,519.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2018-2019	\$ 110,122	\$ 626,136	\$ (590,407)	\$ 145,851
2019-2020	145,851	1,190,031	(1,201,020)	134,862
2020-2021	134,862	1,231,035	(1,128,378)	237,519

**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 \$623,042 during the current fiscal year. Future minimum lease payments related to the call center lease are as follows:

Year Ending June 30,	Amount
2022	\$ 600,852
2023	600,852
2024	300,426
	<u>\$ 1,502,130</u>

**Note 11 – Other Required Disclosures**

**A. Deficit Fund Balance/Net Position**

At June 30, 2021, the Governmental Activities Net Position had an unrestricted deficit of (\$23,138,889). The deficit was due to recording the net pension and OPEB liability for the City's proportionate share of the Arizona State Retirement System and the Arizona Public Safety Retirement System. The City does not anticipate recovering the deficit in the near-term; however, the unfunded pension and OPEB liability will be reduced through future contributions to the plans.

The Douglas Community Housing Corporation (Discretely Presented Component Unit) reported a deficit net position of (\$1,525,902). The deficit is expected to be recovered through operations and subsidies from the City.

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 11 – Other Required Disclosures (Continued)**

***B. Expenditures Exceeding Appropriations***

For the year ended June 30, 2021, expenditures exceeded appropriations in the following function(s) by fund:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government:	
	General government	\$ 197,586
	City magistrate	3,399
	Cemetery	16,651
	Community development	11,140
	Public safety:	
	Police	19,931,717
	Fire	14,023,595
	Emergency medical services	185,161
	Capital outlay	661,236
	Debt Service:	
	Principal	3,481
Police Grants Special Revenue Fund	Public safety	58,570

**Note 12 – 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, 2021 with a planned cost to complete of approximately \$1,533,477.

**City of Douglas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 13 – Classification of Fund Balances**

The City classifies fund balances, as shown on the Balance Sheet – Governmental Funds as of June 30, 2021 as follows:

	Major Funds		Other	
	General	Debt Service	Governmental	Total
	Fund	Fund	Funds	
<b>Nonspendable:</b>				
Inventories	\$ 62,109	\$ -	\$ -	\$ 62,109
Prepaid items	23,980	-	-	23,980
Advance to other funds	24,225	-	-	24,225
Due from component unit	799,065	-	-	799,065
<b>Total nonspendable</b>	<b>909,379</b>	<b>-</b>	<b>-</b>	<b>909,379</b>
<b>Restricted:</b>				
PSPRS contingency reserve	4,070,000	-	-	4,070,000
Firefighters injured in line of duty	145,366	-	-	145,366
Capital lease proceeds	237,725	-	-	237,725
Federal and state grant programs	-	-	428,599	428,599
Golf course operations	-	-	36,111	36,111
Law enforcement operations	-	-	125,645	125,645
Local transportation	-	-	436,231	436,231
Highways and streets by A.R.S. 28-6533	-	-	1,161,419	1,161,419
Housing and redevelopment	-	-	308,763	308,763
<b>Total restricted</b>	<b>4,453,091</b>	<b>-</b>	<b>2,496,768</b>	<b>6,949,859</b>
<b>Committed:</b>				
Capital Projects	-	-	143,093	143,093
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>143,093</b>	<b>143,093</b>
<b>Unassigned</b>	<b>8,610,064</b>	<b>-</b>	<b>-</b>	<b>8,610,064</b>
<b>Total Fund Balances</b>	<b>\$ 13,972,534</b>	<b>\$ -</b>	<b>\$ 2,639,861</b>	<b>\$ 16,612,395</b>

**Note 14 – Subsequent Events**

**A. American Rescue Plan Act**

On March, 2021, the American Rescue Plan Act was signed into law delivering \$65 billion of direct and flexible aid to cities and towns across the nation to provide substantial flexibility for each government to meet local needs including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the COVID-19 Pandemic. Based on the City's population, the City was allocated \$4,385,561 when will be received in two installments starting July 2021. The first installment was received in July 2021. The second installment is expected to be received in July 2022.

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

**Required Supplementary Information (Unaudited)**

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

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**City of Douglas**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Information**  
**For the Year Ended June 30, 2021**

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**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, 2021 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2021 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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable/</b>
				<b>(Unfavorable)</b>
<b>REVENUES:</b>				
Taxes:				
Sales taxes	\$ 6,712,500	\$ 6,712,500	\$ 8,854,393	\$ 2,141,893
Property taxes	638,000	638,000	637,925	(75)
Franchise taxes	320,000	320,000	324,192	4,192
Transient occupancy taxes	96,250	96,250	101,382	5,132
Intergovernmental	8,083,076	8,083,076	7,908,534	(174,542)
Fines and forfeitures	19,400	19,400	7,663	(11,737)
Licenses and permits	156,900	156,900	177,124	20,224
Charges for services	1,836,554	1,836,554	1,150,478	(686,076)
Rents and royalties	886,167	886,167	927,110	40,943
Investment income	149,844	149,844	29,049	(120,795)
Miscellaneous	95,121	95,121	100,403	5,282
<b>Total revenues</b>	<b>18,993,812</b>	<b>18,993,812</b>	<b>20,218,253</b>	<b>1,224,441</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Administration	617,814	617,814	491,907	125,907
Finance	618,797	618,797	590,723	28,074
Personnel	468,495	468,495	390,190	78,305
General government	603,345	603,345	800,931	(197,586)
Management information systems	500,147	500,147	500,061	86
City magistrate	49,400	49,400	52,799	(3,399)
Cemetery	262,997	262,997	279,648	(16,651)
Community development	-	-	11,140	(11,140)
Golf course	161,828	161,828	149,649	12,179
Economic development	10,980	10,980	1,376	9,604
Airport	123,478	123,478	120,796	2,682
Call center	41,257	41,257	40,392	865
<b>Subtotal</b>	<b>3,458,538</b>	<b>3,458,538</b>	<b>3,429,612</b>	<b>28,926</b>
Public safety:				
Police	6,769,864	6,769,864	26,701,581	(19,931,717)
Fire	1,824,869	1,824,869	15,848,464	(14,023,595)
Emergency medical services	1,870,428	1,870,428	2,055,589	(185,161)
<b>Subtotal</b>	<b>10,465,161</b>	<b>10,465,161</b>	<b>44,605,634</b>	<b>(34,140,473)</b>
Highways and streets				
Public works	587,646	587,646	510,589	77,057
<b>Subtotal</b>	<b>587,646</b>	<b>587,646</b>	<b>510,589</b>	<b>77,057</b>

**City of Douglas**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedule – General Fund (Continued)**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable/</b>
				<b>(Unfavorable)</b>
<b>EXPENDITURES (Continued):</b>				
Culture and recreation:				
Parks	583,378	583,378	637,189	(53,811)
Recreation	287,797	287,797	182,801	104,996
Library	437,330	437,330	360,274	77,056
Aquatics	381,111	381,111	222,864	158,247
Visitor center	103,091	103,091	72,128	30,963
<b>Subtotal</b>	<b>1,792,707</b>	<b>1,792,707</b>	<b>1,475,256</b>	<b>317,451</b>
Capital outlay	367,663	367,663	1,028,899	(661,236)
Debt Service:				
Principal	92,359	92,359	95,840	(3,481)
Interest and fiscal charges	25,937	25,937	25,937	-
<b>Total expenditures</b>	<b>16,790,011</b>	<b>16,790,011</b>	<b>51,171,767</b>	<b>(34,381,756)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,203,801</b>	<b>2,203,801</b>	<b>(30,953,514)</b>	<b>(33,157,315)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Obligations incurred on capital leases	367,663	367,663	108,966	(258,697)
Sales of property	10,000	10,000	-	(10,000)
Transfers in	442,423	442,423	155,404	(287,019)
Transfers out	(3,023,887)	(3,023,887)	(1,390,775)	1,633,112
<b>Total other financing sources (uses)</b>	<b>(2,203,801)</b>	<b>(2,203,801)</b>	<b>37,758,595</b>	<b>39,962,396</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,805,081</b>	<b>\$ 6,805,081</b>
<b>FUND BALANCE:</b>				
Beginning of year			7,167,453	
End of year			<u>\$ 13,972,534</u>	

**City of Douglas**  
**Schedules of the Proportionate Share of the Net Pension/OPEB Asset (Liability)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

**City of Douglas**  
**Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016 <sup>1</sup>
City's Proportion of the the Net OPEB (Asset)/Liability	0.04301%	0.04056%	0.04421%	0.04444%	0.04444%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (30,451)	\$ (11,209)	\$ (15,920)	\$ (24,193)	\$ 12,850
City's Covered Payroll	\$ 4,449,712	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.68%</u>	<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>104.33%</u>	<u>101.62%</u>	<u>102.20%</u>	<u>103.57%</u>	<u>103.57%</u>

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**City of Douglas**  
**Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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<b>Arizona Employees' Retirement System ("ASRS") Long-Term Disability</b>					
Measurement Period	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016<sup>1</sup></u>
City's Proportion of the the Net OPEB (Asset)/Liability	0.04321%	0.04067%	0.04456%	0.04441%	0.04441%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ 32,780	\$ 26,494	\$ 23,283	\$ 16,098	\$ 15,959
City's Covered Payroll	<u>\$ 4,449,712</u>	<u>\$ 4,320,109</u>	<u>\$ 4,486,032</u>	<u>\$ 4,539,864</u>	<u>\$ 4,074,323</u>
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>0.74%</u>	<u>0.61%</u>	<u>0.52%</u>	<u>0.35%</u>	<u>0.39%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>68.01%</u>	<u>72.85%</u>	<u>77.83%</u>	<u>84.44%</u>	<u>84.44%</u>

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**City of Douglas**  
**Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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<b>Arizona Public Safety Public Retirement System ("PSPRS") Police Pension Plan (Tier 3)</b>			
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018 <sup>1</sup>
City's Proportion of the the Net Pension (Asset)/Liability	0.02124%	0.18381%	0.12677%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ 687	\$ (2,640)	\$ 250
City's Covered Payroll	\$ 91,251	\$ 88,593	\$ 41,792
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	0.75%	-2.98%	0.60%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	98.82%	116.90%	89.24%

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which the plan is in effect.

**City of Douglas**  
**Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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<b>Arizona Public Safety Public Retirement System ("PSPRS") Fire Pension Plan (Tier 3)</b>			
Measurement Period	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018<sup>1</sup></u>
City's Proportion of the the Net Pension (Asset)/Liability	0.20217%	0.74068%	1.95874%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (606)	\$ (10,637)	\$ 3,861
City's Covered Payroll	<u>\$ 290,366</u>	<u>\$ 281,909</u>	<u>\$ 236,240</u>
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.21%</u>	<u>-3.77%</u>	<u>1.63%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>98.82%</u>	<u>116.90%</u>	<u>89.24%</u>

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which the plan is in effect.

**City of Douglas**  
**Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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<b>Arizona Public Safety Public Retirement System ("PSPRS") Police OPEB Plan (Tier 3)</b>			
Measurement Period	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018<sup>1</sup></u>
City's Proportion of the the Net OPEB (Asset)/Liability	0.19956%	0.18320%	0.12678%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (65)	\$ (269)	\$ (5)
City's Covered Payroll	<u>\$ 91,251</u>	<u>\$ 88,593</u>	<u>\$ 41,792</u>
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.07%</u>	<u>-0.30%</u>	<u>-0.01%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>198.90%</u>	<u>205.30%</u>	<u>110.51%</u>

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which the plan is in effect.

**City of Douglas**  
**Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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<b>Arizona Public Safety Public Retirement System ("PSPRS") Fire OPEB Plan (Tier 3)</b>			
Measurement Period	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018<sup>1</sup></u>
City's Proportion of the the Net OPEB (Asset)/Liability	0.50580%	0.65145%	1.95873%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (992)	\$ (957)	\$ (82)
City's Covered Payroll	<u>\$ 290,366</u>	<u>\$ 281,909</u>	<u>\$ 236,240</u>
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.34%</u>	<u>-0.34%</u>	<u>-0.03%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>198.90%</u>	<u>205.30%</u>	<u>110.51%</u>

**Notes to Schedule:**

<sup>1</sup> 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, 2021**

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

<b>Total Pension Liability</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14<sup>1</sup></b>
Service cost	\$ 323,894	\$ 357,391	\$ 351,906	\$ 503,156	\$ 348,598	\$ 350,912	\$ 397,560
Interest on total pension liability	1,880,058	1,777,275	1,710,405	1,518,655	1,555,542	1,536,369	1,299,915
Changes in assumptions	-	540,419	-	838,776	776,728	-	2,630,528
Differences between expected and actual experience	681,622	532,860	23,777	1,102,554	(895,420)	(298,004)	(586,401)
Changes in benefit terms	-	-	-	343,604	(35,698)	-	572,866
Benefit payments, including refunds of employee contributions	(1,551,430)	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
<b>Net change in total pension liability</b>	<b>1,334,144</b>	<b>1,884,481</b>	<b>681,784</b>	<b>2,978,515</b>	<b>289,725</b>	<b>361,555</b>	<b>2,984,211</b>
<b>Total pension liability - beginning</b>	<b>26,206,046</b>	<b>24,321,565</b>	<b>23,639,781</b>	<b>20,661,266</b>	<b>20,371,541</b>	<b>20,009,986</b>	<b>17,025,775</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 27,540,190</b>	<b>\$ 26,206,046</b>	<b>\$ 24,321,565</b>	<b>\$ 23,639,781</b>	<b>\$ 20,661,266</b>	<b>\$ 20,371,541</b>	<b>\$ 20,009,986</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 1,508,149	\$ 1,167,128	\$ 1,291,506	\$ 1,313,766	\$ 1,078,409	\$ 730,718	\$ 731,085
Contributions - employee	163,157	145,425	208,160	237,017	263,157	211,626	201,922
Investment income (net of administrative expenses)	101,243	408,395	499,040	740,758	36,786	233,285	814,052
Benefit payments	(1,551,430)	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
Administrative expenses	(8,256)	(8,096)	(8,295)	(6,954)	(5,693)	(6,060)	(6,556)
Other	1	(6,180)	(374,047)	171,793	38	(53,348)	-
<b>Net change in plan fiduciary net position</b>	<b>212,864</b>	<b>383,208</b>	<b>212,060</b>	<b>1,128,150</b>	<b>(87,328)</b>	<b>(111,501)</b>	<b>410,246</b>
<b>Plan fiduciary net position - beginning</b>	<b>7,941,533</b>	<b>7,558,325</b>	<b>7,346,265</b>	<b>6,218,115</b>	<b>6,305,443</b>	<b>6,416,944</b>	<b>6,006,698</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 8,154,397</b>	<b>\$ 7,941,533</b>	<b>\$ 7,558,325</b>	<b>\$ 7,346,265</b>	<b>\$ 6,218,115</b>	<b>\$ 6,305,443</b>	<b>\$ 6,416,944</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 19,385,793</b>	<b>\$ 18,264,513</b>	<b>\$ 16,763,240</b>	<b>\$ 16,293,516</b>	<b>\$ 14,443,151</b>	<b>\$ 14,066,098</b>	<b>\$ 13,593,042</b>
Plan fiduciary net position as a percentage of the total pension liability	29.61%	30.30%	31.08%	31.08%	30.10%	30.95%	32.07%
Covered payroll	\$ 1,682,448	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501	\$ 1,824,164	\$ 1,799,959	\$ 1,865,208
Net pension liability as a percentage of covered payroll	1152.24%	1057.65%	937.94%	734.44%	791.77%	781.47%	728.77%

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

**City of Douglas**  
**Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

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

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

**City of Douglas**  
**Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

<b>Total OPEB Liability</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17<sup>1</sup></b>
Service cost	\$ 8,129	\$ 5,898	\$ 6,077	\$ 9,096
Interest on total OPEB liability	31,521	34,038	38,285	39,621
Changes in assumptions	-	2,097	-	(11,281)
Differences between expected and actual experience	(60,594)	(54,457)	(78,964)	(20,280)
Changes in benefit terms	-	-	-	1,263
Benefit payments, including refunds of employee contributions	(23,568)	(24,066)	(27,231)	(28,426)
<b>Net change in total OPEB liability</b>	<b>(44,512)</b>	<b>(36,490)</b>	<b>(61,833)</b>	<b>(10,007)</b>
<b>Total OPEB liability - beginning</b>	<b>429,613</b>	<b>466,103</b>	<b>527,936</b>	<b>537,943</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 385,101</b>	<b>\$ 429,613</b>	<b>\$ 466,103</b>	<b>\$ 527,936</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ -	\$ 4,885	\$ 1,883	\$ -
Contributions - employee	-	-	-	-
Investment income (net of administrative expenses)	7,430	30,872	38,643	61,283
Benefit payments	(23,568)	(24,066)	(27,231)	(28,426)
Administrative expenses	(604)	(533)	(588)	(543)
Other	-	6,180	(1)	-
<b>Net change in plan fiduciary net position</b>	<b>(16,742)</b>	<b>17,338</b>	<b>12,706</b>	<b>32,314</b>
<b>Plan fiduciary net position - beginning</b>	<b>595,181</b>	<b>577,843</b>	<b>565,137</b>	<b>532,823</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 578,439</b>	<b>\$ 595,181</b>	<b>\$ 577,843</b>	<b>\$ 565,137</b>
<b>Net OPEB asset - ending (a)-(b)</b>	<b>\$ (193,338)</b>	<b>\$ (165,568)</b>	<b>\$ (111,740)</b>	<b>\$ (37,201)</b>
<b>Plan fiduciary net position as a percentage of the</b>				
total OPEB liability	150.20%	138.54%	123.97%	107.05%
Covered payroll	\$ 1,682,448	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501
Net OPEB liability (asset) as a percentage of covered payroll	-11.49%	-9.59%	-6.25%	-1.68%

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**City of Douglas**  
**Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

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

**Notes to Schedule:**

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**City of Douglas**  
**Schedules of Contributions**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

**Arizona State Retirement System ("ASRS") Pension Plan**

	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14<sup>1</sup></b>
Statutorily required contribution	\$ 597,938	\$ 522,637	\$ 476,805	\$ 485,199	\$ 469,070	\$ 449,208	\$ 449,025	\$ 476,481
Contributions in relation to the								
statutorily required contributions	(597,938)	(522,637)	(476,805)	(485,199)	(469,070)	(449,208)	(449,025)	(476,481)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323	\$ 4,108,769	\$ 4,015,976
Contributions as a percentage								
of covered payroll	12.79%	11.52%	11.04%	10.82%	10.33%	11.03%	10.93%	11.86%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule**

Valuation date: 6/30/2019

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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<b>Arizona Employees' Retirement System ("ASRS") Health Insurance Premium Benefit Plan</b>					
	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17<sup>1</sup></b>
Statutorily required contribution	\$ 20,012	\$ 22,234	\$ 19,617	\$ 18,976	\$ 23,923
Contributions in relation to the statutorily required contributions	(20,012)	(22,234)	(19,617)	(18,976)	(23,923)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864
Contributions as a percentage of covered payroll	0.43%	0.49%	0.45%	0.42%	0.53%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**Notes to Schedule**

Valuation date: 6/30/2019

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17<sup>1</sup></u>
Statutorily required contribution	\$ 9,237	\$ 7,762	\$ 6,825	\$ 7,071	\$ 6,040
Contributions in relation to the statutorily required contributions	<u>(9,237)</u>	<u>(7,762)</u>	<u>(6,825)</u>	<u>(7,071)</u>	<u>(6,040)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864
Contributions as a percentage of covered payroll	0.20%	0.17%	0.16%	0.16%	0.13%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**Notes to Schedule**

Valuation date: 6/30/2019

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14<sup>1</sup></b>
Actuarially determined contribution	\$ 22,364,390	\$ 1,505,378	\$ 1,167,128	\$ 1,291,506	\$ 1,313,766	\$ 1,078,409	\$ 730,718	\$ 731,085
Contributions in relation to the								
actuarially determined contributions	(22,364,390)	(1,505,378)	(1,167,128)	(1,291,506)	(1,313,766)	(1,078,409)	(730,718)	(731,085)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 1,732,921	\$ 1,682,448	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501	\$ 1,824,164	\$ 1,799,959	\$ 1,865,208
Contributions as a percentage								
of covered payroll	1290.56%	89.48%	67.59%	72.26%	59.22%	59.12%	40.60%	39.20%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule**

Valuation date: 6/30/2020

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2016 actuarial valuation.

**Methods and assumptions used to actuarially determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed market; 20% corridor
Wage inflation	4.00%
Price inflation	3.00%
Salary increases	4.00% to 8.00% including inflation.
Investment rate of return	7.50%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<u>2020-21</u>	<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>2013-14<sup>1</sup></u>
Actuarially determined contribution	\$ 14,954,585	\$ 1,106,632	\$ 1,140,235	\$ 1,062,651	\$ 1,086,339	\$ 996,227	\$ 570,035	\$ 613,837
Contributions in relation to the								
actuarially determined contributions	<u>(14,954,585)</u>	<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>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,497,061	\$ 1,453,457	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918	\$ 1,517,157	\$ 1,263,573	\$ 1,273,229
Contributions as a percentage								
of covered payroll	998.93%	76.14%	82.90%	70.60%	68.72%	65.66%	45.11%	48.21%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule**

Valuation date: 6/30/2020

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2016 actuarial valuation.

**Methods and assumptions used to actuarially determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed market; 20% corridor
Payroll growth	4.00%
Salary increases	3.00%
Salary increases	4.00% to 8.00% including inflation.
Investment rate of return	7.50%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17<sup>1</sup></b>
Actuarially determined contribution	\$ -	\$ -	\$ 4,885	\$ 1,883	\$ -
Contributions in relation to the actuarially determined contributions	-	-	(4,885)	(1,883)	-
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 1,732,921	\$ 1,682,448	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501
Contributions as a percentage of covered payroll	0.00%	0.00%	0.28%	0.11%	0.00%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**Notes to Schedule**

Valuation date: 6/30/2020

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2016 actuarial valuation.

**Methods and assumptions used to actuarially determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed market; 20% corridor
Payroll growth	4.00%
Salary increases	3.00%
Salary increases	4.00% to 8.00% including inflation.
Investment rate of return	7.50%, net of investment and administrative expenses.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17<sup>1</sup></b>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ (415)	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	415	-
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 1,497,061	\$ 1,453,457	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	-0.03%	0.00%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**Notes to Schedule**

Valuation date: 6/30/2020

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2012 public agency valuations.

**Methods and assumptions used to actuarially determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed market; 20% corridor
Payroll growth	4.00%
Salary increases	3.00%
Salary increases	4.00% to 8.00% including inflation.
Investment rate of return	7.50%, net of investment and administrative expenses.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18<sup>1</sup></u>
Statutorily required contribution	\$ 21,136	\$ 5,780	\$ 6,772	\$ 999
Contributions in relation to the statutorily required contributions	<u>(21,136)</u>	<u>(5,780)</u>	<u>(6,772)</u>	<u>(999)</u>
<b>Contribution deficiency (excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 162,412	\$ 157,682	\$ 88,593	\$ 41,792
Contributions as a percentage of covered payroll	13.01%	3.67%	7.64%	2.39%

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

**Notes to Schedule**

Valuation date: 6/30/2020

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18<sup>1</sup></u>
Statutorily required contribution	\$ 51,190	\$ 39,082	\$ 27,287	\$ 15,439
Contributions in relation to the statutorily required contributions	<u>(51,190)</u>	<u>(39,082)</u>	<u>(27,287)</u>	<u>(15,439)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 413,711	\$ 401,661	\$ 281,909	\$ 236,240
Contributions as a percentage of covered payroll	12.37%	9.73%	9.68%	6.54%

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

**Notes to Schedule**

Valuation date: 6/30/2020

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18<sup>1</sup></u>
Statutorily required contribution	\$ 3,311	\$ 331	\$ 206	\$ 27
Contributions in relation to the statutorily required contributions	<u>(3,311)</u>	<u>(331)</u>	<u>(206)</u>	<u>(27)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 162,412	\$ 157,682	\$ 88,593	\$ 41,792
Contributions as a percentage of covered payroll	2.04%	0.21%	0.23%	0.06%

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

**Notes to Schedule**

Valuation date: 6/30/2020

**City of Douglas**  
**Schedules of Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2021**

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

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18<sup>1</sup></u>
Statutorily required contribution	\$ 778	\$ 843	\$ 734	\$ 415
Contributions in relation to the statutorily required contributions	<u>(778)</u>	<u>(843)</u>	<u>(734)</u>	<u>(415)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 413,711	\$ 401,661	\$ 281,909	\$ 236,240
Contributions as a percentage of covered payroll	0.19%	0.21%	0.26%	0.18%

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

**Notes to Schedule**

Valuation date: 6/30/2020

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

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

**Supplementary Information**

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

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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, 2021**

	Special Revenue Fund			
	HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
<b>ASSETS</b>				
Cash and investments	\$ 1,042,008	\$ 344,284	\$ 125,645	\$ 283,874
Receivables:				
Accounts	-	-	-	-
Intergovernmental	143,461	109,149	-	174,589
Restricted cash and investments	-	-	-	-
<b>Total assets</b>	<u>\$ 1,185,469</u>	<u>\$ 453,433</u>	<u>\$ 125,645</u>	<u>\$ 458,463</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 8,151	\$ 19,103	\$ -	\$ 7,754
Accrued wages and benefits	15,899	-	-	14,478
Deposits payable	-	-	-	-
Unearned revenue	-	4,000	-	-
Advances to other funds	-	-	-	-
<b>Total liabilities</b>	<u>24,050</u>	<u>23,103</u>	<u>-</u>	<u>22,232</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	-	1,731	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>1,731</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted	1,161,419	428,599	125,645	436,231
Committed	-	-	-	-
<b>Total fund balances</b>	<u>1,161,419</u>	<u>428,599</u>	<u>125,645</u>	<u>436,231</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,185,469</u>	<u>\$ 453,433</u>	<u>\$ 125,645</u>	<u>\$ 458,463</u>

**City of Douglas**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2021**

	Special Revenue Fund			Total Non-major Governmental Funds
	Golf Course MPC Fund	Public Housing Fund	City Capital Projects Fund	
<b>ASSETS</b>				
Cash and investments	\$ 39,132	\$ 288,963	\$ 52,655	\$ 2,176,561
Receivables:				
Accounts	21,204	5,775	-	26,979
Intergovernmental	-	-	107,928	535,127
Restricted cash and investments	-	78,525	-	78,525
<b>Total assets</b>	<u>\$ 60,336</u>	<u>\$ 373,263</u>	<u>\$ 160,583</u>	<u>\$ 2,817,192</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 7,719	\$ 17,490	\$ 60,217
Accrued wages and benefits	-	14,571	-	44,948
Deposits payable	-	42,210	-	42,210
Unearned revenue	-	-	-	4,000
Advances to other funds	24,225	-	-	24,225
<b>Total liabilities</b>	<u>24,225</u>	<u>64,500</u>	<u>17,490</u>	<u>175,600</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	-	-	-	1,731
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,731</u>
<b>Fund Balances:</b>				
Restricted	36,111	308,763	-	2,496,768
Committed	-	-	143,093	143,093
<b>Total fund balances</b>	<u>36,111</u>	<u>308,763</u>	<u>143,093</u>	<u>2,639,861</u>
<b>Total liabilities and fund balances</b>	<u>\$ 60,336</u>	<u>\$ 373,263</u>	<u>\$ 160,583</u>	<u>\$ 2,817,192</u>

**City of Douglas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue Fund			
	HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
<b>REVENUES:</b>				
Taxes:				
Sales Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,548,254	395,111	107,020	1,182,985
Charges for services	-	-	-	736
Rents and royalties	-	2,218	-	-
Investment income	-	27	1,051	-
Miscellaneous	27,716	40,614	-	20,739
<b>Total revenues</b>	<b>1,575,970</b>	<b>437,970</b>	<b>108,071</b>	<b>1,204,460</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	76,585	140,570	-
Highways and streets	922,209	-	-	-
Transportation	-	-	-	901,787
Culture and recreation	-	26,534	-	-
Redevelopment and housing	-	-	-	-
Capital outlay	551,681	330,547	-	182,721
Debt service:				
Principal	5,544	-	-	-
Interest and fiscal charges	1,665	-	-	-
<b>Total expenditures</b>	<b>1,481,099</b>	<b>433,666</b>	<b>140,570</b>	<b>1,084,508</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>94,871</b>	<b>4,304</b>	<b>(32,499)</b>	<b>119,952</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of property	-	-	-	-
Transfers in	-	2,733	-	-
Transfers out	(94,103)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(94,103)</b>	<b>2,733</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>768</b>	<b>7,037</b>	<b>(32,499)</b>	<b>119,952</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,160,651	421,562	158,144	316,279
End of year	<u>\$ 1,161,419</u>	<u>\$ 428,599</u>	<u>\$ 125,645</u>	<u>\$ 436,231</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, 2021**

	Special Revenue Fund			Total Non-major Governmental Funds
	Golf Course MPC Fund	Public Housing Fund	City Capital Projects Fund	
<b>REVENUES:</b>				
Taxes:				
Sales Taxes	\$ -	\$ -	\$ 40	\$ 40
Intergovernmental	50,609	920,654	4,116	4,208,749
Charges for services	220,730	-	-	221,466
Rents and royalties	-	-	-	2,218
Investment income	-	102	979	2,159
Miscellaneous	3,999	71,700	53,901	218,669
<b>Total revenues</b>	<b>275,338</b>	<b>992,456</b>	<b>59,036</b>	<b>4,653,301</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	21	45,065	45,086
Public safety	-	-	-	217,155
Highways and streets	-	-	-	922,209
Transportation	-	-	-	901,787
Culture and recreation	212,259	-	-	238,793
Redevelopment and housing	-	949,544	-	949,544
Capital outlay	-	-	558,678	1,623,627
Debt service:				
Principal	-	-	-	5,544
Interest and fiscal charges	-	-	-	1,665
<b>Total expenditures</b>	<b>212,259</b>	<b>949,565</b>	<b>603,743</b>	<b>4,905,410</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>63,079</b>	<b>42,891</b>	<b>(544,707)</b>	<b>(252,109)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of property	-	-	46,725	46,725
Transfers in	-	-	485,880	488,613
Transfers out	-	-	-	(94,103)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>532,605</b>	<b>441,235</b>
<b>Net changes in fund balances</b>	<b>63,079</b>	<b>42,891</b>	<b>(12,102)</b>	<b>189,126</b>
<b>FUND BALANCES:</b>				
Beginning of year	(26,968)	265,872	155,195	2,450,735
End of year	<u>\$ 36,111</u>	<u>\$ 308,763</u>	<u>\$ 143,093</u>	<u>\$ 2,639,861</u>

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

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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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	\$ 791,785	\$ 791,785	\$ 791,785	\$ -
Interest and fiscal charges	245,157	245,157	234,758	10,399
<b>Total expenditures</b>	<b>1,036,942</b>	<b>1,036,942</b>	<b>1,026,543</b>	<b>10,399</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	1,026,543	1,026,543
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>1,026,543</b>	<b>1,026,543</b>
<b>Net change in fund balances</b>	<b>\$ (1,036,942)</b>	<b>\$ (1,036,942)</b>	<b>-</b>	<b>\$ 1,036,942</b>
<b>FUND BALANCE:</b>				
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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES:</b>				
Intergovernmental	\$ 1,505,950	\$ 1,505,950	\$ 1,548,254	\$ 42,304
Miscellaneous	35,000	35,000	27,716	(7,284)
<b>Total revenues</b>	<u>1,540,950</u>	<u>1,540,950</u>	<u>1,575,970</u>	<u>35,020</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	969,796	969,796	922,209	47,587
Capital outlay	565,000	565,000	551,681	13,319
Debt service:				
Principal	5,544	5,544	5,544	-
Interest and fiscal charges	1,665	1,665	1,665	-
<b>Total expenditures</b>	<u>1,571,005</u>	<u>1,571,005</u>	<u>1,481,099</u>	<u>89,906</u>
<b>REVENUE OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<u>(30,055)</u>	<u>(30,055)</u>	<u>94,871</u>	<u>124,926</u>
<b>OTHER FINANCING (USES):</b>				
Transfers out	<u>(108,390)</u>	<u>(108,390)</u>	<u>(94,103)</u>	<u>14,287</u>
<b>Total other financing (uses)</b>	<u>(108,390)</u>	<u>(108,390)</u>	<u>(94,103)</u>	<u>14,287</u>
<b>Net change in fund balances</b>	<u>\$ (138,445)</u>	<u>\$ (138,445)</u>	<u>768</u>	<u>\$ 139,213</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,160,651</u>	
End of year			<u>\$ 1,161,419</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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES:</b>				
Intergovernmental	\$ 724,912	\$ 724,912	\$ 395,111	\$ (329,801)
Rents and royalties	-	-	2,218	2,218
Investment income	-	-	27	27
Miscellaneous	3,012,500	3,012,500	40,614	(2,971,886)
<b>Total revenues</b>	<b>3,742,412</b>	<b>3,742,412</b>	<b>437,970</b>	<b>(3,304,442)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	20,000	20,000	-	20,000
Public safety	398,162	398,162	76,585	321,577
Culture and recreation	67,500	67,500	26,534	40,966
Capital outlay	2,760,000	2,760,000	330,547	2,429,453
<b>Total expenditures</b>	<b>3,245,662</b>	<b>3,245,662</b>	<b>433,666</b>	<b>2,811,996</b>
<b>REVENUE OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>496,750</b>	<b>496,750</b>	<b>4,304</b>	<b>(492,446)</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	2,733	2,733
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>2,733</b>	<b>2,733</b>
<b>Net change in fund balances</b>	<b>\$ 496,750</b>	<b>\$ 496,750</b>	<b>7,037</b>	<b>\$ (489,713)</b>
<b>FUND BALANCE:</b>				
Beginning of year			421,562	
End of year			<b>\$ 428,599</b>	

**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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES:</b>				
Intergovernmental	\$ 79,000	\$ 79,000	\$ 107,020	\$ 28,020
Investment income	3,000	3,000	1,051	(1,949)
<b>Total revenues</b>	<b>82,000</b>	<b>82,000</b>	<b>108,071</b>	<b>26,071</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	82,000	82,000	140,570	(58,570)
<b>Total expenditures</b>	<b>82,000</b>	<b>82,000</b>	<b>140,570</b>	<b>(58,570)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(32,499)</b>	<b>\$ (32,499)</b>
<b>FUND BALANCE:</b>				
Beginning of year			158,144	
End of year			<b>\$ 125,645</b>	

**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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES:</b>				
Intergovernmental	\$ 1,081,484	\$ 1,081,484	\$ 1,182,985	\$ 101,501
Charges for services	36,500	36,500	736	(35,764)
Miscellaneous	15,470	15,470	20,739	5,269
<b>Total revenues</b>	<b>1,133,454</b>	<b>1,133,454</b>	<b>1,204,460</b>	<b>71,006</b>
<b>EXPENDITURES:</b>				
Current:				
Transportation	1,013,002	1,013,002	901,787	111,215
Capital outlay	120,452	120,452	182,721	(62,269)
<b>Total expenditures</b>	<b>1,133,454</b>	<b>1,133,454</b>	<b>1,084,508</b>	<b>48,946</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>119,952</b>	<b>\$ 119,952</b>
<b>FUND BALANCE:</b>				
Beginning of year			316,279	
End of year			<b>\$ 436,231</b>	

**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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 4,116	\$ 4,116
Investment income	-	-	979	979
Miscellaneous	-	-	53,901	53,901
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>59,036</b>	<b>59,036</b>
<b>EXPENDITURES:</b>				
Current:				
General government	45,065	45,065	45,065	-
Capital outlay	2,542,359	2,542,359	558,678	1,983,681
<b>Total expenditures</b>	<b>2,587,424</b>	<b>2,587,424</b>	<b>603,743</b>	<b>1,983,681</b>
<b>REVENUE OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>(2,587,424)</b>	<b>(2,587,424)</b>	<b>(544,707)</b>	<b>2,042,717</b>
<b>OTHER FINANCING SOURCES:</b>				
Sales of property	-	-	46,725	46,725
Transfers in	1,857,424	1,857,424	485,880	(1,371,544)
<b>Total other financing sources</b>	<b>1,857,424</b>	<b>1,857,424</b>	<b>532,605</b>	<b>(1,324,819)</b>
<b>Net change in fund balances</b>	<b>\$ (730,000)</b>	<b>\$ (730,000)</b>	<b>(12,102)</b>	<b>\$ 717,898</b>
<b>FUND BALANCE:</b>				
Beginning of year			155,195	
End of year			<u>\$ 143,093</u>	

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

**Statistical Section**

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

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# City of Douglas

## Statistical Section

### Overview

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

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

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental activities					
Net investment in capital assets	\$ 18,756,696	\$ 17,564,128	\$ 18,049,988	\$ 15,840,000	\$ 16,107,618
Restricted	6,676,023	2,835,368	2,603,663	2,521,494	2,385,205
Unrestricted	<u>(27,208,889)</u>	<u>(24,538,145)</u>	<u>(25,161,686)</u>	<u>(23,079,733)</u>	<u>(21,402,039)</u>
Total governmental activities net position	<u>\$ (1,776,170)</u>	<u>\$ (4,138,649)</u>	<u>\$ (4,508,035)</u>	<u>\$ (4,718,239)</u>	<u>\$ (2,909,216)</u>
Business-type activities					
Net investment in capital assets	\$ 30,755,973	\$ 28,012,546	\$ 25,363,178	\$ 18,044,782	\$ 15,748,934
Restricted	1,210,316	1,076,985	722,154	628,579	615,334
Unrestricted	<u>7,825,242</u>	<u>6,241,651</u>	<u>5,418,265</u>	<u>6,195,530</u>	<u>5,712,000</u>
Total business-type activities net position	<u>\$ 39,791,531</u>	<u>\$ 35,331,182</u>	<u>\$ 31,503,597</u>	<u>\$ 24,868,891</u>	<u>\$ 22,076,268</u>
Primary government					
Net investment in capital assets	\$ 49,512,669	\$ 45,576,674	\$ 43,413,166	\$ 33,884,782	\$ 31,856,552
Restricted	7,886,339	3,912,353	3,325,817	3,150,073	3,000,539
Unrestricted	<u>(19,383,647)</u>	<u>(18,296,494)</u>	<u>(19,743,421)</u>	<u>(16,884,203)</u>	<u>(15,690,039)</u>
Total primary government net position	<u>\$ 38,015,361</u>	<u>\$ 31,192,533</u>	<u>\$ 26,995,562</u>	<u>\$ 20,150,652</u>	<u>\$ 19,167,052</u>

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

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

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

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Expenses</b>					
Governmental Activities					
General government	\$ 3,928,915	\$ 3,778,054	\$ 2,748,212	\$ 2,910,916	\$ 3,463,981
Public Safety	11,990,879	10,716,648	10,108,483	11,269,994	10,479,931
Highway and streets	2,418,139	2,339,293	2,746,780	2,929,910	2,649,507
Transportation	984,314	929,660	-	-	-
Culture and recreation	2,207,620	2,047,217	2,086,493	2,107,161	2,100,889
Redevelopment and housing	949,544	964,144	919,628	985,896	924,901
Interest on long-term debt	261,413	319,488	277,654	351,121	379,124
Total governmental activities expenses	22,740,824	21,094,504	18,887,250	20,554,998	19,998,333
Business-Type Activities					
Water	\$ 2,130,546	1,691,796	1,905,224	1,798,870	1,902,651
Sewer	2,045,785	1,415,170	1,505,490	1,434,055	1,344,495
Solid Waste	1,182,167	1,159,892	1,104,702	1,066,948	991,934
Total business-type activities expenses	5,358,498	4,266,858	4,515,416	4,299,873	4,239,080
<b>Total primary government expenses</b>	<b>\$ 28,099,322</b>	<b>\$ 25,361,362</b>	<b>\$ 23,402,666</b>	<b>\$ 24,854,871</b>	<b>\$ 24,237,413</b>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ 1,424,559	\$ 1,315,216	\$ 1,232,733	\$ 1,296,371	\$ 1,538,549
Public safety	820,642	1,320,659	1,470,386	1,457,381	1,603,762
Transportation	736	26,112	33,198	33,949	21,666
Culture and recreation	280,867	300,457	276,349	287,159	302,204
Operating grants and contributions	6,834,439	4,614,840	3,821,410	4,184,057	4,084,183
Capital grants and contributions	-	1,189	657,443	474,578	383,742
Total governmental activities program revenues	9,361,243	7,578,473	7,491,519	7,733,495	7,934,106
Business-type activities					
Charges for services:					
Water	2,085,908	1,974,837	1,930,573	1,997,192	2,031,524
Sewer	2,873,077	1,939,179	1,941,762	1,939,739	1,941,864
Solid Waste	1,288,964	1,269,886	1,243,450	1,205,083	1,199,843
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	3,685,847	2,929,618	6,068,651	2,064,313	-
Total business-type activities program revenues	9,933,796	8,113,520	11,184,436	7,206,327	5,173,231
<b>Total primary government program revenues</b>	<b>\$ 19,295,039</b>	<b>\$ 15,691,993</b>	<b>\$ 18,675,955</b>	<b>\$ 14,939,822</b>	<b>\$ 13,107,337</b>
<b>Net (Expenses)/Revenue</b>					
Governmental activities	\$ (13,379,581)	\$ (13,516,031)	\$ (11,395,731)	\$ (12,821,503)	\$ (12,064,227)
Business-type activities	4,575,298	3,846,662	6,669,020	2,906,454	934,151
Total primary government net expense	<b>\$ (8,804,283)</b>	<b>\$ (9,669,369)</b>	<b>\$ (4,726,711)</b>	<b>\$ (9,915,049)</b>	<b>\$ (11,130,076)</b>

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

	Fiscal Year				
	2016	2015	2014	2013	2012
<b>Expenses</b>					
Governmental Activities					
General government	\$ 3,336,212	\$ 3,858,018	\$ 4,499,732	\$ 4,989,484	\$ 4,840,153
Public Safety	9,678,626	9,792,922	8,050,797	7,799,983	7,186,954
Highway and streets	2,597,146	1,946,662	2,394,792	2,605,395	2,555,331
Transportation	-	-	-	-	-
Culture and recreation	2,057,077	1,680,063	1,965,397	1,868,116	1,827,388
Redevelopment and housing	922,816	954,039	1,064,489	1,041,957	-
Interest on long-term debt	414,014	478,120	530,417	579,592	664,519
Total governmental activities expenses	19,005,891	18,709,824	18,505,624	18,884,527	17,074,345
Business-Type Activities					
Water	1,654,307	1,884,943	1,839,897	1,666,863	1,698,669
Sewer	1,353,423	1,472,735	1,538,514	1,310,421	1,313,976
Solid Waste	1,134,665	930,769	956,297	785,788	765,647
Total business-type activities expenses	4,142,395	4,288,447	4,334,708	3,763,072	3,778,292
<b>Total primary government expenses</b>	<b>\$ 23,148,286</b>	<b>\$ 22,998,271</b>	<b>\$ 22,840,332</b>	<b>\$ 22,647,599</b>	<b>\$ 20,852,637</b>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ 1,482,688	\$ 1,699,542	\$ 1,890,264	\$ 1,825,479	\$ 2,035,725
Public safety	1,647,339	1,246,153	1,069,174	895,111	924,788
Transportation	20,537	-	-	-	-
Culture and recreation	304,953	94,747	136,056	89,531	73,255
Operating grants and contributions	3,661,814	3,466,981	3,751,156	3,340,827	2,193,829
Capital grants and contributions	2,996,541	582,348	423,034	1,000,170	5,622,718
Total governmental activities program revenues	10,113,872	7,089,771	7,269,684	7,151,118	10,850,315
Business-type activities					
Charges for services:					
Water	1,989,253	1,979,308	2,070,331	2,025,752	2,000,402
Sewer	1,954,149	1,852,495	1,880,405	1,835,771	1,796,248
Solid Waste	1,207,590	1,212,089	1,202,806	1,205,675	1,237,449
Operating grants and contributions	400,000	-	1,320	8,196	592,435
Capital grants and contributions	-	-	-	19,578	274,140
Total business-type activities program revenues	5,550,992	5,043,892	5,154,862	5,094,972	5,900,674
<b>Total primary government program revenues</b>	<b>\$ 15,664,864</b>	<b>\$ 12,133,663</b>	<b>\$ 12,424,546</b>	<b>\$ 12,246,090</b>	<b>\$ 16,750,989</b>
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (8,892,019)	\$ (11,620,053)	\$ (11,235,940)	\$ (11,733,409)	\$ (6,224,030)
Business-type activities	1,408,597	755,445	820,154	1,331,900	2,122,382
Total primary government	<b>\$ (7,483,422)</b>	<b>\$ (10,864,608)</b>	<b>\$ (10,415,786)</b>	<b>\$ (10,401,509)</b>	<b>\$ (4,101,648)</b>

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

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>General Revenue and</b>					
<b>Other Changes in Net Position</b>					
Net Revenue/(Expense)	(8,804,283)	(9,669,369)	(9,669,369)	(4,726,711)	(9,915,049)
Governmental Activities					
Taxes:					
Sales taxes	\$ 8,854,433	\$ 7,556,918	\$ 5,497,780	\$ 5,166,243	\$ 5,097,699
Property taxes	634,856	631,690	609,312	587,260	595,284
Motor vehicle in-lieu taxes	1,022,527	853,672	-	-	-
Franchise taxes	101,382	307,193	318,871	314,717	295,034
Transient occupancy taxes	324,192	109,803	-	-	-
Unrestricted grants and contributions	-	-	41,672	38,510	38,171
State share revenue	4,235,232	3,718,423	1,957,579	2,056,563	2,029,912
State sales tax revenue sharing	-	-	1,624,359	1,591,310	1,518,751
Auto lieu tax revenue sharing	-	-	848,552	855,842	819,277
Gain (loss) on sale of capital assets	46,725	-	101,517	-	69,902
Investment earnings	31,208	175,011	208,885	136,960	73,269
Miscellaneous	303,952	357,315	262,463	82,176	106,863
Special item	-	-	-	-	-
Transfers	185,682	175,392	134,945	182,899	232,778
Total governmental activities	15,740,189	13,885,417	11,605,935	11,012,480	10,876,940
Business-type activities:					
Investment earnings	8,216	79,082	100,631	69,068	37,228
Miscellaneous	61,223	77,233	-	-	-
Transfers	(185,682)	(175,392)	(134,945)	(182,899)	(232,778)
Total business-type activities	(116,243)	(19,077)	(34,314)	(113,831)	(195,550)
Total primary government	\$ 15,623,946	\$ 13,866,340	\$ 11,571,621	\$ 10,898,649	\$ 10,681,390
<b>Change in Net Position</b>					
Governmental activities	\$ 2,360,608	\$ 369,386	\$ (1,910,096)	\$ (383,251)	\$ (1,944,563)
Business-type activities	4,459,055	3,827,585	3,812,348	6,555,189	2,710,904
Total primary government	\$ 6,819,663	\$ 4,196,971	\$ 1,902,252	\$ 6,171,938	\$ 766,341

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

	Fiscal Year				
	2016	2015	2014	2013	2012
<b>General Revenue and</b>					
<b>Other Changes in Net Position</b>					
Net Revenue/(Expense)	(11,130,076)	(7,483,422)	(10,864,608)	(10,415,786)	(10,401,509)
Governmental Activities					
Taxes:					
Sales taxes	\$ 5,361,849	\$ 5,578,165	\$ 5,533,351	\$ 5,364,312	\$ 5,825,402
Property taxes	585,960	577,360	578,759	563,698	533,742
Motor vehicle in-lieu taxes	-	-	-	-	-
Franchise taxes	312,874	317,610	311,019	314,080	334,074
Transient occupancy taxes	-	-	-	-	-
Unrestricted grants and contributions	37,610	40,417	41,950	70,074	42,590
State share revenue	2,108,081	2,119,573	1,976,038	1,775,125	1,466,716
State sales tax revenue sharing	1,644,426	1,600,126	1,545,589	1,419,048	1,357,922
Auto lieu tax revenue sharing	812,549	776,774	736,085	757,402	803,452
Gain (loss) on sale of capital assets	(11,611)	20,480	-	-	6,769
Investment earnings	39,738	26,489	30,607	39,423	44,626
Miscellaneous	188,576	265,826	281,915	596,739	356,342
Special item	-	-	(5,352,178)	-	-
Transfers	243,898	245,316	269,143	162,208	477,751
Total governmental activities	11,323,950	11,568,136	5,952,278	11,062,109	11,249,386
Business-type activities:					
Investment earnings	31,585	18,232	22,077	23,470	8,052
Miscellaneous	-	-	-	-	-
Transfers	(243,898)	(245,316)	(269,143)	(162,208)	(477,751)
Total business activities	(212,313)	(227,084)	(247,066)	(138,738)	(469,699)
Total primary government	\$ 11,111,637	\$ 11,341,052	\$ 5,705,212	\$ 10,923,371	\$ 10,779,687
<b>Change in Net Position</b>					
Governmental activities	\$ (740,277)	\$ 2,676,117	\$ (5,667,775)	\$ (173,831)	\$ (484,023)
Business-type activities	721,838	1,181,513	508,379	681,416	862,201
Total primary government	\$ (18,439)	\$ 3,857,630	\$ (5,159,396)	\$ 507,585	\$ 378,178

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

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>General Fund</b>					
Nonspendable	\$ 909,379	\$ 889,138	\$ 879,473	\$ 951,828	\$ 858,288
Restricted	4,453,091	512,860	162,887	159,571	158,488
Unassigned	8,610,064	5,765,455	4,586,753	5,678,698	5,680,849
<b>Total general fund</b>	<u>\$ 13,972,534</u>	<u>\$ 7,167,453</u>	<u>\$ 5,629,113</u>	<u>\$ 6,790,097</u>	<u>\$ 6,697,625</u>
<b>All Other Governmental Funds</b>					
Restricted	\$ 2,496,768	\$ 2,322,508	\$ 2,139,563	\$ 3,027,040	\$ 2,204,745
Committed	143,093	155,195	153,896	233,639	195,001
Assigned	-	-	-	-	-
Unassigned	-	(26,968)	(31,202)	(18,010)	(14,568)
<b>Total all other governmental funds</b>	<u>\$ 2,639,861</u>	<u>\$ 2,450,735</u>	<u>\$ 2,262,257</u>	<u>\$ 3,242,669</u>	<u>\$ 2,385,178</u>

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

	Fiscal Year				
	2016	2015	2014	2013	2012
<b>General Fund</b>					
Nonspendable	\$ 734,543	\$ 723,641	\$ 720,416	\$ 686,488	\$ 652,189
Restricted	157,580	156,889	-	-	-
Unassigned	6,512,749	5,613,427	4,790,887	4,260,979	4,108,952
<b>Total general fund</b>	<u>\$ 7,404,872</u>	<u>\$ 6,493,957</u>	<u>\$ 5,511,303</u>	<u>\$ 4,947,467</u>	<u>\$ 4,761,141</u>
<b>All Other Governmental Funds</b>					
Restricted	\$ 1,900,963	\$ 1,439,415	\$ 1,218,198	\$ 1,174,505	\$ 871,510
Committed	693,863	779,693	1,033,237	-	-
Assigned	-	-	320,290	224,190	228,340
Unassigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 2,594,826</u>	<u>\$ 2,219,108</u>	<u>\$ 2,571,725</u>	<u>\$ 1,398,695</u>	<u>\$ 1,099,850</u>

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

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Revenues:</b>					
Taxes	\$ 9,917,932	\$ 8,605,604	\$ 6,439,932	\$ 6,073,634	\$ 5,996,580
Intergovernmental	12,117,283	9,184,848	8,958,369	8,813,558	8,750,525
Fines and Forfeitures	7,663	11,471	24,331	94,183	157,059
Licenses and Permits	177,124	148,759	163,967	119,114	151,967
Charges for services	1,371,944	1,883,825	2,088,228	2,055,584	2,335,745
Rents and royalties	929,328	925,417	736,140	805,979	821,410
Special Assessments	31,208	175,011	-	-	-
Investment Income (loss)	319,072	357,315	208,885	136,960	73,271
Other	-	-	262,463	82,176	106,863
<b>Total revenues</b>	<b>24,871,554</b>	<b>21,292,250</b>	<b>18,882,315</b>	<b>18,181,188</b>	<b>18,393,420</b>
<b>Expenditures:</b>					
General government	\$ 3,474,698	\$ 3,065,734	\$ 2,565,876	\$ 2,856,638	\$ 2,838,725
Public safety	44,822,789	9,169,072	9,055,963	8,692,967	9,453,283
Highways and streets	1,432,798	1,256,958	2,991,082	2,827,175	2,161,891
Transportation	901,787	791,062	-	-	-
Culture and recreation	1,714,049	1,585,179	1,711,403	1,734,621	1,744,473
Redevelopment and housing	949,544	964,144	919,628	985,896	920,658
Capital outlay	2,652,526	2,654,055	1,910,355	395,179	1,124,777
Debt Service					
Principal Retirement	893,169	727,925	2,854,677	967,010	913,997
Interest and fiscal charges	262,360	264,134	277,654	351,121	379,124
<b>Total expenditures</b>	<b>57,103,720</b>	<b>20,478,263</b>	<b>22,286,638</b>	<b>18,810,607</b>	<b>19,536,928</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(32,232,166)</b>	<b>813,987</b>	<b>(3,404,323)</b>	<b>(629,419)</b>	<b>(1,143,508)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	\$ 1,670,560	\$ 1,393,784	\$ 3,278,786	\$ 1,542,011	\$ 1,558,311
Transfers Out	(1,484,878)	(1,218,392)	(3,143,841)	(1,359,112)	(1,325,533)
Obligations incurred on capital leases	108,966	704,439	998,496	1,060,480	140,482
Proceeds bond issuance	38,885,000	-	-	-	-
Proceeds from sale of capital assets	46,725	33,000	129,486	336,003	69,902
<b>Total other financing sources (uses)</b>	<b>39,226,373</b>	<b>912,831</b>	<b>1,262,927</b>	<b>1,579,382</b>	<b>443,162</b>
<b>Net change in fund balances</b>	<b>\$ 6,994,207</b>	<b>\$ 1,726,818</b>	<b>\$ (2,141,396)</b>	<b>\$ 949,963</b>	<b>\$ (700,346)</b>
Debt service as a percentage of noncapital expenditures	2.12%	5.57%	15.37%	7.16%	7.02%

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

	Fiscal Year				
	2016	2015	2014	2013	2012
<b>Revenues:</b>					
Taxes	\$ 6,252,364	\$ 6,476,819	\$ 6,399,692	\$ 6,234,848	\$ 6,707,653
Intergovernmental	8,446,141	8,035,692	8,455,635	8,031,863	6,783,653
Fines and Forfeitures	202,116	160,870	311,448	273,475	319,294
Licenses and Permits	152,482	165,004	201,227	162,571	196,385
Charges for services	2,282,537	1,895,749	1,763,797	1,605,657	1,759,653
Rents and royalties	818,382	818,819	819,022	768,418	758,436
Special Assessments	-	136,718	-	-	-
Investment Income (loss)	39,738	26,489	30,607	39,423	44,626
Other	188,576	265,826	281,915	596,739	356,342
<b>Total revenues</b>	<b>18,382,336</b>	<b>17,981,986</b>	<b>18,263,343</b>	<b>17,712,994</b>	<b>16,926,042</b>
<b>Expenditures:</b>					
General government	\$ 2,863,112	\$ 3,203,318	\$ 3,407,238	\$ 3,469,997	\$ 3,555,255
Public safety	8,395,922	7,030,010	7,295,712	7,139,134	6,709,042
Highways and streets	1,909,520	1,276,388	1,685,298	1,779,871	2,093,297
Transportation	-	-	-	-	-
Culture and recreation	1,694,211	1,337,577	1,513,927	1,407,089	1,361,590
Redevelopment and housing	916,674	947,866	1,058,347	1,035,816	-
Capital outlay	521,648	1,923,777	1,806,890	2,007,665	2,620,504
Debt Service					
Principal Retirement	907,502	1,474,930	1,464,848	1,627,585	1,636,402
Interest and fiscal charges	414,014	423,879	501,922	551,097	623,553
<b>Total expenditures</b>	<b>17,622,603</b>	<b>17,617,745</b>	<b>18,734,182</b>	<b>19,018,254</b>	<b>18,599,643</b>
<b>Excess of revenues over (under) expenditures</b>	<b>759,733</b>	<b>364,241</b>	<b>(470,839)</b>	<b>(1,305,260)</b>	<b>(1,673,601)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	\$ 1,633,133	\$ 2,557,063	\$ 2,354,892	\$ 2,480,730	\$ 2,923,356
Transfers Out	(1,389,235)	(2,311,747)	(2,085,749)	(2,318,522)	(2,445,605)
Obligations incurred on capital leases	67,277	20,480	1,041,474	1,205,911	71,676
Obligations incurred on capital leases	-	-	-	-	-
Proceeds from sale of capital assets	215,725	-	897,088	-	52,021
<b>Total other financing sources (uses)</b>	<b>526,900</b>	<b>265,796</b>	<b>2,207,705</b>	<b>1,368,119</b>	<b>601,448</b>
<b>Net change in fund balances</b>	<b>\$ 1,286,633</b>	<b>\$ 630,037</b>	<b>\$ 1,736,866</b>	<b>\$ 62,859</b>	<b>\$ (1,072,153)</b>
Debt service as a percentage of noncapital expenditures	7.73%	12.10%	11.62%	12.81%	14.14%

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

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<b>Fiscal Year</b>	<b>Sales Taxes</b>	<b>Property Taxes</b>	<b>Franchise Taxes</b>	<b>Total</b>
2021	\$ 8,854,326	\$ 634,856	\$ 324,192	\$ 9,813,374
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

**City of Douglas**  
**Taxable Sales By Category**  
**Last Ten Calendar Years**

	Fiscal Year				
	2021	2020	2019	2018	2017
Mining	\$ 1,789	\$ 1,406	\$ -	\$ -	\$ -
Communications and Utilities	17,483,263	16,793,374	17,301,286	17,199,821	17,469,469
Transportation & Warehousing	-	-	14,607	10,500	7,646
Construction	4,580,263	6,653,135	10,147,464	4,842,286	7,855,430
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	159,775,026	135,187,713	125,972,964	135,090,750	124,098,318
Finance and Insurance	-	-	-	-	-
Real Estate, Rental and Leases	14,989,090	11,681,180	9,685,357	9,606,250	8,341,499
Restaurants and Bars	16,538,553	15,212,256	14,519,750	13,806,714	14,290,984
Accommodations	3,038,474	2,938,962	2,624,500	2,646,883	2,646,883
Services	19,073,553	7,239,283	5,873,250	4,424,929	2,318,353
Arts & Entertainment	153,921	192,118	214,250	210,429	588,899
Other	145,684	113,383	184,000	201,500	195,312
<b>Total</b>	<b>\$ 235,779,616</b>	<b>\$ 196,012,810</b>	<b>\$ 186,537,428</b>	<b>\$ 188,040,062</b>	<b>\$ 177,812,793</b>
<b>City sales tax rate</b>	<b>3.80%</b>	<b>3.80%</b>	<b>2.80%</b>	<b>2.80%</b>	<b>2.80%</b>

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				
	2016	2015	2014	2013	2012
Mining	\$ -	\$ 2,891	\$ 2,626	\$ 4,715	\$ 6,606
Communications and Utilities	20,056,514	20,725,169	20,874,694	20,996,222	21,998,591
Transportation & Warehousing	23,200	32,657	7,558	34,024	36,614
Construction	7,836,315	10,778,758	7,161,065	4,980,458	18,615,619
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	134,525,779	141,407,356	138,881,604	137,243,931	136,449,566
Finance and Insurance	-	-	-	-	-
Real Estate, Rental and Leases	8,776,313	8,143,356	8,037,675	7,812,435	8,369,967
Restaurants and Bars	14,629,652	14,634,276	14,404,604	14,682,935	15,215,328
Accommodations	2,685,332	2,848,778	3,792,273	3,855,249	4,552,670
Services	709,281	1,102,206	1,385,854	1,152,749	1,224,696
Arts & Entertainment	342,208	377,338	477,238	642,019	758,552
Other	177,197	262,025	173,041	196,727	276,830
<b>Total</b>	<b>\$ 189,761,791</b>	<b>\$ 200,314,810</b>	<b>\$ 195,198,232</b>	<b>\$ 191,601,464</b>	<b>\$ 207,505,039</b>
<b>City sales tax rate</b>	<b>2.80%</b>	<b>2.80%</b>	<b>2.80%</b>	<b>2.80%</b>	<b>2.80%</b>

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

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<u>Fiscal Year</u>	<u>City of Douglas</u>	<u>Cochise County</u>	<u>Rate Total</u>
2021	3.80	6.10	9.90
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

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

Source: The Cochise County Treasurer

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

Fiscal Year	Primary Rates					Secondary Rates		Rate Total
	City of Douglas	Cochise County	Cochise County Community College	Douglas Unified School District	Total Direct Rate	School District	County	
2021	1.16	2.67	2.44	4.55	10.82	0.59	0.55	11.96
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

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**

	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Arizona Public Service	\$ 2,524,907	1	4.46%	\$ 1,810,862	2	3.32%
Wal-Mart Stores Inc.	2,090,371	2	3.69%	2,294,016	1	4.21%
Southwest Gas Corporation	1,432,593	3	2.53%	458,121	8	0.84%
DHD LLC	586,845	4	1.04%	634,720	4	1.16%
Phelps Dodge Corporation	534,269	5	0.94%	612,035	3	1.12%
SFP Pool Five Shopping Centers	465,363	6	0.82%	477,733	7	0.88%
Hillcrest Apartments LLC	388,613	7	0.69%			
UIRC-GSA V Douglas AZ LLC	359,293	8	0.63%			
RR Company of America LLC	321,114	9	0.57%			
Circle K Stores, Inc #2702940	291,530	10	0.51%			
Qwest Corporation				542,030	5	0.99%
Safeway Inc.				531,492	6	0.98%
FAE Holdings 356216R LLC				452,000	9	0.83%
Douglas Customs LLC				402,319	10	0.74%
Total	<u>\$ 8,994,898</u>		<u>15.87%</u>	<u>\$ 8,215,328</u>		<u>15.07%</u>
Net Assessed Value	56,666,778			54,510,332		

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**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percentage of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Tax Levy</b>
2021	\$ 656,825	\$ 627,574	95.55%	11,240	\$ 638,814	97.26%	\$ 18,011	2.74%
2020	652,867	636,279	97.46%	13,505	649,783	99.53%	3,084	0.47%
2019	642,240	613,354	95.50%	16,682	630,036	98.10%	12,204	1.90%
2018	599,185	509,098	84.97%	85,740	594,838	99.27%	4,347	0.73%
2017	587,758	536,145	91.22%	48,443	584,588	99.46%	3,170	0.54%
2016	586,193	523,764	89.35%	60,029	583,793	99.59%	2,400	0.41%
2015	565,710	515,897	91.19%	47,608	563,505	99.61%	2,205	0.39%
2014	562,460	498,462	88.62%	61,885	560,347	99.62%	2,113	0.38%
2013	552,411	501,212	90.73%	48,899	550,111	99.58%	2,300	0.42%
2012	538,029	490,427	91.15%	45,058	535,485	99.53%	2,544	0.47%

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
2021	\$ 38,885,000	\$ 2,625,000	\$ 1,813,691	\$ 43,323,691	\$ 8,602,391	\$ 58,148	\$ 8,660,539	\$ 51,984,230	17.68%	\$ 3,144
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

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, 2021**  
**(in thousands of dollars)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Cochise County	\$ -	5.696%	\$ -
Cochise County Community College District	18,552,158	5.696%	1,056,731
Douglas Unified School District No. 27	3,920,000	72.905%	2,857,889
<b>Other debt</b>	-	0.000%	-
<b>Subtotal overlapping debt</b>			<u>\$ 3,914,620</u>
<b>City Direct Debt</b>	10,951,731	100.000%	10,951,731
<b>Total direct and overlapping debt</b>			<u><u>\$ 14,866,351</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt	
As a Percentage of Net Limited Assessed Valuation	N/A
Net Direct and Overlapping General Bonded Debt	
Per Capita	\$ 899.14
As a Percentage of Net Limited Assessed Valuation	26.23%
As a Percentage of Gross Full Cash Value	2.86%

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	\$56,666,778
Debt Limit (20% of assessed value)	11,333,356
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>\$14,733,362</u></u>

	2021	2020	2019	2018	2017
Total 20% Debt Limit	\$ 11,333,356	\$ 11,265,068	\$ 10,639,254	\$ 10,029,043	\$ 9,994,192
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 11,333,356</u></u>	<u><u>\$ 11,265,068</u></u>	<u><u>\$ 10,639,254</u></u>	<u><u>\$ 10,029,043</u></u>	<u><u>\$ 9,994,192</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	2020	2019	2018	2017
Total 6% Debt Limit	3,400,007	3,379,520	3,191,776	3,008,713	2,998,258
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 3,400,007</u></u>	<u><u>\$ 3,379,520</u></u>	<u><u>\$ 3,191,776</u></u>	<u><u>\$ 3,008,713</u></u>	<u><u>\$ 2,998,258</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	\$56,666,778
Debt Limit (20% of assessed value)	11,333,356
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>\$14,733,362</u></u>

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total 20% Debt Limit	\$ 9,977,035	\$ 10,095,268	\$ 10,679,957	\$ 10,978,476	\$ 11,237,561
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 9,977,035</u></u>	<u><u>\$ 10,095,268</u></u>	<u><u>\$ 10,679,957</u></u>	<u><u>\$ 10,978,476</u></u>	<u><u>\$ 11,237,561</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%
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total 6% Debt Limit	2,993,111	3,028,580	3,203,987	3,293,543	3,371,268
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 2,993,111</u></u>	<u><u>\$ 3,028,580</u></u>	<u><u>\$ 3,203,987</u></u>	<u><u>\$ 3,293,543</u></u>	<u><u>\$ 3,371,268</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**

<b>Fiscal Year</b>	<b>Pledged Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service Principal</b>	<b>Debt Service Interest</b>	<b>Annual Debt Service Total</b>	<b>Estimated Times Coverage</b>
<b><u>Revenue Bonds*</u></b>							
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2020	-	-	-	-	-	-	N/A
2019	-	-	-	-	-	-	N/A
2018	-	-	-	-	-	-	N/A
2017	-	-	-	-	-	-	N/A
2016	-	-	-	-	-	-	N/A
2015	11,792,995	-	11,792,995	470,000	16,451	486,451	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
<b><u>GADA Loan**</u></b>							
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
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

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

Notes: 1) Pledged Revenue for revenue bonds includes City sales tax revenue. The revenue bonds were paid off in fiscal year 2015.  
2) Pledged Revenue for GADA Loans includes state shared revenue, state sales tax, and City sales tax.  
4) Final payments on the general obligations (GADA) bonds were made in fiscal year 2019.

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

<b>Fiscal Year</b>	<b>Pledged Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service Principal</b>	<b>Debt Service Interest</b>	<b>Annual Debt Service Total</b>	<b>Estimated Times Coverage</b>
<b><u>Call Center Loan</u></b>							
2021	\$ 14,112,085	\$ -	\$ 14,112,085	\$ 375,000	\$ 171,246	\$ 546,246	25.83
2020	9,209,154	-	9,209,154	375,000	193,179	568,179	16.21
2019	7,722,556	-	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
<b><u>WIFA Loans</u></b>							
2021	\$ 4,098,487	\$ 2,913,139	\$ 1,185,348	\$ 611,554	\$ 174,501	\$ 786,055	1.51
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

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

Notes: 1) Water charges and other includes charges for services, investment income, and miscellaneous revenues.  
2) Operating expenses do not include depreciation and interest expense.

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

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**City of Douglas**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<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>
2021	16,534	\$ 294,106,792	\$ 17,788	32.5	5.8%
2020	16,193	266,131,955	16,435	32.5	6.7%
2019	16,453	270,405,055	16,435	32.5	5.3%
2018	16,588	242,781,968	14,636	32.4	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%

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

2021				2012			
<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>
Arizona Department of Corrections	615	1	12.48%	Arizona Department of Corrections	648	1	9.68%
Douglas Unified School District	492	2	9.98%	Douglas Unified School District	516	3	7.71%
Advanced Call Center Technologies	248	3	5.03%	Advance Call Center Technologies	537	2	8.02%
City of Douglas	179	4	3.63%	City of Douglas	197	6	2.94%
Cochise College	165	5	3.35%	Cochise College	218	5	3.26%
Chiricahua Community Health Center	116	6	2.35%	Chiricahua Community Health Center	106	7	2.15%
Cochise Private Industry Council	90	7	1.83%				
Cochise County	48	8	0.97%	Cochise County	64	9	0.96%
Copper Queen Community Hospital	37	9	0.75%				
				Wal-Mart Stores, Inc	295	4	4.41%
				Southeast Arizona Medical Center	77	8	1.15%
				Basha's Inc	62	10	0.93%
Total	<u>1,990</u>		<u>40.37%</u>	Total	<u>2,720</u>		<u>31.52%</u>
Total employment				Total employment			
	<u>4929</u>				<u>6693</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Government</b>										
Management Services										
Administration	2.00	2.00	2.00	4.00	5.00	4.00	4.50	4.50	5.00	5.00
City Clerk	2.00	1.00	2.00	2	-	-	-	-	-	-
City Attorney	-	1.00	1.00	1	-	-	-	-	-	-
Human Resources	3.00	2.00	2.00	2.00	2.50	3.00	3.00	3.00	3.00	3.00
Court	-	-	-	-	-	1.50	1.50	1.50	1.50	1.50
MIS	4.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	3.50
Finance	8.00	8.00	8.00	6.50	7.50	7.00	9.00	9.00	8.50	8.50
Economic Dev	-	0.00	1.00	1.00	1	-	-	-	-	-
Visitor Center/Parking	-	0.00	1.00	0.50	0.50	0.50	1.00	1.00	1.00	3.50
Total General Government	19.00	18.00	20.00	21.00	20.50	20.00	23.00	23.00	22.00	25.00
<b>Housing</b>	4.00	4.00	3.00	3.00	3.50	3.50	3.50	6.50	6.50	8.50
<b>Police</b>										
Officers	29.00	22.00	32.00	33.00	34.00	29.00	31.00	31.00	32.00	32.00
Civilians	12.00	21.00	12.00	11.00	13.50	13.00	13.00	11.50	15.00	14.00
Total Police	41.00	43.00	44.00	44.00	47.50	42.00	44.00	42.50	47.00	46.00
<b>Fire</b>										
Officers	29.00	34.00	30.00	28.00	27.50	27.00	25.00	23.00	24.00	23.00
Civilians	1.00	2.00	1.00	1.00	2.50	2.00	2.00	2.00	2.00	1.50
Total Fire	30.00	36.00	31.00	29.00	30.00	29.00	27.00	25.00	26.00	24.50
<b>Public Works</b>										
Engineering (PW Adm)	3.00	3.00	3.00	3.00	2	-	1.00	2.00	2.00	4.00
Planning & Zoning	2.00	3.00	2.00	2.00	2.00	1.50	2.00	2.00	1.00	2.00
Construction	5.00	5.00	5.00	4.50	5.00	5.00	5.00	5.00	6.00	6.00
Refuse Collections	5.00	6.00	6.00	12.50	7.50	8.00	9.00	8.00	7.00	5.00
Mechanics	3.00	3.00	2.00	1.50	3.00	3.00	3.00	3.00	2.50	2.00
Streets	9.00	8.00	8.00	8.00	8.00	5.00	5.00	7.00	8.00	6.00
Streets Maintenance	-	-	-	-	-	-	-	-	-	4.00
Airport	1.00	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1	-
Water Field	9.00	12.00	10.00	12.00	9.50	7.50	7.50	7.50	7.50	7.00
Water CIP	-	-	-	2.00	-	2.00	2.00	2.00	2.00	4.00
Billing	3.00	-	-	-	-	-	-	-	-	-
Wastewater	6.00	6.00	4.00	3.00	5.50	5.50	5.50	5.50	5.50	5.00
Total Public Works	46.00	47.00	41.00	49.50	43.50	38.00	41.00	43.00	42.50	45.00
<b>Parks and Recreation</b>										
Comm Dev Admin									1.00	1.00
Aquatics	18.00	15.00	11.50	12.00	11.50	10.50	10.50	12.00	12.50	10.50
Cemetery	5.00	4.49	2.50	2.50	2.00	2.00	2.00	3.00	3.00	2.00
Parks	7.00	7.85	7.50	8.00	7.50	8.50	9.00	9.00	8.50	9.50
Recreation	11.00	7.00	10.00	8.50	8.00	6.00	6.50	5.50	5.50	6.50
Golf Course	-	-	-	-	-	-	2.50	5.50	7.50	9.50
Library	12.00	7.50	7.50	7.50	7.50	7.50	8.00	6.50	6.50	7.00
Transit	11.00	12.00	12.00	11.00	9.00	9.00	6.00	6.50	6	-
Bisbee Transit	2.00	2.00	2.00	2.00	2.50	3	-	-	-	-
Total Parks and Recreation	66.00	55.84	53.00	51.50	48.00	46.50	44.50	48.00	50.00	46.00
<b>Total</b>	206.00	203.84	192.00	198.00	193.00	179.00	183.00	188.00	194.00	195.00

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

<u>Function</u>	Fiscal Year Ended June 30,				
	2021	2020	2019	2018	2017
Police					
Stations	1	1	1	1	1
Patrol Units	20	20	22	24	21
Fire stations	1	1	1	1	1
Refuse collection					
Collection trucks	6	3	5	4	4
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	1,211	1,210	1,209*	1,209*	2,697
Traffic Signals	13	13	13	13	13
Parks and recreation					
Acreage	92	92	92	92	92
Playgrounds	6	6	6	5	5
Baseball/softball diamonds	7	7	7	7	6
Soccer/football fields	13	13	13	13	13
Aquatic Centers	2	2	2	2	2
Community centers					
Water					
Water mains (miles)	100.2	100.2	100	100	100
Fire hydrants	576	576	576	574	573
Storage capacity (thousands of gallons)	590,000	590,000	590,000	590,000	590,000
Wastewater					
Sanitary sewers (miles)	92.0	87.0	87.0	87.0	87.0
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**  
**Capital Asset Statistics by Function/Program (Continued)**  
**Last Ten Fiscal Years**

<u>Function</u>	Fiscal Year Ended June 30,				
	2016	2015	2014	2013	2012
Police					
Stations	1	1	1	1	1
Patrol Units	23	23	21	22	23
Fire stations	1	1	1	1	1
Refuse collection					
Collection trucks	4	4	4	4	5
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	2,693	2,693	2,693	2,693	2,693
Traffic Signals	12	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	570	567	560	548	545
Storage capacity (thousands of gallons)	590,000	590,900	590,900	590,900	590,900
Wastewater					
Sanitary sewers (miles)	86.5	86.0	86.0	86.0	85.5
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**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Government					
Building permits issued	523	289	275	235	329
Building inspections conducted	543	356	532	427	
Police					
Physical arrests	634	591	811	764	937
Parking violations	131	149	173	390	85
Traffic violations	1,649	1,873	2,655	4,031	2,973
Fire					
Emergency responses	2,483	2,451	3,040	3,665	3,295
Fires extinguished	145	199	140	239	178
Inspections	47	83	130	160	
Refuse collection					
Refuse collected (tons/day)	28.8	26.0	30.0	25.0	22.0
Recyclables collected (tons/day)					
Other public works					
Street resurfacing (miles)	6.8	5.0	4.1	3.8	2.0
Potholes repaired (streets)	8,000	7,000	6,000	7,000	6,500
Parks and recreation					
Special Event Permits Issued	33	66	95	91	68
Community center admissions	1524	679	1,749	2,987	1,749
Aquatic Center Admissions**	5,016	5,286	15,005	15,402	15,005
Library					
Volumes in collection	56,005	56,400	55,465	54,515	52,543
Total volumes borrowed**	8,779	22,768	32,166	34,084	38,089
Transit					
Riders	31,806	47,772	58,603	60,044	56,262
Miles	224,279	210,308	229,794	220,202	120,453
Water					
New connections	18	11	5	3	8
Water main breaks	33	24	16	11	5
Average daily consumption (thousands of gallons)	2,800,000	3,000,000	3,000,000	3,050,474	3,054,914
Peak daily consumption (thousands of gallons)	4,800,000	5,300,000	5,400,000	4,041,935	4,050,528
Wastewater					
Average daily sewage treatment (thousands of gallons)	2.0	2.0	2.0	2.0	1.8

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

\*Note: The City conducted educated estimates on these statistics

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

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

Function	Fiscal Year Ended June 30,				
	2016	2015	2014	2013	2012
General Government					
Building permits issued	205	188	202	264	221
Building inspections conducted	277	229	704	695	778
Police					
Physical arrests	1,317	1,164	1,348	1332	554
Parking violations	140	158	183	258	545
Traffic violations	2,490	2,981	3,220	4,158	3,888
Fire					
Emergency responses	3,479	2,900	2,560	2,459	2,437
Fires extinguished	196	52	457	231	55
Inspections	108	261	367	161	200
Refuse collection					
Refuse collected (tons/day)	24.6	33.4	22.9	27.5	26.5
Recyclables collected (tons/day)					
Other public works					
Street resurfacing (miles)	6.2	6.0	0.8	2.1	0.5
Potholes repaired (streets)	4,500	2,385	1,763	1,600	2,100
Parks and recreation					
Special Event Permits Issued	56	105	83	93	125
Community center admissions	3,384	7,954	16,051	10,199	8,812
Aquatic Center Admissions**	11,631	14,674	17,792	16,685	21,301
Library					
Volumes in collection	63,930	53,887	59,033	47,157	56,715
Total volumes borrowed**	59,737	53,181	64,843	61,256	63,180
Transit					
Riders	55,770	68,777	56,400		
Miles	105,158	105,615	106,795		
Water					
New connections	5	5	11	11	10
Water main breaks	6	8	7	12	8
Average daily consumption (thousands of gallons)	2,725,146	2,971,544	3,321,000	3,216,045	3,177,000
Peak daily consumption (thousands of gallons)	3,366,799	3,984,848	4,384,000	4,716,136	4,725,000
Wastewater					
Average daily sewage treatment (thousands of gallons)	1.9	1.9	2.1	2.0	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 and library book borrowing down significantly due to COVID-19

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

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