



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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CITY OF DOUGLAS, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

Donald C. Huish
Mayor

Margaret Morales

Mitch Lindemann

Danya Acosta

Ray Shelton

Michael Baldenegro
Councilmembers

Jose Grijalva

Ana Urquijo
City Manager

Prepared by: Finance Department

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Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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

March 28, 2024

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). Audits are done in accordance with the generally accepted auditing standards by a licensed certified public accounting firm by December 31, or by March 31 of each year if an automatic extension is requested. Pursuant of that requirement, we hereby issue the annual comprehensive financial report of the City of Douglas, Arizona (the "City") for the fiscal year ended June 30, 2023. 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 is situated in Southeastern Arizona, positioned 117 miles to the southeast of Tucson, near the U.S./Mexico border. Despite its modest population of 16,534 residents, it caters to a commercial market of roughly 150,000 individuals. Adjacent to the City lies Agua Prieta, Sonora, Mexico, merely a stone's throw away across the international divide, boasting a population of around 125,000. Nestled at the frontier, the City proudly identifies itself as a community transcending borders, embracing its past and envisioning its future through a bi-national perspective.

The economies and cultures of our two cities are closely intertwined. In 2023, a total of 27,272 trucks, 2.8 million cars, and 776,065 pedestrians traveled northbound, amounting to approximately 4.2 million individuals. The combined value of imports and exports reached \$5 billion. Much like the diverse ecosystems of the nearby Sonoran and Chiricahua Deserts, the City exhibits a rich blend of cultures. This is evident in its multicultural architecture, Church Square - a distinctive square featuring four different churches on each corner, and the presence of the 1st International Airport of the Americas.

With its foundation built on family values, the City is a community deeply entrenched in tradition. The emphasis on family permeates through the fabric of the region's educational and entrepreneurial systems. As recent as 2021, the City celebrated the presence of three A Schools, comprising one elementary and two Charter Schools. Cochise College, as assessed by WalletHub, secured the third position among Arizona community colleges in 2023. This institution equips numerous transferring students with the necessary skills for admission to esteemed universities such as the University of Arizona and various other colleges across the state. Additionally, visitors can delve into the area's rich mining and ranching history at Slaughter Ranch, explore the Visitor's Center, and experience the historical ambiance of the Gadsden Hotel, which was constructed during the flourishing era of copper mining and smelter operations by Phelps-Dodge.

Government Structure

The Douglas City government consists of a Mayor and six Councilmembers, elected by City residents to serve four-year terms. The Mayor is elected at-large, allowing registered voters from all City Wards to vote for mayoral candidates. Councilmembers are elected by registered voters within their respective Wards. Both the Mayor and Councilmembers have equal voting power to establish, enact, or amend local laws, ordinances, and resolutions that govern the City. The Mayor Pro Temp, or Vice Mayor, is appointed by the Mayor.

Appointed by the City Council, the City Manager is responsible for overseeing the overall operation and management of government functions within the policy directives of the City Council. As the chief administrative officer (CAO) of the City government, the City Manager handles Council relations, community engagement, and employee matters, including the recruitment, training, and dismissal of all employees, except for positions like the City Magistrate, City Clerk, City Treasurer, and City Attorney, who are appointed by the Mayor and Council.

Economic Condition and Outlook

Currently the City's economy is primarily based on the international trade exchange with Mexico. The Douglas / Agua Prieta connection is very strong with the coordinated efforts of both local governments working for the expansion of the existing port and development of a new commercial port of entry. The City's major employers consist of governmental entities such as Customs and Border Protection, Arizona Department of Corrections Rehabilitation and Reentry, Douglas Unified School District, Cochise College and the City of Douglas. Private and major employers in the City include retail establishments such as Wal-Mart Stores. According to the Arizona Office of Economic Opportunity, the Sierra Vista-Douglas MSA unemployment rate at the end of December 2023 was at 4.8%, which is slightly higher than the national and state unemployment rates of 3.7% and 4.2% respectively.

The Douglas economy demonstrates continued growth, evident in the 16% increase in sales tax compared to the previous year. Moreover, the current fiscal year witnessed the issuance of 18 new single-family building permits, indicating heightened activity and interest in development projects. However, the community experienced the departure of a significant employer, Advanced Call Center Technologies (ACT), which opted for a work-from-home model for its Douglas employees and pursued offshore accounts. ACT, also a tenant of the City, vacated its premises in mid-December 2023 upon the expiration of its lease.

Despite this setback, the City welcomed new small employers, including the Harbor Freight Tools retail store and the 99 Store, a grocery and retail outlet. These additions, along with increased retail sales tax revenue, especially in categories such as retail food for home consumption and online sales, significantly contributed to the economy's growth compared to the previous year. Border crossings also rose by 7.6% in the first quarter compared to the same period last year, while the peso strengthened against the dollar by 15% at the start of the 2023 quarter.

Interest from external investors in the port of entry project continues to grow as momentum builds. The project, currently in the master planning phase, is complemented by an ongoing ADOT connector road study, electrical and broadband extensions to the new POE site underway, and the City's efforts to bring water and sewer utilities to the site, currently in the design phase, with plans for operationalization by 2028. The City received substantial funding support for water and sewer infrastructure, including \$8.9 million from the State and success in securing three congressional-directed spending projects totaling \$6,025,000, all of which complement the new port of entry project. These projects include the Chino Road Extension, a new well for the port of entry, and the upgrade of its SCADA water management system.

Major Initiatives and Activities

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

Here are the major initiatives for FY 2023 in line with the 2032 Vision Map:

Capital improvements for FY 23 include the following:

- Cemetery beautification including decorative fencing and water infrastructure upgrades
- Completion of Aquatic Center dehumidifier project
- Installation of Solar LED lights at Joe Causey Park and Airport Park's walking paths
- Acquisition of wheel loader and crack sealing machine for street improvement projects
- Acquisition of body worn cameras and ballistic vests for Police Department
- Hiring a Blight Abatement Crew
- Downtown Streetscape Phased approach
- Completion of Telecommunication Roadmap Study
- Street improvement projects
- City Hall Improvements (landscape)
- Acquisition of Food City Building
 - City working with prospect to open a grocery store in 2024
- Phased in approach for annexation

Upcoming Year

The City is currently focusing on advancing the POE (Port of Entry) project, which involves coordinating with federal and state agencies, as well as the General Services Administration (GSA), to facilitate its construction. This effort includes conducting a comprehensive study on the connector road design concept. Additionally, collaborative efforts with utility providers like APS, Southwest Gas and broadband provider Cox are in progress, in conjunction with City engineers, to design water and sewer infrastructure.

Furthermore, the City successfully acquired the old Food City building for \$900,000 and is actively seeking to attract a new grocer to the area. In addition, final survey and closing on the sale of over 300 acres of land surrounding the Airport is expected this Spring, aimed at accommodating hangar homes and manufacturing facilities. These initiatives are integral to spearheading economic development opportunities for the City.

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

- Parks Master Plan Study
- Golf Course improvements
- ADOT Border Infrastructure Update Study
- Chino Road Phase II Study
- General Plan Update
- Army Corps of Engineer Flood Study
- Wastewater Plant Flood Mitigation

- RAISE Grant Submittal for Commercial Roadways
- Downtown Streetscape and Preservation Programs

FURTHER EXPLANATION ABOUT THE AUDIT AND THIS REPORT

The following report presents management's assertions regarding the financial affairs of the City of Douglas, Arizona. Consequently, management accepts full responsibility for the accuracy and reliability of all information provided herein.

To ensure the integrity of these representations, the management of the City of Douglas, Arizona has implemented a comprehensive internal control framework. This framework aims to safeguard government assets against loss, theft, or misuse while also facilitating the preparation of the City's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Recognizing the balance between cost and benefit, the City's internal control framework is designed to offer reasonable, rather than absolute, assurance regarding the absence of material misstatements in the financial statements.

The financial statements presented have undergone an audit by The Pun Group LLP, a firm of licensed certified public accountants. The objective of the independent audit was to provide reasonable assurance regarding the absence of material misstatements in the City of Douglas, Arizona's financial statements for the Fiscal Year Ended June 30, 2023. The audit involved scrutinizing evidence supporting the amounts and disclosures in the financial statements, evaluating the accounting principles employed, significant estimates made by management, and assessing the overall presentation of the financial statements.

Based on the audit, the independent auditors have concluded that there is a reasonable basis for issuing an unmodified opinion on the City of Douglas' financial statements for the Fiscal Year Ended June 30, 2023, affirming their conformity with GAAP. The independent auditors' report is presented as the initial component of the financial section of this report.

In accordance with GAAP requirements, management must 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 transmittal letter is intended to complement the MD&A and should be read in conjunction with it. The MD&A for the City of Douglas can be found immediately following the reports of the independent auditors.

The City of Douglas is obligated to undergo an annual single audit in compliance with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Details related to this single audit, including 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 available for review at the City of Douglas offices.

This report encompasses all funds of the City of Douglas, which offers a comprehensive range of services including police and fire protection, emergency medical services, transit service, water, sewer, and sanitation services, as well as the construction and maintenance of highways, streets, cemetery, airport, and infrastructure, along with parks, recreational activities, libraries, visitor centers, and cultural events.

Furthermore, 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. These activities are included as discretely presented component units. The City has transitioned Housing services to Cochise County effective January 1, 2023, and dissolved the Douglas Housing Authority to enhance operational efficiency through consolidation with Cochise County. The Community Housing Corporation that operates the Rancho La Perilla Apartments also sold the apartments as of January 31, 2024. Additionally, the City will report the golf course as a blended component unit of the City, as a separate municipal property corporation has been established for the management of its golf course.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) honored the City of Douglas with a Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report for the fiscal year ending on June 30, 2022. To receive this recognition, a government entity must produce an annual comprehensive financial report that is both easily readable and efficiently organized, adhering to generally accepted accounting principles and relevant legal standards.

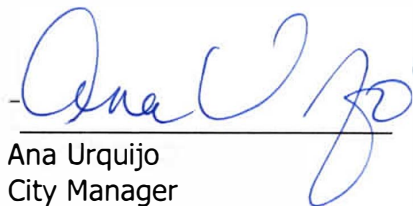
The Certificate of Achievement is valid for one year. We are confident that our current annual comprehensive financial report continues to fulfill the requirements of the Certificate of Achievement Program. Consequently, we have submitted it to the GFOA for evaluation to determine its eligibility for another certificate.

Acknowledgement

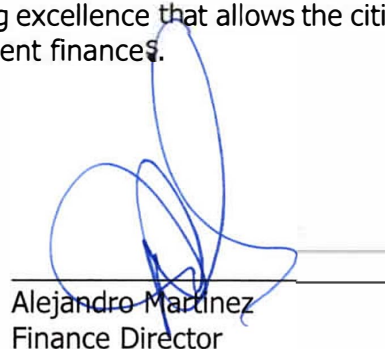
We would like to express our appreciation to each member of the Finance Department who has assisted in the preparation of this report. We are thankful for having the Finance Committee of the City of Douglas providing their support and having them evaluate this report. And also, thanks to our independent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



Ana Urquijo
City Manager



Alejandro Martinez
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Douglas
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell

Executive Director/CEO

City of Douglas Organizational Chart Fiscal Year 2022-2023



Total FTE's: 197
*not counted as FTEs

**CITY OF DOUGLAS, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2023**

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

DEPARTMENT DIRECTORS

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



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglas, Arizona (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Douglas Community Housing Corporation – Rancho La Perilla Apartments (the "Component Unit"), which represent 100% of the assets, net position, and revenues, respectively, of the of the aggregate discretely presented component unit as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Component Unit, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, 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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Phoenix, Arizona
March 28, 2024

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City of Douglas, Arizona

Management's Discussion and Analysis (Unaudited)
(Required Supplementary Information)
For the Fiscal Year Ended June 30, 2023.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023.

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City of Douglas
Management's Discussion and Analysis (Unaudited)
(Required Supplementary Information)
For the Year Ended June 30, 2023

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, 2023 (FY 2022-2023). 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, 2023, by \$47.9 million, this compared to \$42.0 million at fiscal year ended June 30, 2022. This is an overall increase in net position of \$7.0 million or a increase of 17% of prior year's net position. Assets and deferred outflows of resources for business-type activities exceeded liabilities and deferred inflows of resources by \$8.8 million, this compared to \$1.5 million at fiscal year ended June 30, 2022, an increase of 487%. Assets and deferred outflows of resources for business-type activities exceeded liabilities and deferred inflows of resources by \$39.1 million compared to \$39.4 million at June 30, 2022, an decrease of 1%

Changes in Net Position – The City's net position increased \$7.0 million in FY 2022-2023; this compared to \$2.8 million increase in FY 2021-2022. Net position of governmental activities increased \$7.3 million compared to an increase of \$3.3 million in 2021-2022. Net position of business-type activities decreased by \$0.3 million a slight increase from a decrease of \$0.4 million in FY 2021-2022.

♦ *Fund Highlights*

Governmental Funds – At the close of FY 2022-2023 the City's total governmental funds reported a fund balance of \$25.6 million, a \$5.9 million increase from the FY 2021-2022 balance of \$19.7 million, an increase of 30%. The increase in fund balance was partially due to revenues in the General Fund exceeding expenditures by \$6.7 million because of salary savings from vacant positions and increase of local sales tax revenue exceeding projections by \$2.2 million.

General Fund – The fund balance of the general fund on June 30, 2023, was \$22.7 million. The fund balance increased \$5.9 million due to better-than-expected sales tax and salary savings, unprecedented investment earnings, and the full use of ARPA funds deposited in the liability special deposits account.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

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 Community 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, 2023

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 is combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of the combining statements in supplementary information.

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

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

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

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

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

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 \$47.9 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, 2023, and June 30, 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current & Other Assets	\$ 29,685,426	\$ 26,473,676	\$ 11,930,634	\$ 11,653,497	\$ 41,616,060	\$ 38,127,173
Capital Assets	22,202,014	21,890,659	37,031,733	38,141,332	59,233,747	60,031,991
Total Assets	51,887,440	48,364,335	48,962,367	49,794,829	100,849,807	98,159,164
Deferred Outflows	7,295,890	4,200,109	284,269	484,526	7,580,159	4,684,635
Liabilities						
Current Liabilities	4,476,717	8,193,109	1,444,322	1,521,285	5,921,039	9,714,394
Long-term Liabilities	43,998,876	44,040,674	8,570,787	8,875,442	52,569,663	52,916,116
Total Liabilities	48,475,593	52,233,783	10,015,109	10,396,727	58,490,702	62,630,510
Deferred Inflows	1,916,681	4,269,730	143,891	519,132	2,060,572	4,788,862
Net Position						
Net Investment in						
Capital Assets	19,420,873	18,311,084	29,499,895	30,131,932	48,920,768	48,443,016
Restricted	6,658,365	6,672,623	1,249,513	1,254,565	7,907,878	7,927,188
Unrestricted (Deficit)	(17,288,182)	(23,484,892)	8,338,228	7,976,999	(8,949,954)	(15,507,893)
Total Net Position (Deficit)	\$ 8,791,056	\$ 1,498,815	\$ 39,087,636	\$ 39,363,496	\$ 47,878,692	\$ 40,862,311

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

Analysis of Net Position

The City's total net position (government and business-type activities) increased by \$7.0 million, or 17% during the fiscal year.

Net investment in Capital Assets is the largest portion of the City's net position (102.2%) 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, 2023, the City of Douglas, Arizona reported \$48.9 million as the net investment in capital assets. Another \$7.9 million of the resources are subject to external restrictions on how they may be used. Unrestricted net position is a deficit of \$7.1million due to the recognition of the City's net pension and OPEB liability.

The City's net position increased approximately \$8.9 million over the prior fiscal year. Net investment in capital assets increased by \$477,752. Current year debt payments increased to \$3.1 million (including payments made on leases).

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

Unrestricted (Deficit) Net Position of (\$8.9) million represents net position of the City that is not restricted for any project or purpose. The deficit change of \$6.6 million, or 42%, was primarily due to revenues exceeding expenditures by \$6.7 million in the General Fund under governmental activities.

Current and Other Assets increased by \$3.5 million, or 9% mainly due to \$4.2 million increase in Cash and Investments and \$0.15 million increase in taxes receivable.

Current and Other Liabilities decreased by \$3.8 million, or 39% while Long-term Liabilities decreased by \$0.3 million, or 0.7% mainly due to a \$3.6 million change in unearned revenue due to ARPA grant funds getting fully expended.

Deferred Outflows and Inflows of Resources Deferred outflows of resources increased by \$2.9 million or 62% while Deferred Inflows of Resources decreased by \$2.7 million, or 57% compared to last fiscal year. The most significant factor of these changes is related to actuarially determined Pension/OPEB amounts.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

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, 2023, and June 30, 2022:

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,721,034	\$ 2,961,307	\$ 5,537,281	\$ 5,451,539	\$ 8,258,315	\$ 8,412,846
Operating grants and contributions	7,741,364	5,176,427	12,921	-	7,754,285	5,176,427
Capital grants and contributions	-	-	69,690	95,797	69,690	95,797
Total program revenues	10,462,398	8,137,734	5,619,892	5,547,336	16,082,290	13,685,070
General revenues:						
Sales taxes	10,275,477	9,206,923	-	-	10,275,477	9,206,923
Property taxes	667,667	632,646	-	-	667,667	632,646
Motor vehicle in-lieu taxes	991,483	970,630	-	-	991,483	970,630
Franchise taxes	136,193	105,589	-	-	136,193	105,589
Transient occupancy taxes	360,260	332,951	-	-	360,260	332,951
Total taxes	12,431,080	11,248,739	-	-	12,431,080	11,248,739
State share revenue	5,573,519	4,497,215	-	-	5,573,519	4,497,215
Investment income (loss)	1,010,322	(17,951)	191,559	(11,293)	1,201,881	(29,244)
Miscellaneous	414,674	420,126	97,738	317,514	512,412	737,640
Total general revenues and transfers	19,429,595	16,148,129	289,297	306,221	19,718,892	16,454,350
Total revenues	29,891,993	24,285,863	5,909,189	5,853,557	35,801,182	30,139,420
Expenses:						
General government	4,721,887	3,671,088	-	-	4,721,887	3,671,088
Public safety	9,852,591	9,342,952	-	-	9,852,591	9,342,952
Highways and streets	2,704,075	2,761,152	-	-	2,704,075	2,761,152
Transportation	1,013,296	940,784	-	-	1,013,296	940,784
Culture and recreation	2,785,489	2,338,494	-	-	2,785,489	2,338,494
Redevelopment and housing	798,175	936,759	-	-	798,175	936,759
Interest and fiscal charges	941,850	1,228,719	-	-	941,850	1,228,719
Water	-	-	2,318,597	2,063,224	2,318,597	2,063,224
Sewer	-	-	2,164,550	2,333,894	2,164,550	2,333,894
Solid waste	-	-	1,484,291	1,675,404	1,484,291	1,675,404
Total expenses	22,817,363	21,219,948	5,967,438	6,072,522	28,784,801	27,292,470
Change in net position	7,074,630	3,065,915	(58,249)	(218,965)	7,016,381	2,846,950
Transfers	217,611	209,070	(217,611)	(209,070)	-	-
Increase in net position	7,292,241	3,274,985	(275,860)	(428,035)	7,016,381	2,846,950
Net position (deficit), beginning of year	1,498,815	(1,776,170)	39,363,496	39,791,531	40,862,311	38,015,361
Net position (deficit), end of year	\$ 8,791,056	\$ 1,498,815	\$ 39,087,636	\$ 39,363,496	\$ 47,878,692	\$ 40,862,311

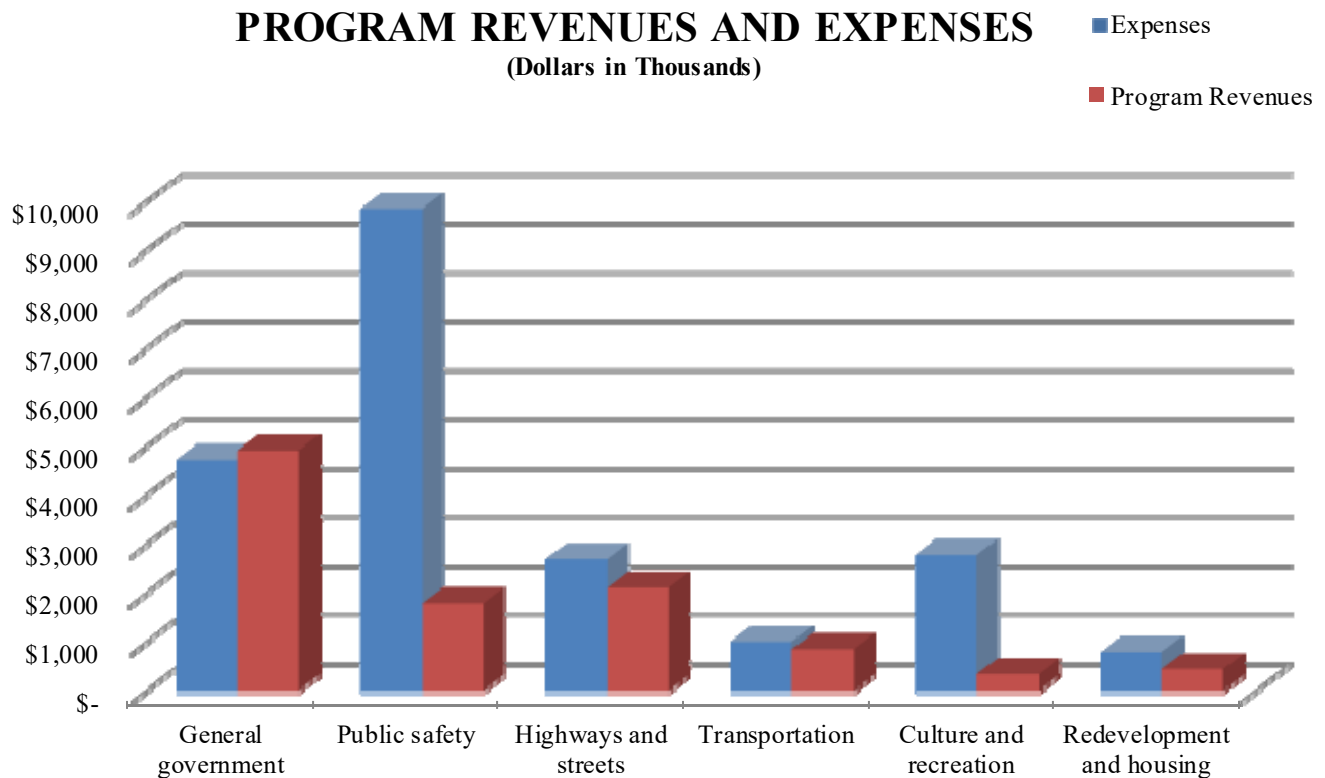
City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

Analysis of Changes in Net Position

Governmental Activities – Governmental Activities increased the City's net position (decreased deficit) by \$7.3 million, or 21.8% for the year ended June 30, 2023. Key factors of the overall increase in net position are as follows:

- Increase in local taxes compared to last year in the amount of \$1,056,427 due to increased local sales and economic activity.
- Increase in state shared revenues of \$1,076,305.
- Increase in expected investment earnings by \$1.0 million.
- Revenues in the General Fund exceeding expenditures by \$6.7 million.

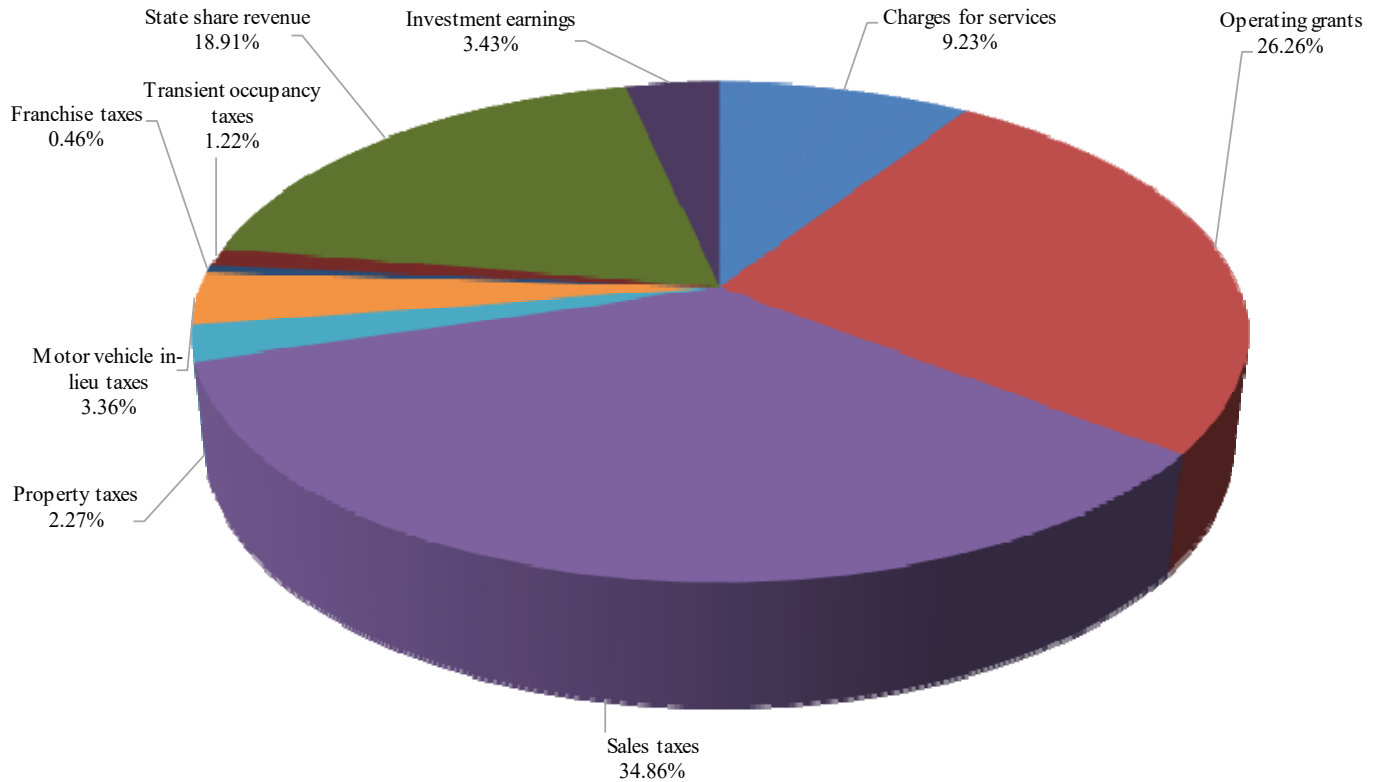
The chart below illustrates the City's governmental expenses and revenues by program: Public Safety (police, fire, and emergency medical services) is the largest expense (44%), followed by General Government (22%), Highway/Streets (13%), Culture/Recreation (13%), Transportation (5%), Redevelopment and Housing (4%). Public Safety is supported by General Government revenues. Program revenues as shown consist of charges for services and grants.



The chart below illustrates the City's governmental revenues by source. General revenues such as property taxes, state shared revenues, and sales taxes are not shown by program but are effectively used to support program activities of the City as a whole. For governmental activities, sales tax revenues are the largest source of funds (34.9%) followed by operating grants (26.6%) and state shared revenues (18.1%) as illustrated in the chart below.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

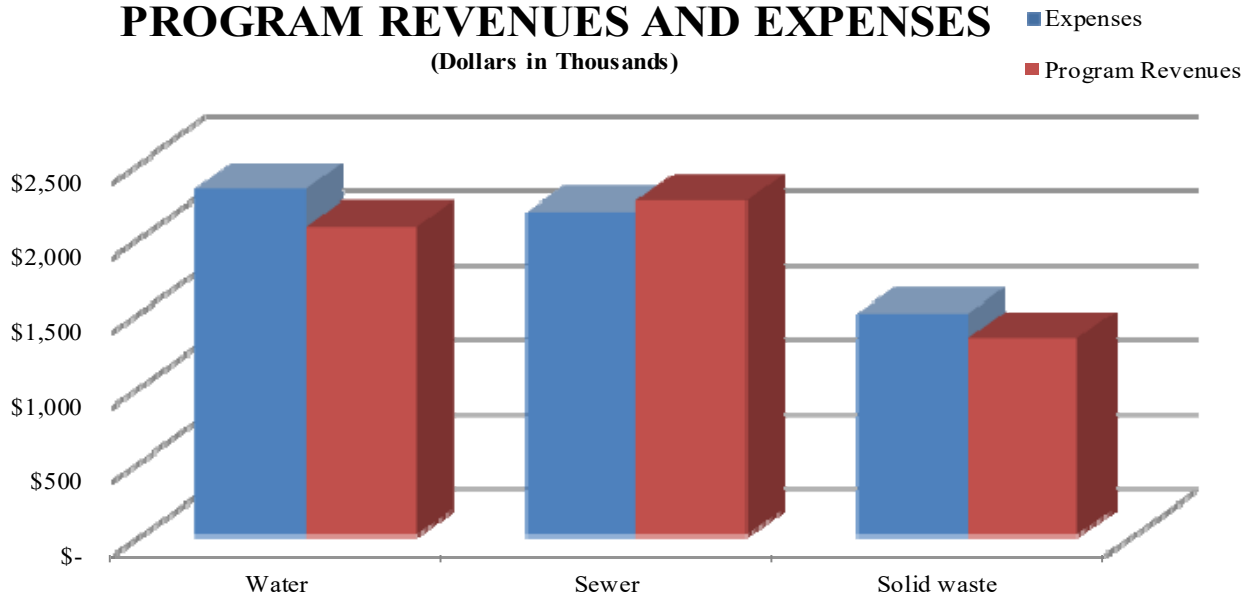
REVENUES BY SOURCE



Business-Type Activities – Business-type activities decreased the City’s net position by \$275,860. The decrease in net position was primarily the result of the water fund costs caused an overage in the fund of \$145,946.

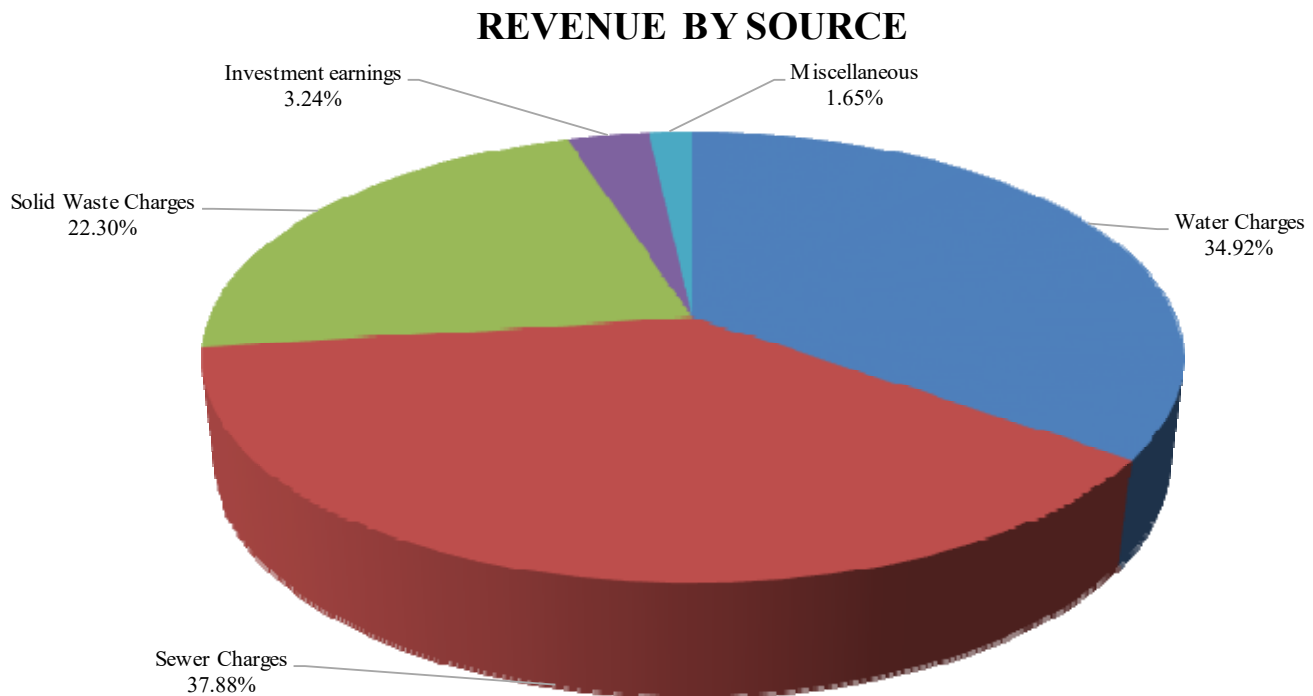
PROGRAM REVENUES AND EXPENSES

(Dollars in Thousands)



City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

As shown in the chart below, the largest of the City's business-type activities are water and sewer utilities. Sewer Fund revenues were \$2.2 million, with Water revenues at \$2.06 million, followed by Solid Waste at approximately \$1.3 million. There was a decrease in net position of \$275,860 million overall in the business-type activities summarized in large part due to a large increase in the Sewer Fund's increase in depreciation costs because of adding the \$14 million wastewater treatment plant to the depreciation schedule. The Solid Waste Fund also experienced an increase in its depreciation costs as well as increases to its operating costs.



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 \$25.6 million, an increase of \$5.9 million from the prior year or 30%.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

Revenues for governmental funds overall totaled approximately \$29.9 million for the fiscal year ended June 30, 2023, which represents an increase of 23% from the prior fiscal year. This is mostly due to an increase in local sales tax revenue, a substantial increase in investment earnings, an increase of operating grants and the full use of ARPA funds being held in the liability special deposit account.

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 \$17.7 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 120% of the total General Fund expenditures of \$14.8 million.

The fund balance of the City's General Fund increased \$8.8 million. Revenues increased largely due to additional sales tax collected compared to last year as well as savings from vacancies primarily in the public safety divisions. Other factors include unprecedented investment earnings, overall increases in state shared revenue, and the full use of ARPA funds being held in the liability special deposit account.

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 increased by \$104,120 due to increases in intergovernmental receivables, cash and investments.

Proprietary Funds

Net position of the Enterprise Funds and the Internal Service Fund at the end of the fiscal year amounted to \$38.9 million and \$1.2 million, respectively. The decrease in net position in the Enterprise Funds of \$0.3 million from the prior fiscal year was primarily due to increases in depreciation costs and operating costs. Internal Service Fund net position balance increase of \$.4 million is due to charges to the departments for the current year were greater than actual claims paid during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Actual revenues in the General Fund were less than the budget by \$947,401 and actual expenditures were less than budget by \$5.0 million. Some of the factors that contributed to this were: vacancy savings, sound financial management of financial resources, better than expected increases in some revenue streams like sales tax and investment earnings. The City exceeded the expenditures budget in the Neighborhood & Grants, Cemetery, Fire, City Attorney, Public Works Administration, Recreation, Aquatics, Police and Economic Development. The Fire shortfall was largely due to additional overtime expenses required for emergency room transports.

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

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2023, amount to \$59.2 million (net of accumulated depreciation and amortization). Capital assets include land and improvements, infrastructure, buildings and improvements, machinery equipment, and vehicles, and construction in progress.

	Capital Assets (Net)					
	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and Land Improvements	\$ 2,120,490	\$ 1,932,367	\$ -	\$ -	\$ 2,120,490	\$ 1,932,367
Streets and Storm Drains	7,422,862	7,784,851	-	-	7,422,862	7,784,851
Buildings and Improvements	5,866,313	6,248,634	17,139,407	17,602,568	23,005,720	23,851,202
Water System	-	-	5,889,828	6,477,129	5,889,828	6,477,129
Wastewater System	-	-	12,546,422	13,080,121	12,546,422	13,080,121
Machinery, Equipment and Vehicles	3,506,104	3,925,274	905,600	833,665	4,411,704	4,758,939
Construction In Progress	3,286,245	1,999,533	550,476	147,849	3,836,721	2,147,382
Total	\$ 22,202,014	\$ 21,890,659	\$ 37,031,733	\$ 38,141,332	\$ 59,233,747	\$ 60,031,991

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

Governmental Activities

- Body Cameras for Police Department \$162,000
- Completion of Aquatic Center Dehumidifier project \$235,100
- Backhoe for Cemetery \$129,492
- Wheel Loader for streets projects \$105,107
- Crack sealing machine for Streets improvements \$82,079
- Street improvements \$379,920

Business-type Activities

- Backhoe for Water Department \$121,463
- Hydrovacuum for Water Department \$92,203
- Caterpillar Loader for Sewer Department \$200,334

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

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

Debt Administration

At the end of the fiscal year, the City of Douglas, Arizona had total long-term obligations outstanding of \$46.2 million. The current year decrease was the result City satisfying some of its debt obligation this past fiscal year and not incurring additional 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, 2023 is \$3.7 million in the 6% capacity and \$12.2 million in the 20% capacity.

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space parks, playgrounds and recreational facilities. The current 20 percent debt limitation for the City is \$12.2 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 \$3.7 million. The City's outstanding bonds are not considered general obligation bonds subject to statutory limits because the bonds are secured by sales taxes.

	Long-Term Debt					
	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Financed purchase agreement	\$ 903,021	\$ 1,354,519	\$ 191,234	\$ 31,363	\$ 1,094,255	\$ 1,385,882
Lease payable	3,120	40,385	-	-	3,120	40,385
Bonds payable	35,845,000	37,400,000	-	-	35,845,000	37,400,000
Loans payable	1,875,000	2,250,000	7,340,604	7,978,037	9,215,604	10,228,037
Total	\$ 38,626,141	\$ 41,044,904	\$ 7,531,838	\$ 8,009,400	\$ 46,157,979	\$ 49,054,304

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

Economic Factors and Next Year's Budget

Many factors were considered by the City's officials during the process of developing the fiscal year 2023-2024 budget. Among them:

- The City implemented year two of its efforts to bring positions to market within three years which was an impact of \$330,000 to the General Fund. In addition, it funded 12 full time limited status positions and 2 permanent positions that were unfunded in previous budgets
- Will use \$255,000 from carryover savings to combat police vacancies through a pilot program for police trainees and community service officers.
- Funded \$9.8 million in total capital projects that included the use of ARPA funds and the use of carryover funds from prior years. \$2.1 million in capital is contingent upon the sale of the land around the Airport and \$3.8 million is carryover from prior years.
- The upcoming budget also approved \$1.6 million in capital improvement projects in the Water Fund from fund balance that included the reactivation of Well #14, Reservoir Roof, Backup Generator for Well 16, SCADA system implementation among others.
- The Water division along with the Sewer division is funding each half of a construction crew comprised of 4 laborer/operators and a Lead. Along with two already existing CIP crew members in Water, the team of 7 will combine to tackle water and wastewater construction projects such as new water lines, replacement of sewer/water lines.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2023

- The Sewer budget also includes the use of \$1.5 million of the \$8.9 million State ARPA water/sewer grant to go towards the sewer design of the POE service area. \$259,000 is included to go towards funding equipment for the new CIP crews as well as \$50,000 for construction materials.
- The revenue from the sale of La Perilla Apartments will be an opportunity to provide major capital improvements to the golf course. \$1,270,749 is budgeted for the new fiscal year to include \$1 million from the net sale of the apartments, \$180,000 as a subsidy for operations, and approximately \$85,000 for a Golf Superintendent position
- The Douglas Municipal Airport budgeted \$2.5 million in capital improvements that includes \$2.1 million for the rehabilitation of the runway and \$100,000 for a revised Airport Layout Plan (ALP) that is part of the sale which will divide the Airport operations property and the vacant land around the Airport to execute the sale. Another \$300,000 is also budgeted for Phase III of the perimeter fencing, which will be contingent upon the ALP revision. State Aeronautics is funding \$1.5 million for the runway rehabilitation and \$400,000 for the revised ALP and fencing.

REQUESTS FOR INFORMATION

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

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

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Basic Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Government-Wide Financial Statements

City of Douglas
Statement of Net Position
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Douglas Community Housing Corp.
ASSETS				
Current assets:				
Cash and investments	\$ 21,533,226	\$ 8,797,340	\$ 30,330,566	\$ 39,471
Receivables:				
Accounts	470,543	570,401	1,040,944	92
Taxes	1,563,989	-	1,563,989	-
Intergovernmental	796,891	3,921	800,812	-
Inventories	28,585	-	28,585	-
Prepaid items	40,771	-	40,771	28,728
Internal balances	(1,143,615)	1,143,615	-	-
Lease receivable - current	299,923	-	299,923	-
Due from Component Unit	800,788	-	800,788	-
Total current assets	24,391,101	10,515,277	34,906,378	68,291
Noncurrent assets:				
Restricted cash and investments	4,046,618	1,358,702	5,405,320	382,364
Lease receivable - noncurrent	432,527	-	432,527	-
Aggregate net pension asset	37,148	-	37,148	-
Aggregate net OPEB asset	778,032	56,655	834,687	-
Capital assets:				
Nondepreciable	4,351,555	550,476	4,902,031	265,000
Depreciable/amortizable, net	17,850,459	36,481,257	54,331,716	2,302,039
Total capital assets, net	22,202,014	37,031,733	59,233,747	2,567,039
Total noncurrent assets	27,496,339	38,447,090	65,943,429	2,949,403
Total assets	51,887,440	48,962,367	100,849,807	3,017,694
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	7,242,411	277,933	7,520,344	-
OPEB-related deferred outflows	53,479	6,336	59,815	-
Total deferred outflows of resources	7,295,890	284,269	7,580,159	-

City of Douglas
Statement of Net Position (Continued)
June 30, 2023

	Primary Government			Component Unit
	Governmental	Business-Type		Douglas
	Activities	Activities	Total	Community
				Housing Corp.
LIABILITIES				
Current liabilities:				
Accounts payable	450,228	375,671	825,899	65,631
Accrued wages and benefits	816,148	57,677	873,825	2,508
Insurance claims payable	143,543	-	143,543	-
Interest payable	201,108	72,945	274,053	9,617
Deposits payable	-	101,478	101,478	27,225
Unearned revenue	90,932	-	90,932	6,447
Due to Primary Government	-	-	-	800,788
Compensated absences - due within one year	822,450	144,982	967,432	-
Long-term debt - due within one year	1,952,308	691,569	2,643,877	87,385
Total current liabilities	4,476,717	1,444,322	5,921,039	999,601
Long-term liabilities:				
Compensated absences - due in more than one year	822,448	48,327	870,775	-
Long-term debt - due in more than one year	36,673,833	6,840,269	43,514,102	3,736,475
Aggregate net pension liability - due in more than one year	6,499,476	1,681,245	8,180,721	-
Aggregate net OPEB liability - due in more than one year	3,119	946	4,065	-
Total long-term liabilities	43,998,876	8,570,787	52,569,663	3,736,475
Total liabilities	48,475,593	10,015,109	58,490,702	4,736,076
DEFERRED INFLOWS OF RESOURCES				
Lease-related deferred inflows	701,437	-	701,437	-
Pension-related deferred inflows	1,007,532	107,516	1,115,048	-
OPEB-related deferred inflows	207,712	36,375	244,087	-
Total deferred inflows of resources	1,916,681	143,891	2,060,572	-
NET POSITION				
Net investment in capital assets	19,420,873	29,499,895	48,920,768	(901,907)
Restricted for:				
PSPRS contingency reserve	4,046,618	-	4,046,618	-
Firefighters injured in line of duty	151,450	-	151,450	-
Federal and state grant programs	646,446	-	646,446	-
Law enforcement operations	123,763	-	123,763	-
Local transportation	242,234	-	242,234	-
Highways and streets by A.R.S. 28-6533	1,447,854	-	1,447,854	-
Housing and redevelopment	-	-	-	-
Debt service	-	799,290	799,290	-
Repair and replacement	-	348,745	348,745	-
Other restricted deposits	-	101,478	101,478	-
Total restricted	6,658,365	1,249,513	7,907,878	-
Unrestricted (deficit)	(17,288,182)	8,338,228	(8,949,954)	(816,475)
Total net position (deficit)	\$ 8,791,056	\$ 39,087,636	\$ 47,878,692	\$ (1,718,382)

City of Douglas
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 4,721,887	\$ 1,333,329	\$ 3,579,678	\$ -	\$ 4,913,007
Public safety	9,852,591	1,028,265	766,966	-	1,795,231
Highways and streets	2,704,075	-	2,104,172	-	2,104,172
Transportation	1,013,296	26,723	833,809	-	860,532
Culture and recreation	2,785,489	332,717	10,100	-	342,817
Redevelopment and housing	798,175	-	446,639	-	446,639
Interest and fiscal charges	941,850	-	-	-	-
Total governmental activities	22,817,363	2,721,034	7,741,364	-	10,462,398
Business-Type activities:					
Water	2,318,597	2,021,829	3,921	37,800	2,063,550
Sewer	2,164,550	2,197,648	9,000	31,890	2,238,538
Solid waste	1,484,291	1,317,804	-	-	1,317,804
Total business-type activities	5,967,438	5,537,281	12,921	69,690	5,619,892
Total primary government	\$ 28,784,801	\$ 8,258,315	\$ 7,754,285	\$ 69,690	\$ 16,082,290
Component unit:					
Douglas Community Housing Corporation	\$ 830,726	\$ 650,142	\$ -	\$ -	\$ 650,142
Total component unit	\$ 830,726	\$ 650,142	\$ -	\$ -	\$ 650,142

City of Douglas
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	Douglas Community Housing Corp.
Primary government:				
Governmental activities:				
General government	\$ 191,120	\$ -	\$ 191,120	\$ -
Public safety	(8,057,360)	-	(8,057,360)	-
Highways and streets	(599,903)	-	(599,903)	-
Transportation	(152,764)	-	(152,764)	-
Culture and recreation	(2,442,672)	-	(2,442,672)	-
Redevelopment and housing	(351,536)	-	(351,536)	-
Interest and fiscal charges	(941,850)	-	(941,850)	-
Total governmental activities	(12,354,965)	-	(12,354,965)	-
Business-Type activities:				
Water	-	(255,047)	(255,047)	-
Sewer	-	73,988	73,988	-
Solid waste	-	(166,487)	(166,487)	-
Total business-type activities	-	(347,546)	(347,546)	-
Total primary government	(12,354,965)	(347,546)	(12,702,511)	-
Component unit:				
Douglas Community Housing Corporation	-	-	-	(180,584)
Total component unit	-	-	-	(180,584)
General revenues:				
Taxes:				
Sales taxes	10,275,477	-	10,275,477	-
Property taxes	667,667	-	667,667	-
Motor vehicle in-lieu taxes	991,483	-	991,483	-
Transient occupancy taxes	136,193	-	136,193	-
Franchise taxes	360,260	-	360,260	-
Total taxes	12,431,080	-	12,431,080	-
State share revenue	5,573,519	-	5,573,519	-
Investment income	1,010,322	191,559	1,201,881	-
Miscellaneous	414,674	97,738	512,412	54,138
Transfers	217,611	(217,611)	-	-
Total general revenues and transfers	19,647,206	71,686	19,718,892	54,138
Change in net position	7,292,241	(275,860)	7,016,381	(126,446)
Net position (deficit) - beginning of year	1,498,815	39,363,496	40,862,311	(1,591,936)
Net position (deficit) - end of year	\$ 8,791,056	\$ 39,087,636	\$ 47,878,692	\$ (1,718,382)

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Fund Financial Statements

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

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Governmental Fund Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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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, 2023

	Major Funds			
	General Fund	City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 17,906,553	\$ 1,240	\$ 2,296,194	\$ 20,203,987
Receivables:				
Accounts	292,623	-	177,920	470,543
Taxes	1,563,989	-	-	1,563,989
Intergovernmental	209,324	-	587,567	796,891
Lease receivable	732,450	-	-	732,450
Inventories	28,585	-	-	28,585
Prepaid items	40,771	-	-	40,771
Advances to other funds	24,225	-	-	24,225
Due from Component Unit	800,788	-	-	800,788
Restricted cash and investments	4,046,618	-	-	4,046,618
Total assets	<u><u>\$ 25,645,926</u></u>	<u><u>\$ 1,240</u></u>	<u><u>\$ 3,061,681</u></u>	<u><u>\$ 28,708,847</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 272,075	\$ -	\$ 177,936	\$ 450,011
Accrued wages and benefits	783,617	-	32,531	816,148
Unearned revenue	90,932	-	-	90,932
Advances from other funds	965,684	-	24,225	989,909
Total liabilities	<u><u>2,112,308</u></u>	<u><u>-</u></u>	<u><u>234,692</u></u>	<u><u>2,347,000</u></u>
Deferred Inflows of Resources:				
Lease-related deferred inflows	701,437	-	-	701,437
Unavailable revenue	59,332	-	1,731	61,063
Total deferred inflows of resources	<u><u>760,769</u></u>	<u><u>-</u></u>	<u><u>1,731</u></u>	<u><u>762,500</u></u>
Fund Balances:				
Nonspendable	894,369	-	-	894,369
Restricted	4,198,068	1,240	2,491,997	6,691,305
Committed	-	-	333,261	333,261
Unassigned	17,680,412	-	-	17,680,412
Total fund balances	<u><u>22,772,849</u></u>	<u><u>1,240</u></u>	<u><u>2,825,258</u></u>	<u><u>25,599,347</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 25,645,926</u></u>	<u><u>\$ 1,240</u></u>	<u><u>\$ 3,061,681</u></u>	<u><u>\$ 28,708,847</u></u>

City of Douglas
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 25,599,347
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>22,202,014</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	(822,450)
Compensated absences - due in more than one year	(822,448)
Long-term debt - due within one year	(1,952,308)
Long-term debt - due in more than one year	<u>(36,673,833)</u>
	<u>(40,271,039)</u>
Aggregate net Pension asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>37,148</u>
Aggregate net OPEB asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>778,032</u>
Actuarially determined deferred outflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	7,242,411
OPEB-related deferred outflows	<u>53,479</u>
	<u>7,295,890</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>(6,499,476)</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>(3,119)</u>
Actuarially determined deferred inflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	(1,007,532)
OPEB-related deferred outflows	<u>(207,712)</u>
	<u>(1,215,244)</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>(201,108)</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>61,063</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.	1,185,479
Less: amount attributable to the Business-Type Activities	<u>(177,931)</u>
Net Position of Governmental Activities	<u><u>\$ 8,791,056</u></u>

City of Douglas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds		Non-Major	Total
	General	City Debt	Governmental	Governmental
	Fund	Service Fund	Funds	Funds
REVENUES:				
Taxes:				
Sales taxes	\$ 10,275,477	\$ -	\$ -	\$ 10,275,477
Property taxes	658,814	-	-	658,814
Franchise taxes	360,260	-	-	360,260
Transient occupancy taxes	136,193	-	-	136,193
Intergovernmental	10,990,518	-	3,461,367	14,451,885
Fines and forfeitures	42,896	-	-	42,896
Licenses and permits	190,146	-	-	190,146
Charges for services	1,309,269	-	270,783	1,580,052
Rentals and leases	747,484	-	-	747,484
Investment income	969,193	-	24,769	993,962
Miscellaneous	147,421	-	282,190	429,611
	<u>25,827,671</u>	<u>-</u>	<u>4,039,109</u>	<u>29,866,780</u>
EXPENDITURES:				
General government	3,756,758	-	23,905	3,780,663
Public safety	7,571,946	-	189,745	7,761,691
Highways and streets	651,252	-	804,852	1,456,104
Transportation	-	-	934,090	934,090
Culture and recreation	1,966,940	-	325,688	2,292,628
Redevelopment and housing	-	-	798,175	798,175
Capital outlay	836,947	-	2,951,333	3,788,280
Debt service:				
Principal	100,769	2,317,994	-	2,418,763
Interest and fiscal charges	688	946,877	-	947,565
Total expenditures	<u>14,885,300</u>	<u>3,264,871</u>	<u>6,027,788</u>	<u>24,177,959</u>
REVENUES OVER				
(UNDER) EXPENDITURES	<u>10,942,371</u>	<u>(3,264,871)</u>	<u>(1,988,679)</u>	<u>5,688,821</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	190,709	3,266,111	2,128,143	5,584,963
Transfers out	<u>(5,266,334)</u>	<u>-</u>	<u>(101,018)</u>	<u>(5,367,352)</u>
Total other financing sources (uses)	<u>(5,075,625)</u>	<u>3,266,111</u>	<u>2,027,125</u>	<u>217,611</u>
Net changes in fund balances	5,866,746	1,240	38,446	5,906,432
FUND BALANCES:				
Beginning of year	<u>16,906,103</u>	<u>-</u>	<u>2,786,812</u>	<u>19,692,915</u>
End of year	<u>\$ 22,772,849</u>	<u>\$ 1,240</u>	<u>\$ 2,825,258</u>	<u>\$ 25,599,347</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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 5,906,432
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/amortization expense. This is the amount of capital assets recorded in the current period. (\$643,015 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	3,145,265
Depreciation and amortization expense on capital assets was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation or amortization expense was not reported as expenditures in governmental funds.	(2,835,005)
Repayment of long-term liabilities was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt	2,418,763
Interest expense 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.	5,715
The net effect of various miscellaneous transactions involving pension plans (i.e. changes in the net pension liability, deferred inflow/outflow amortization, contributions after measurement date) does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(1,850,466)
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.	128,462
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	14,069
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.	8,853
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.	377,466
Less: amount attributable to the Business-Type Activities	(28,408)
Change in Net Position of Governmental Activities	\$ 7,292,241

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Proprietary Fund Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

Solid Waste Fund (Non-major) – 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, 2023

June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds		Non-Major Fund	Total	
	Water	Sewer	Solid Waste		
ASSETS					
Current assets:					
Cash and cash investments	\$ 3,611,311	\$ 4,126,879	\$ 1,059,150	\$ 8,797,340	\$ 1,329,239
Receivables:					
Accounts	221,201	232,928	116,272	570,401	-
Intergovernmental	3,921	-	-	3,921	-
Total current assets	3,836,433	4,359,807	1,175,422	9,371,662	1,329,239
Noncurrent assets:					
Advances to other funds	536,449	267,493	161,742	965,684	-
Restricted cash and cash equivalents	307,755	1,025,570	25,377	1,358,702	-
Net OPEB Asset	23,841	16,549	16,265	56,655	-
Capital assets:					
Non-depreciable	540,180	-	10,296	550,476	-
Depreciable, net	6,137,102	29,982,968	361,187	36,481,257	-
Total capital assets	6,677,282	29,982,968	371,483	37,031,733	-
Total noncurrent assets	7,545,327	31,292,580	574,867	39,412,774	-
Total assets	11,381,760	35,652,387	1,750,289	48,784,436	1,329,239
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows	116,956	81,185	79,792	277,933	-
OPEB-related deferred outflows	2,665	1,851	1,820	6,336	-
Total deferred outflows of resources	119,621	83,036	81,612	284,269	-
LIABILITIES					
Current liabilities:					
Accounts payable	226,085	53,099	96,487	375,671	217
Accrued payroll and related liabilities	26,915	17,157	13,605	57,677	-
Insurance claims payable	-	-	-	-	143,543
Interest payable	12,100	60,845	-	72,945	-
Deposits payable	34,045	34,409	33,024	101,478	-
Compensated absences - due within one year	77,887	46,874	20,221	144,982	-
Long-term debt - due within one year	145,347	546,222	-	691,569	-
Total current liabilities	522,379	758,606	163,337	1,444,322	143,760
Noncurrent liabilities:					
Compensated absences - due in more than one year	25,962	15,625	6,740	48,327	-
Long term debt - due in more than one year	931,494	5,908,775	-	6,840,269	-
Aggregate net pension liability	707,475	491,101	482,669	1,681,245	-
Aggregate net OPEB liability	398	276	272	946	-
Total noncurrent liabilities	1,665,329	6,415,777	489,681	8,570,787	-
Total liabilities	2,187,708	7,174,383	653,018	10,015,109	143,760
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred outflows	45,243	31,406	30,867	107,516	-
OPEB-related deferred outflows	15,306	10,624	10,445	36,375	-
Total deferred inflows of resources	60,549	42,030	41,312	143,891	-
NET POSITION					
Net investment in capital assets	5,600,441	23,527,971	371,483	29,499,895	-
Restricted for:					-
Debt service	277,474	521,816	-	799,290	-
Repair and replacement	-	348,745	-	348,745	-
Other restricted deposits	34,045	34,409	33,024	101,478	-
Total restricted	311,519	904,970	33,024	1,249,513	-
Unrestricted	3,341,164	4,086,069	733,064	8,160,297	1,185,479
Total net position	\$ 9,253,124	\$ 28,519,010	\$ 1,137,571	\$ 38,909,705	\$ 1,185,479

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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds		Non-Major Fund	Total	
	Water	Sewer	Solid Waste		
OPERATING REVENUES:					
Charges for services	\$ 2,021,829	\$ 2,197,648	\$ 1,317,804	\$ 5,537,281	\$ -
Other revenue	34,932	41,070	21,736	97,738	1,330,657
Total operating revenues	<u>2,056,761</u>	<u>2,238,718</u>	<u>1,339,540</u>	<u>5,635,019</u>	<u>1,330,657</u>
OPERATING EXPENSES:					
Salaries and benefits	759,951	509,166	453,989	1,723,106	-
Materials, supplies and operational expenses	817,367	423,606	725,926	1,966,899	-
Insurance claims, premiums, and administration	56,538	40,672	63,569	160,779	969,551
Depreciation	643,937	1,084,189	252,039	1,980,165	-
Total operating expenses	<u>2,277,793</u>	<u>2,057,633</u>	<u>1,495,523</u>	<u>5,830,949</u>	<u>969,551</u>
OPERATING INCOME (LOSS)	<u>(221,032)</u>	<u>181,085</u>	<u>(155,983)</u>	<u>(195,930)</u>	<u>361,106</u>
NONOPERATING REVENUES (EXPENSES):					
Impact fees	37,800	31,890	-	69,690	-
Investment income	74,779	96,237	20,543	191,559	16,360
Interest expense	(50,794)	(114,103)	-	(164,897)	-
Intergovernmental	3,921	9,000	-	12,921	-
Total nonoperating revenues (expenses)	<u>65,706</u>	<u>23,024</u>	<u>20,543</u>	<u>109,273</u>	<u>16,360</u>
INCOME BEFORE TRANSFERS	<u>(155,326)</u>	<u>204,109</u>	<u>(135,440)</u>	<u>(86,657)</u>	<u>377,466</u>
TRANSFERS:					
Transfers out	(98,837)	(68,026)	(50,748)	(217,611)	-
Total transfers	<u>(98,837)</u>	<u>(68,026)</u>	<u>(50,748)</u>	<u>(217,611)</u>	<u>-</u>
Changes in net position	(254,163)	136,083	(186,188)	(304,268)	377,466
NET POSITION:					
Beginning of year	9,507,287	28,382,927	1,323,759		808,013
End of year	<u>\$ 9,253,124</u>	<u>\$ 28,519,010</u>	<u>\$ 1,137,571</u>		<u>\$ 1,185,479</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>28,408</u>	
End of year change in net position of business-type activities				<u>\$ (275,860)</u>	

City of Douglas
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds		Non-Major Fund	Total	
	Water	Sewer	Solid Waste		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and others	\$ 2,007,689	\$ 2,151,254	\$ 1,298,760	\$ 5,457,703	\$ -
Cash received from interfund services provided	-	-	-	-	142
Cash payments to suppliers for goods and services	(901,257)	(659,505)	(702,856)	(2,263,618)	(1,038,602)
Cash payments to employees for services	(692,476)	(484,671)	(473,433)	(1,650,580)	-
Other operating revenues and expenses	34,932	41,070	21,736	97,738	1,330,657
Net cash provided by operating activities	448,888	1,048,148	144,207	1,641,243	292,197
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	(98,837)	(68,026)	(50,748)	(217,611)	-
Net cash (used in) noncapital financing activities	(2,003)	(19,740)	(21,552)	(43,295)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Impact fees received	37,800	31,890	-	69,690	-
Capital grants received	-	9,000	-	9,000	-
Acquisition of capital assets	(625,605)	(212,037)	(32,924)	(870,566)	-
Proceeds from issuance of capital-related debt	-	200,334	-	200,334	-
Principal paid on capital-related debt	(148,218)	(529,678)	-	(677,896)	-
Interest paid on capital-related debt	(43,404)	(133,586)	-	(176,990)	-
Net cash (used in) capital and related financing activities	(779,427)	(634,077)	(32,924)	(1,446,428)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	74,779	96,237	20,543	191,559	16,360
Net cash provided by investing activities	74,779	96,237	20,543	191,559	16,360
Net increase (decrease) in cash and cash equivalents	(257,763)	490,568	110,274	343,079	308,557
CASH AND CASH EQUIVALENTS:					
Beginning of year	4,176,829	4,661,881	974,253	9,812,963	1,020,682
End of year	<u>\$ 3,919,066</u>	<u>\$ 5,152,449</u>	<u>\$ 1,084,527</u>	<u>\$ 10,156,042</u>	<u>\$ 1,329,239</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:					
Cash and cash investments	\$ 3,611,311	\$ 4,126,879	\$ 1,059,150	\$ 8,797,340	\$ 1,329,239
Restricted cash and investments	307,755	1,025,570	25,377	1,358,702	-
Total cash and cash equivalents	\$ 3,919,066	\$ 5,152,449	\$ 1,084,527	\$ 10,156,042	\$ 1,329,239

See accompanying Notes to the Basic Financial Statements.

City of Douglas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (221,032)	\$ 181,085	\$ (155,983)	\$ (195,930)	\$ 361,106
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	643,937	1,084,189	252,039	1,980,165	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Accounts receivable	(9,088)	(46,394)	(19,044)	(74,526)	142
Aggregate net OPEB asset	(1,583)	(610)	674	(1,519)	-
Pension-related deferred outflows	74,727	56,080	66,077	196,884	-
OPEB-related deferred outflows	1,254	956	1,163	3,373	-
Accounts payable	(27,352)	(195,227)	86,639	(135,940)	217
Accrued payroll and related liabilities	4,111	6,289	3,566	13,966	-
Insurance claims payable	-	-	-	-	(69,268)
Deposits payable	(5,052)	-	-	(5,052)	-
Compensated absences	32,366	9,725	2,608	44,699	-
Aggregate net pension liability	106,170	60,502	25,081	191,753	-
Aggregate net OPEB liability	(545)	(399)	(445)	(1,389)	-
Pension-related deferred inflows	(145,272)	(105,023)	(114,113)	(364,408)	-
OPEB-related deferred outflows	(3,753)	(3,025)	(4,055)	(10,833)	-
Total adjustments	669,920	867,063	300,190	1,837,173	(68,909)
Net cash provided by operating activities	\$ 448,888	\$ 1,048,148	\$ 144,207	\$ 1,641,243	\$ 292,197

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Notes to the Basic Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
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For the Year Ended June 30, 2023

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City of Douglas
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023

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. DCHC has appointed a management corporation to promote the apartments and manage the daily activities of the apartments. The financial liability of the DCHC is solely dependent upon the rental revenue received from the tenants. Financial statements of the DCHC 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, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus

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

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

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

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

Government–Wide Financial Statements

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

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

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

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

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

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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.

Sewer 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, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

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, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

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

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

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

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

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

D. Restricted Cash and Investments

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

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

E. Receivables

All trade and property taxes receivables are shown net of an allowance for uncollectible accounts. All revenues of governmental activities were considered collectible and therefore there was no provision. The business-type activities reported an allowance of \$6,399.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Receivables (Continued)

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

F. Fair Value Measurement

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

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

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

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

G. Due from Component Unit

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

H. Leases

Lessee

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

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

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Leases (Continued)

Lessee (Continued)

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

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

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

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

Lessor

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

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

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

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

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Capital Assets

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

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

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

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

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

J. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Pensions Plans and Other Postemployment Benefits (OPEB)

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

The following timeframes are used for pension/OPEB reporting:

<u>ASRS</u>	
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022
<u>PSPRS</u>	
Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Net Position

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

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

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

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

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

N. Fund Balances

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

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

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

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

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

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Use of Estimates

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

P. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023

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, 2023. 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. 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. Implementation of this Statement did not have a significant effect on City's financial statements for the fiscal year ended June 30, 2023.

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. Implementation of this statement did not have a significant effect on City's financial statements for the fiscal year ended 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. Implementation of this statement did not have a significant effect on City's financial statements for the fiscal year ended June 30, 2023.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023 (Continued)

GASB Statement No. 99

In April 2023, GASB issued Statement No. 99, *Omnibus 2023*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this Statement did not have a significant effect on City's financial statements for the fiscal year ended June 30, 2023.

Q. Upcoming Government Accounting Standards Implementations

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

GASB Statement No. 100

In June 2023, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2024.

GASB Statement No. 101

In June 2023, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2025.

GASB Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by requiring governments to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Application of this statement is effective for the City's fiscal year ending June 30, 2025. Earlier application is encouraged.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023:

	Primary Government			Component Unit	Government Wide
	Governmental Activities	Business-type Activities	Total		
Cash and investments	\$ 21,533,226	\$ 8,797,340	\$ 30,330,566	\$ 39,471	\$ 30,370,037
Restricted cash and investments	4,046,618	1,358,702	5,405,320	382,364	5,787,684
Total	\$ 25,579,844	\$ 10,156,042	\$ 35,735,886	\$ 421,835	\$ 36,157,721

Cash, cash equivalents, and investments, excluding investments with fiscal agents, consisted of the following at June 30, 2023:

Cash and cash equivalents:		
Petty cash		\$ 5,400
Demand deposits		826,445
Restricted demand deposits		966,298
Investments:		
Local Government Investment Pool - Pool 5		29,538,192
Restricted Local Government Investment Pool - Pool 500		4,821,386
Total		\$ 36,157,721

The City's investments at June 30, 2023, categorized within the fair value hierarchy as described in Note 1F are as follows:

Investment Type	Total Fair Value	Measurement Inputs
External Investment Pools measured at Fair Value		
Local Government Investment Pool - Pool 5	\$ 29,538,192	Uncategorized
Local Government Investment Pool - Pool 500	4,821,386	Uncategorized
Total investment pools measured at fair value	34,359,578	
Total investments	\$ 34,359,578	

A. Cash Deposits

The carrying value of the City's demand deposits at June 30, 2023 was \$1,792,743 and the bank balance was \$2,231,499. Of the bank balance, \$1,181,786 was covered by federal depository insurance, \$1,049,713 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, 2023

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 \$34,359,578 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, 2023, the City's investments had the following maturities:

	Amount	Weighted Average Maturities (in Years)	
		1 year or less	1 - 5 years
Investments:			
Local Government Investment Pool - Pool 5	\$ 29,538,192	\$ 29,538,192	\$ -
Local Government Investment Pool - Pool 500	4,821,386	-	4,821,386
Total	\$ 34,359,578	\$ 29,538,192	\$ 4,821,386

Credit Risk

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

	Amount	Credit Quality Ratings	
		Moody's	Standard & Poor's
Investments:			
Local Government Investment Pool - Pool 5	\$ 29,538,192	AAA	Not applicable
Local Government Investment Pool - Pool 500	4,821,386	AA-2	Not applicable
Total	\$ 34,359,578		

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023.

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, 2023, consisted of the following:

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		
Loan debt service reserve requirement	\$ -	\$ 1,257,224	\$ 1,257,224	\$ -
Restricted customer deposits	-	101,478	101,478	27,450
Unspent capital lease proceeds	-	-	-	-
Unspent bond proceeds	4,046,618	-	4,046,618	-
Funds held by mortgage (HUD required)	-	-	-	354,914
Total	\$ 4,046,618	\$ 1,358,702	\$ 5,405,320	\$ 382,364

Note 3 – Intergovernmental Receivables

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

	General	Non-Major	Governmental	Water	
	Fund	Governmental	Funds	Fund	Total
		Funds	Subtotal		
Due from federal government	\$ 62,572	\$ -	\$ 62,572	\$ -	\$ 62,572
Due from state government	146,392	545,703	692,095	3,921	696,016
Due from local government	360	41,864	42,224	-	42,224
Total	\$ 209,324	\$ 587,567	\$ 796,891	\$ 3,921	\$ 800,812

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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)	\$ 59,332	\$ -
Unavailable grant revenue:		
(Nonmajor Governmental Funds)	1,731	-
Unearned revenue:		
(General Fund)	-	90,932
	<u>\$ 61,063</u>	<u>\$ 90,932</u>

Note 4 – Lease Receivable

A. Governmental Activities

A portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2023, the City recognized \$606,486 in lease revenue and \$13,186 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2023 is as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Classification</u>	
	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>	<u>Due within</u>	<u>Due in More</u>
					<u>One Year</u>	<u>Than One Year</u>
Leases receivable	\$ 1,326,119	\$ -	\$ (593,669)	\$ 732,450	\$ 299,923	\$ 432,527

As of June 30, 2023, the required payments for these leases, including interest, are:

<u>Year Ending</u>			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 299,923	\$ 6,503	\$ 306,426
2025	597	5,403	6,000
2026	905	5,395	6,300
2027	1,823	5,377	7,200
2028	1,846	5,354	7,200
2029-2033	35,139	26,061	61,200
2034-2038	75,751	22,349	98,100
2039-2043	100,840	16,880	117,720
2044-2048	131,588	9,676	141,264
2049-2051	84,038	1,496	85,534
Total	<u>\$ 732,450</u>	<u>\$ 104,494</u>	<u>\$ 836,944</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Lease Receivable (Continued)

A. Governmental Activities (Continued)

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2024	\$ 310,549
2025	14,613
2026	14,613
2027	14,613
2028	14,613
2029-2033	87,676
2034-2038	58,450
2039-2043	73,063
2044-2048	73,063
2049-2051	40,184
Total	\$ 701,437

Note 5 – Interfund Balances and Transactions

A. Transfers

For the year ended June 30, 2023, the City had the following transfers:

Transfers In	Transfers Out	Amount	Purpose
General Fund	HURF Special Revenue Fund	\$ 29,312	Administrative cost
General Fund	Water Enterprise Fund	56,303	Administrative cost
General Fund	Sewer Enterprise Fund	59,087	Administrative cost
General Fund	Solid Waste Enterprise Fund	46,007	Administrative cost
	Subtotal	190,709	
Debt Service Fund	HURF Special Revenue Fund	3,138,191	Debt service
Debt Service Fund	HURF Fund	71,706	Debt service
Debt Service Fund	Water Enterprise Fund	42,534	Debt service
Debt Service Fund	Sewer Enterprise Fund	8,939	Debt service
Debt Service Fund	Solid Waste Enterprise Fund	4,741	Debt service
	Subtotal	3,266,111	
Grants Special Revenue Fund	General Fund	170,975	Capital projects
LTAF Special Revenue Fund	General Fund	2,028	Capital projects
Public Housing Special Revenue Fund	General Fund	52,134	Fund closeout
Capital Projects Fund	General Fund	1,903,006	Capital projects
	Total	\$ 5,584,963	

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Interfund Balances and Transactions (Continued)

B. Long-Term Advances

At June 30, 2023, the balances of long-term advances were as follows:

<u>Advances To</u>	<u>Advances From</u>	<u>Amount</u>
General Fund	Water Enterprise Fund	\$ 536,449
General Fund	Sewer Enterprise Fund	267,493
General Fund	Solid Waste Enterprise Fund	161,742
	Total	\$ 965,684
Golf Course MPC Special Revenue Fund General Fund		24,225
	Total	\$ 24,225

Enterprise Funds Advance to the General Fund

The advances from the Water, Sewer and Solid Waste Funds to the General Fund were made to fund the early repayment of the Greater Arizona Development Authority (“GADA”) loan in the amount of \$1,800,000. The City plans to repay the advance over a 10-year period. At June 30, 2023, the outstanding balance of the agreement was \$1,052,842.

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, 2023, the outstanding balance of the advance was \$24,225.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
Nondepreciable assets:					
Land	\$ 1,043,091	\$ -	\$ -	\$ 22,219	\$ 1,065,310
Construction in progress	1,999,533	1,417,416	-	(130,704)	3,286,245
Total nondepreciable assets	3,042,624	1,417,416	-	(108,485)	4,351,555
Depreciable assets					
Land improvements	5,630,383	-	-	7,179	5,637,562
Streets and storm drains	24,553,878	496,803	-	(1)	25,050,680
Buildings and improvements	16,424,667	414,989	-	(310,349)	16,529,307
Machinery and equipment	15,702,540	816,057	(5,578)	(173,612)	16,339,407
Vehicles	8,264,694	-	(38,518)	(195,594)	8,030,582
Subtotal	70,576,162	1,727,849	(44,096)	(672,377)	71,587,538
Less accumulated depreciation					
Land improvements	(4,741,107)	(216,266)	-	374,991	(4,582,382)
Streets and storm drains	(16,769,027)	(1,117,044)	-	258,253	(17,627,818)
Buildings and improvements	(10,215,942)	(627,288)	-	177,167	(10,666,063)
Machinery and equipment	(13,492,037)	(502,240)	6,673	23,269	(13,964,335)
Vehicles	(6,549,923)	(335,327)	38,518	(52,818)	(6,899,550)
Subtotal	(51,768,036)	(2,798,165)	45,191	780,862	(53,740,148)
Total depreciable assets, net	18,808,126	(1,070,316)	1,095	108,485	17,847,390
Lease assets					
Buildings and improvements	76,749	-	-	-	76,749
Subtotal	76,749	-	-	-	76,749
Less accumulated amortization					
Buildings and improvements	(36,840)	(36,840)	-	-	(73,680)
Subtotal	(36,840)	(36,840)	-	-	(73,680)
Total lease assets, net	39,909	(36,840)	-	-	3,069
Total	\$ 21,890,659	\$ 310,260	\$ 1,095	\$ -	\$ 22,202,014

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Governmental activities depreciation and amortization expenses for capital assets for the year ended June 30, 2023 are as follows:

General government	\$ 406,631
Public safety	603,844
Highways and streets	1,250,000
Transportation	81,235
Culture and recreation	493,295
Total depreciation/amortization expense	\$ 2,835,005

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
Nondepreciable assets:					
Construction in progress	\$ 147,849	\$ 402,627	\$ -	\$ -	\$ 550,476
Total nondepreciable assets	147,849	402,627	-	-	550,476
Depreciable assets					
Water distribution system	18,457,009	9,312	-	-	18,466,321
Wastewater systems	21,412,390	-	-	(30,727)	21,381,663
Building and improvements	22,093,298	-	-	30,728	22,124,026
Vehicles, machinery and equipment	4,691,525	458,627	-	(1)	5,150,151
Subtotal	66,654,222	467,939	-	-	67,122,161
Less accumulated depreciation					
Water distribution system	(11,979,880)	(596,613)	-	-	(12,576,493)
Wastewater systems	(8,332,269)	(502,972)	-	-	(8,835,241)
Building and improvements	(4,490,730)	(493,889)	-	-	(4,984,619)
Vehicles, machinery and equipment	(3,857,860)	(386,691)	-	-	(4,244,551)
Subtotal	(28,660,739)	(1,980,165)	-	-	(30,640,904)
Total depreciable assets, net	37,993,483	(1,512,226)	-	-	36,481,257
Total	\$ 38,141,332	\$ (1,109,599)	\$ -	\$ -	\$ 37,031,733

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2023 are as follows:

Water	\$ 643,937
Sewer	1,084,189
Solid Waste	252,039
Total depreciation expense	\$ 1,980,165

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets (Continued)

C. Component Unit

The summary of changes in capital assets for the component unit for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Nondepreciable assets:				
Land	\$ 265,000	\$ -	\$ -	\$ 265,000
Total nondepreciable assets	265,000	-	-	265,000
Depreciable assets				
Buildings and improvements	5,207,564	-	-	5,207,564
Furniture and equipment	26,278	-	-	26,278
Subtotal	5,233,842	-	-	5,233,842
Less accumulated depreciation				
Buildings and improvements	(2,775,593)	(130,186)	-	(2,905,779)
Furniture and equipment	(25,266)	(758)	-	(26,024)
Subtotal	(2,800,859)	(130,944)	-	(2,931,803)
Total depreciable assets, net	2,432,983	(130,944)	-	2,302,039
Total	\$ 2,697,983	\$ (130,944)	\$ -	\$ 2,567,039

Depreciation expense for the component unit for the year ended June 30, 2023 was \$130,944.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt

A. Summary

	Final Maturity	Remaining Interest Rate	Remaining Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2023
Governmental Activities					
Public borrowings:					
2021 Pledged Revenue Bonds	1/1/2039	0.27 - 2.92%	\$1,555,000 - \$2,795,000	\$ 38,885,000	\$ 35,845,000
Direct borrowings:					
Lease liability	8/11/2024	0.55%	\$3,120 - \$37,265	\$ 76,749	\$ 3,120
Finance purchase agreements	3/30/2028	2.56 - 6.03%	\$98,971 - \$451,498	\$ 2,902,773	\$ 903,021
Call Center loan payable	7/1/2028	4.29 - 5.63%	\$375,000	9,000,000	1,875,000
Total Governmental Activities				<u>\$ 50,864,522</u>	<u>\$ 38,626,141</u>
Business-Type Activities					
Direct borrowings:					
Finance purchase agreements	8/15/2027	4.50 - 6.42%	\$10,927	\$ 306,971	\$ 191,234
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2029	2.00%	\$90,887 - \$104,417	2,677,286	494,277
Water Infrastructure Finance Authority of Arizona Issued 2018-2019 (WIFA)	7/1/2033	1.81%	\$46,403 - \$51,669	1,500,000	569,276
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2027	2.81%	\$234,017 - \$262,660	1,500,000	1,768,393
Water Infrastructure Finance Authority of Arizona Issued 2015-2016 (WIFA)	7/1/2034	2.00%	\$41,896 - \$56,267	900,000	591,963
Water Infrastructure Finance Authority of Arizona Issued 2016-2017 (WIFA)	7/1/2037	1.89%	\$224,227 - \$291,427	5,500,000	3,916,695
Total Business-Type Activities				<u>\$ 12,384,257</u>	<u>\$ 7,531,838</u>
Component Unit					
Direct borrowings:					
HUD mortgage note payable	5/1/2042	2.95%	\$84,848 - \$3,643,617	5,008,546	3,823,860
Total Component Unit				<u>\$ 5,008,546</u>	<u>\$ 3,823,860</u>

B. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due Within One Year	Due In More Than One Year
Finance purchase agreements	\$ 1,354,519	\$ -	\$ (451,498)	\$ 903,021	\$ 364,188	\$ 538,833
Lease liability	40,385	-	(37,265)	3,120	3,120	-
2021 Pledged Revenue Bonds	37,400,000	-	(1,555,000)	35,845,000	1,585,000	34,260,000
Call Center loan payable	2,250,000	-	(375,000)	1,875,000	-	1,875,000
Total long-term debt	<u>\$ 41,044,904</u>	<u>\$ -</u>	<u>\$ (2,418,763)</u>	<u>\$ 38,626,141</u>	<u>\$ 1,952,308</u>	<u>\$ 36,673,833</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

Finance Purchase Agreements

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

The annual debt service requirements for the finance purchase agreements outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 364,188	\$ 28,945	\$ 393,133
2025	220,438	18,137	238,575
2026	98,971	11,385	110,356
2027	106,010	7,484	113,494
2028	113,414	3,306	116,720
Total	<u>\$ 903,021</u>	<u>\$ 69,257</u>	<u>\$ 972,278</u>

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

	Amount
Construction in progress	\$ 663,765
Buildings and improvements	895,329
Machinery and equipment	651,894
Vehicles	526,531
Less: accumulated depreciation	(1,225,428)
Total	<u>\$ 1,512,091</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, 2023 were \$35,845,000. 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, 2023

Note 7 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

2021 Pledged Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,585,000	\$ 770,755	\$ 2,355,755
2025	1,620,000	757,554	2,377,554
2026	1,655,000	740,805	2,395,805
2027	1,805,000	718,747	2,523,747
2028	2,145,000	688,916	2,833,916
2029-2033	11,385,000	2,794,931	14,179,931
2034-2038	12,855,000	1,320,804	14,175,804
2039	2,795,000	40,751	2,835,751
Total	\$ 35,845,000	\$ 7,833,263	\$ 43,678,263

Call Center Loan Payable

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

The lease revenues are to be used for payment of the debt, then for maintenance and operations costs. The loan is expected to have a 4.76 times coverage ratio of pledged revenue to current year debt services payments. The City met the coverage requirements. The call center lease agreement expires fiscal year 2024; however, the City anticipates extending the lease agreement to cover the loan obligation period. The total principal and interest remaining to be paid on the loan is \$2,192,035. Principal and interest paid for the current year was \$501,675 and the City sales tax and lease revenues were \$10,275,477 and \$591,874, respectively.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ -	\$ 105,852	\$ 105,852
2025	375,000	84,450	459,450
2026	375,000	63,338	438,338
2027	375,000	42,225	417,225
2028	375,000	21,170	396,170
2029	375,000	-	375,000
Total	\$ 1,875,000	\$ 317,035	\$ 2,192,035

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

Lease Payable

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

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,120	\$ 1	\$ 3,121
Total	\$ 3,120	\$ 1	\$ 3,121

C. Business-Type Activities

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due Within One Year	Due In More Than One Year
Water Fund:						
Finance purchase agreements	\$ 10,927	\$ -	\$ (10,927)	\$ -	\$ -	\$ -
2010 WIFA loan	585,166	-	(90,889)	494,277	93,446	400,831
2019 WIFA loan	615,678	-	(46,402)	569,276	47,242	522,034
Total water fund	1,211,771	-	(148,218)	1,063,553	140,688	922,865
Sewer Fund:						
Finance purchase agreements	20,436	200,334	(29,536)	191,234	40,780	150,454
2010 WIFA loan	2,002,410	-	(234,017)	1,768,393	238,697	1,529,696
2016 WIFA loan	633,861	-	(41,898)	591,963	42,939	549,024
2017 WIFA loan	4,140,922	-	(224,227)	3,916,695	228,465	3,688,230
Total sewer fund	6,797,629	200,334	(529,678)	6,468,285	550,881	5,917,404
Total business-type activities	\$ 8,009,400	\$ 200,334	\$ (677,896)	\$ 7,531,838	\$ 691,569	\$ 6,840,269

Finance Purchase Agreements

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

C. Business-Type Activities (Continued)

The annual debt service requirements for the finance purchase agreements outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 40,780	\$ 9,253	\$ 50,033
2025	42,910	7,124	50,034
2026	43,678	4,890	48,568
2027	42,037	2,739	44,776
2028	21,829	559	22,388
Total	<u>\$ 191,234</u>	<u>\$ 24,565</u>	<u>\$ 215,799</u>

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

	Amount
Vehicles, machinery and equipment	\$ 223,455
Less: accumulated depreciation	(25,830)
Total	<u>\$ 197,625</u>

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 \$8,234,156. Principal and interest paid for the current year and total pledged revenues were \$637,432 and \$155,001, respectively.

The annual requirements to amortize the bonds outstanding at June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 650,789	\$ 141,501	\$ 792,290
2025	664,433	127,710	792,143
2026	678,370	113,624	791,994
2027	692,607	99,234	791,841
2028	707,150	84,534	791,684
2029-2033	2,351,965	255,302	2,607,267
2034-2038	1,595,290	71,647	1,666,937
Total	<u>\$ 7,340,604</u>	<u>\$ 893,552</u>	<u>\$ 8,234,156</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

D. Component Unit

Summary of changes in long-term liabilities for the component unit for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due Within One Year	Due In More Than One Year
HUD mortgage note payable	\$ 3,908,708	\$ -	\$ (84,848)	\$ 3,823,860	\$ 87,385	\$ 3,736,475
Total long-term debt	\$ 3,908,708	\$ -	\$ (84,848)	\$ 3,823,860	\$ 87,385	\$ 3,736,475

HUD Mortgage

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

The annual requirements to amortize the bonds outstanding at June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 87,385	\$ -	\$ 87,385
2025	87,139	-	87,139
2026	89,830	-	89,830
2027	92,601	-	92,601
2028	95,456	-	95,456
Thereafter	3,371,449	-	3,371,449
Total	\$ 3,823,860	\$ -	\$ 3,823,860

Note 8 – Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick leave) has been accrued and amounts to \$1,838,207 at June 30, 2023. Summary of changes in compensated absences for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences:						
Governmental Activities	\$ 1,658,967	\$ 714,113	\$ (728,182)	\$ 1,644,898	\$ 822,450	\$ 822,448
Business-Type Activities	148,610	169,536	(124,837)	193,309	144,982	48,327
Total compensated absences	\$ 1,807,577	\$ 883,649	\$ (853,019)	\$ 1,838,207	\$ 967,432	\$ 870,775

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, 2023

Note 9 – Pension Plans and Other Postemployment Benefits

A. Summary – Pension and OPEB

Deferred Outflows of Resources

	Governmental Activities	Business-Type Activities	Total
Pension-related deferred outflows of resources:			
Pension contributions made after measurement date:			
ASRS	\$ 512,663	\$ 142,963	\$ 655,626
PSPRS - Police Plan - Tier 1 & 2	232,124	-	232,124
PSPRS - Fire Plan - Tier 1 & 2	198,813	-	198,813
PSPRS - Police Plan - Tier 3	31,885	-	31,885
PSPRS - Fire Plan - Tier 3	32,661	-	32,661
Total pension contributions made after measurement date	1,008,146	142,963	1,151,109
Projected earnings on pension plan investments in excess of actual earnings:			
PSPRS - Police Plan - Tier 1 & 2	2,408,627	-	2,408,627
PSPRS - Fire Plan - Tier 1 & 2	1,601,834	-	1,601,834
PSPRS - Police Plan - Tier 3	3,562	-	3,562
PSPRS - Fire Plan - Tier 3	5,173	-	5,173
Total projected earnings on pension plan investments in excess of actual earnings	4,019,196	-	4,019,196
Change in assumptions:			
ASRS	275,271	83,443	358,714
PSPRS - Police Plan - Tier 1 & 2	277,860	-	277,860
PSPRS - Fire Plan - Tier 1 & 2	525,378	-	525,378
PSPRS - Police Plan - Tier 3	183	-	183
PSPRS - Fire Plan - Tier 3	265	-	265
Total change in assumption	1,078,957	83,443	1,162,400
Difference between expected and actual experience			
ASRS	47,257	14,325	61,582
PSPRS - Police Plan - Tier 1 & 2	251,360	-	251,360
PSPRS - Fire Plan - Tier 1 & 2	486,588	-	486,588
PSPRS - Police Plan - Tier 3	72,601	-	72,601
PSPRS - Fire Plan - Tier 3	105,433	-	105,433
Total difference between expected and actual experience	963,239	14,325	977,564
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS	122,725	37,202	159,927
PSPRS - Fire Plan - Tier 3	50,148	-	50,148
Total change in proportion and differences between employer contributions and proportionate share of contributions	172,873	37,202	210,075
Total pension-related deferred outflows of resources			
ASRS	957,916	277,933	1,235,849
PSPRS - Police Plan - Tier 1 & 2	3,169,971	-	3,169,971
PSPRS - Fire Plan - Tier 1 & 2	2,812,613	-	2,812,613
PSPRS - Police Plan - Tier 3	108,231	-	108,231
PSPRS - Fire Plan - Tier 3	193,680	-	193,680
Total pension-related deferred outflows of resources	\$ 7,242,411	\$ 277,933	\$ 7,520,344

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

A. Summary – Pension and OPEB (Continued)

Deferred Outflows of Resources (Continued)

	Governmental Activities	Business-Type Activities	Total
OPEB-related deferred outflows of resources:			
OPEB contributions made after measurement date:			
ASRS - Health Benefit Supplement Plan	\$ 4,731	\$ 1,319	\$ 6,050
ASRS - Long-Term Disability Plan	6,021	1,680	7,701
PSPRS - Fire Plan - Tier 1 & 2	3,095	-	3,095
PSPRS - Fire Plan - Tier 3	425	-	425
Total OPEB contributions made after measurement date	<u>14,272</u>	<u>2,999</u>	<u>17,271</u>
Projected earnings on OPEB plan investments in excess of actual earnings:			
ASRS - Health Benefit Supplement Plan	-	-	-
ASRS - Long-Term Disability Plan	-	-	-
PSPRS - Police Plan - Tier 1 & 2	9,860	-	9,860
PSPRS - Fire Plan - Tier 1 & 2	8,542	-	8,542
PSPRS - Police Plan - Tier 3	61	-	61
PSPRS - Fire Plan - Tier 3	89	-	89
Total projected earnings on OPEB plan investments in excess of actual earnings	<u>18,552</u>	<u>-</u>	<u>18,552</u>
Change in assumptions:			
ASRS - Health Benefit Supplement Plan	3,033	920	3,953
ASRS - Long-Term Disability Plan	1,699	515	2,214
PSPRS - Police Plan - Tier 1 & 2	2,916	-	2,916
PSPRS - Fire Plan - Tier 1 & 2	5,107	-	5,107
PSPRS - Police Plan - Tier 3	87	-	87
PSPRS - Fire Plan - Tier 3	126	-	126
Total change in assumption	<u>12,968</u>	<u>1,435</u>	<u>14,403</u>
Difference between expected and actual experience			
ASRS - Long-Term Disability Plan	1,624	492	2,116
PSPRS - Police Plan - Tier 3	76	-	76
PSPRS - Fire Plan - Tier 3	110	-	110
Total difference between expected and actual experience	<u>1,810</u>	<u>492</u>	<u>2,302</u>
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Health Benefit Supplement Plan	2,878	872	3,750
ASRS - Long-Term Disability Plan	1,775	538	2,313
PSPRS - Fire Plan - Tier 3	1,224	-	1,224
Total change in proportion and differences between employer contributions and proportionate share of contributions	<u>5,877</u>	<u>1,410</u>	<u>7,287</u>
Total OPEB-related deferred outflows of resources			
ASRS - Health Benefit Supplement Plan	10,642	3,111	13,753
ASRS - Long-Term Disability Plan	11,119	3,225	14,344
PSPRS - Police Plan - Tier 1 & 2	12,776	-	12,776
PSPRS - Fire Plan - Tier 1 & 2	16,744	-	16,744
PSPRS - Police Plan - Tier 3	224	-	224
PSPRS - Fire Plan - Tier 3	1,974	-	1,974
Total OPEB-related deferred outflows of resources	<u>\$ 53,479</u>	<u>\$ 6,336</u>	<u>\$ 59,815</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

A. Summary – Pension and OPEB (Continued)

Pension/OPEB Assets and Liabilities

	Governmental Activities	Business-Type Activities	Total
Net pension asset			
PSPRS - Police Plan - Tier 3	\$ 15,149	\$ -	\$ 15,149
PSPRS - Fire Plan - Tier 3	21,999	-	21,999
Total net pension asset	37,148	-	37,148
Net pension liability			
ASRS	\$ 5,546,234	\$ 1,681,245	\$ 7,227,479
PSPRS - Police Plan - Tier 1 & 2	476,851	-	476,851
PSPRS - Fire Plan - Tier 1 & 2	476,391	-	476,391
Total net pension liability	\$ 6,499,476	\$ 1,681,245	\$ 8,180,721
	Governmental Activities	Business-Type Activities	Total
Net OPEB asset			
ASRS - Health Benefit Supplement Plan	\$ 186,899	\$ 56,655	\$ 243,554
PSPRS - Police Plan - Tier 1 & 2	280,269	-	280,269
PSPRS - Fire Plan - Tier 1 & 2	302,695	-	302,695
PSPRS - Police Plan - Tier 3	3,331	-	3,331
PSPRS - Fire Plan - Tier 3	4,838	-	4,838
Total Net OPEB asset	\$ 778,032	\$ 56,655	\$ 834,687
Net OPEB liability			
ASRS - Long-Term Disability Plan	\$ 3,119	\$ 946	\$ 4,065
Total Net OPEB liability	\$ 3,119	\$ 946	\$ 4,065

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

A. Summary – Pension and OPEB (Continued)

Deferred Inflows of Resources

	Governmental Activities	Business-Type Activities	Total
Pension-related deferred inflows of resources:			
Projected earnings on pension plan investments in excess of actual earnings:			
ASRS	\$ 146,093	\$ 44,286	\$ 190,379
PSPRS - Police Plan - Tier 3	10,923	-	10,923
Total projected earnings on pension plan investments in excess of actual earnings	157,016	44,286	201,302
Change in assumptions:			
PSPRS - Police Plan - Tier 3	3,767	-	3,767
PSPRS - Fire Plan - Tier 3	5,471	-	5,471
Total change in assumption	9,238	-	9,238
Difference between expected and actual experience			
PSPRS - Police Plan - Tier 1 & 2	146,348	-	146,348
PSPRS - Fire Plan - Tier 1 & 2	486,343	-	486,343
Total difference between expected and actual experience	632,691	-	632,691
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS	208,587	63,230	271,817
Total change in proportion and differences between employer contributions and proportionate share of contributions	208,587	63,230	271,817
Total pension-related deferred inflows of resources			
ASRS	354,680	107,516	462,196
PSPRS - Police Plan - Tier 1 & 2	146,348	-	146,348
PSPRS - Fire Plan - Tier 1 & 2	486,343	-	486,343
PSPRS - Police Plan - Tier 3	14,690	-	14,690
PSPRS - Fire Plan - Tier 3	5,471	-	5,471
Total pension-related deferred inflows of resources	<u>\$ 1,007,532</u>	<u>\$ 107,516</u>	<u>\$ 1,115,048</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

A. Summary – Pension and OPEB (Continued)

Deferred Inflows of Resources (Continued)

	Governmental Activities	Business-Type Activities	Total
OPEB-related deferred inflows of resources:			
Projected earnings on pension plan investments in excess of actual earnings:			
ASRS - Health Benefit Supplement Plan	\$ 6,296	\$ 1,908	\$ 8,204
ASRS - Long-Term Disability Plan	97	29	126
Total projected earnings on pension plan investments in excess of actual earnings	6,393	1,937	8,330
Change in assumptions:			
ASRS - Health Benefit Supplement Plan	5,098	1,545	6,643
ASRS - Long-Term Disability Plan	7,613	2,308	9,921
PSPRS - Police Plan - Tier 3	1	-	1
PSPRS - Fire Plan - Tier 3	1	-	1
Total change in assumption	12,713	3,853	16,566
Difference between expected and actual experience			
ASRS - Health Benefit Supplement Plan	95,382	28,914	124,296
ASRS - Long-Term Disability Plan	2,906	881	3,787
PSPRS - Police Plan - Tier 1 & 2	33,945	-	33,945
PSPRS - Fire Plan - Tier 1 & 2	52,502	-	52,502
PSPRS - Police Plan - Tier 3	283	-	283
PSPRS - Fire Plan - Tier 3	410	-	410
Total difference between expected and actual experience	185,428	29,795	215,223
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Health Benefit Supplement Plan	942	285	1,227
ASRS - Long-Term Disability Plan	1,664	505	2,169
PSPRS - Police Plan - Tier 3	572	-	572
Total change in proportion and differences between employer contributions and proportionate share of contributions	3,178	790	3,968
Total OPEB-related deferred inflows of resources			
ASRS - Health Benefit Supplement Plan	107,718	32,652	140,370
ASRS - Long-Term Disability Plan	12,280	3,723	16,003
PSPRS - Police Plan - Tier 1 & 2	33,945	-	33,945
PSPRS - Fire Plan - Tier 1 & 2	52,502	-	52,502
PSPRS - Police Plan - Tier 3	856	-	856
PSPRS - Fire Plan - Tier 3	411	-	411
Total OPEB-related deferred inflows of resources	\$ 207,712	\$ 36,375	\$ 244,087

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

A. Summary – Pension and OPEB (Continued)

Pension/OPEB Expenses/(Income)

	Governmental Activities	Business-Type Activities	Total
Pension expenses/(income):			
ASRS	\$ 746,737	\$ 226,360	\$ 973,097
PSPRS - Police Plan - Tier 1 & 2	1,146,188	-	1,146,188
PSPRS - Fire Plan - Tier 1 & 2	721,152	-	721,152
PSPRS - Police Plan - Tier 3	4,362	-	4,362
PSPRS - Fire Plan - Tier 3	12,541	-	12,541
Total net pension expenses/(income)	<u>\$ 2,630,980</u>	<u>\$ 226,360</u>	<u>\$ 2,857,340</u>
OPEB expenses/(income):			
ASRS - Health Benefit Supplement Plan	\$ (27,079)	\$ (8,208)	\$ (35,287)
ASRS - Long-Term Disability Plan	1,085	329	1,414
PSPRS - Police Plan - Tier 1 & 2	(56,352)	-	(56,352)
PSPRS - Fire Plan - Tier 1 & 2	(36,789)	-	(36,789)
PSPRS - Police Plan - Tier 3	(255)	-	(255)
PSPRS - Fire Plan - Tier 3	(218)	-	(218)
Total net OPEB expenses/(income)	<u>\$ (119,608)</u>	<u>\$ (7,879)</u>	<u>\$ (127,487)</u>

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

Plan Description

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

Benefits Provided

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

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Sum of years and age equals		
Years of credited service	80 or more	30 years age 55
and age required to	10 years age 62	25 years age 60
receive benefit	5 years age 50*	10 years age 62
	Any years age 65	5 years age 50*
		Any years age 65
Final average salary is		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, 2023 the City had 160 active and contributing employees were covered by the benefit terms the Plan. As of the date of the audit report, the City was unable to determine the number of transferred/separated employees not receiving benefits or the number of retired employees receiving benefits.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

Contributions

In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 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 9.68 percent (9.62 percent for retirement and 0.06 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, 2023, were:

	Contributions - employer
Pension Plan	\$ 655,626
Health Benefit Supplement Plan	6,050
Long-Term Disability Plan	7,701
Total	<u>\$ 669,377</u>

During fiscal year 2022, the City paid for ASRS pension and OPEB contributions as follows: 76.7 percent from the Governmental Funds, 9.8 percent from the Water Fund, 6.8 percent from the Sewer Fund, and 6.7 percent from the Solid Waste Fund.

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

At June 30, 2023, the City’s reported proportionate share of pension and OPEB liability/(asset)’s for the City was:

	Net pension/OPEB (asset) liability
Pension Plan	\$ 7,227,479
Health Benefit Supplement Plan	(243,554)
Long-Term Disability Plan	4,065
Total	<u>\$ 6,987,990</u>

The net asset and net liabilities were measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. 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, 2022. The City’s proportions measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

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

	Pension Plan	Health Benefit Supplement Plan	Long-Term Disability Plan
Proportion June 30, 2021	0.04697%	0.04689%	0.04688%
Proportion June 30, 2022	0.04428%	0.04364%	0.04401%
Change - Increase (Decrease)	-0.00269%	-0.00325%	-0.00287%

As of June 30, 2023, the City reported net pension and OPEB liability/(asset) for its proportionate shares of the net pension and OPEB liability/(asset) of the ASRS Plans as follows:

	Plan's Net Pension and OPEB Liability/(Asset)		
	Pension Plan	Health Benefit Supplement Plan	Long-Term Disability Plan
Balance at: 6/30/21 (Valuation date)	\$ 6,171,649	\$ (228,452)	\$ 9,677
Balance at: 6/30/22 (Measurement date)	7,227,479	(243,554)	4,065
Net Changes during 2021-2022	\$ 1,055,830	\$ (15,102)	\$ (5,612)

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, 2023:

	Pension/OPEB expenses (income)
Pension Plan	\$ 973,097
Health Benefit Supplement Plan	(35,287)
Long-Term Disability Plan	1,414
Total	<u>\$ 939,224</u>

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the ASRS Plans from the following sources:

	Pension Plan		Health Benefit Supplement Plan		Long-Term Disability Plan	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Contributions made subsequent to measurement date	\$ 655,626	\$ -	\$ 6,050	\$ -	\$ 7,701	\$ -
Difference between projected and actual earning on pension plan investments	-	(190,379)	-	(8,204)	-	(126)
Changes in assumptions	358,714	-	3,953	(6,643)	2,214	(9,921)
Difference between actual and expected experience	61,582	-	-	(124,296)	2,116	(3,787)
Changes in proportion and differences between employer contributions and proportionate share of contributions	159,927	(271,817)	3,750	(1,227)	2,313	(2,169)
Total	<u>\$ 1,235,849</u>	<u>\$ (462,196)</u>	<u>\$ 13,753</u>	<u>\$ (140,370)</u>	<u>\$ 14,344</u>	<u>\$ (16,003)</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

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

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2024. 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
2024	\$ 359,211	\$ (36,717)	\$ (839)
2025	(215,352)	(39,984)	(1,067)
2026	(330,542)	(43,852)	(2,019)
2027	304,710	(5,915)	(271)
2028	-	(6,199)	(1,787)
Thereafter	-	-	(3,377)
	<u>\$ 118,027</u>	<u>\$ (132,667)</u>	<u>\$ (9,360)</u>

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

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. Both the June 30, 2021 and the June 30, 2022 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, 2021
Actuarial roll forward date	June 30, 2022
Actuarial Assumptions:	
Investment rate of return	7.0%
Projected salary increases	2.9–8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

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

Asset Class	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity	50.00%	3.90%	1.95%
Fixed income - credit	20.00%	5.20%	1.06%
Fixed income - interest rate sensitive	10.00%	-0.02%	-0.02%
Real Estate	20.00%	6.00%	1.20%
Total	100.00%		4.19%

Discount Rate

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

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

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

	Aggregate Net Pension and OPEB Liability/(Asset)		
	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Pension Plan	\$ 10,663,931	\$ 7,227,479	\$ 4,362,016
Health Benefit Supplement Plan	\$ (175,129)	\$ (243,554)	\$ (301,612)
Long-Term Disability Plan	\$ 6,738	\$ 4,065	\$ 1,474
Total	\$ 10,495,540	\$ 6,987,990	\$ 4,061,878

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

Plan Description

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

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

Benefits Provided

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

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

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

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

Employees Covered

At June 30, 2022, the following employees were covered by the benefit terms for each Plan:

	Police Plan (Tier 1 & 2)		Fire Plan (Tier 1 & 2)		Police Plan (Tier 3)		Fire Plan (Tier 3)	
	Pension	Health	Pension	Health	Pension	Health	Pension	Health
Active employees	22	22	15	15	8	8	9	9
Transferred and terminated employees	5	0	4	1	1	1	3	3
Retired employees and beneficiaries	38	38	25	25	0	0	0	0
Total	65	60	44	41	9	9	12	12

Contributions

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2023, are indicated below. Rates are a percentage of active members’ annual covered payroll.

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

Also statutes required the City was required to contribute at the actuarially determined rate for Police Tier 1 & 2, Police Tier 3, Fire Tier 1 & 2, Fire Tier 3 of 11.21%, 9.05%, 9.81%, and 9.81%, 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, 2023, the City’s contributions made for each Plan was as follows:

	Police Plan (Tier 1 & 2)		Fire Plan (Tier 1 & 2)		Police Plan (Tier 3)		Fire Plan (Tier 3)	
	Pension	Health	Pension	Health	Pension	Health	Pension	Health
Contributions - employer	\$ 232,124	\$ -	\$ 198,813	\$ 3,095	\$ 31,885	\$ -	\$ 32,661	\$ 425

During fiscal year 2023, the City paid for the total PSPRS pension and OPEB contributions from the general fund.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

Net Pension and OPEB Liability/(Asset)

The City’s net assets and net liabilities were measured as of June 30, 2022, 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, 2022, and the change from its proportions measured as of June 30, 2021, were:

	Police Pension Plan (Tier 3)	Police OPEB Plan (Tier 3)	Fire Pension Plan (Tier 3)	Fire OPEB Plan (Tier 3)
Proportion June 30, 2021	0.2373940%	0.2055560%	0.5695850%	0.4931970%
Proportion June 30, 2022	0.2802170%	0.2805250%	0.4069370%	0.4073850%
	0.0428230%	0.0749690%	-0.1626480%	-0.0858120%

Actuarial Assumptions

The total pension and liabilities/(assets) in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Investment rate of return	7.20%
Wage inflation	3.00% to 6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis
U.S. public equity	24.00%	3.49%
International public equity	16.00%	4.47%
Global private equity	20.00%	7.18%
Other assets (capital appreciation)	7.00%	4.83%
Core bonds	2.00%	0.45%
Private credit	20.00%	5.10%
Diversifying strategies	10.00%	2.68%
Cash - Mellon	1.00%	-0.35%
	100.00%	

¹ An expected inflation of 2.25% used for this period

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

Discount Rate

At June 30, 2022, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

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

Police Plan (Tier 1 & 2) - 009						
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balance at June 30, 2021	\$ 28,292,157	\$ 31,246,749	\$ (2,954,592)	\$ 375,518	\$ 711,901	\$ (336,383)
Changes in the year:						
Service cost	304,895	-	304,895	7,184	-	7,184
Interest on the total pension liabilities	2,022,344	-	2,022,344	27,179	-	27,179
Differences between expected and actual experience	(219,521)	-	(219,521)	(10,471)	-	(10,471)
Changes of assumptions	416,789	-	416,789	3,886	-	3,886
Benefit payments, including refunds of members contributions	(1,787,428)	(1,787,428)	-	(20,768)	(20,768)	-
Contributions - employer	-	175,880	(175,880)	-	-	-
Contributions - employee	-	153,526	(153,526)	-	-	-
Net investment income	-	(1,214,394)	1,214,394	-	(27,840)	27,840
Administrative expenses	-	(21,948)	21,948	-	(496)	496
Net changes	737,079	(2,694,364)	3,431,443	7,010	(49,104)	56,114
Balance at June 30, 2022 (Measurement Date)	\$ 29,029,236	\$ 28,552,385	\$ 476,851	\$ 382,528	\$ 662,797	\$ (280,269)

Fire Plan (Tier 1 & 2) - 008						
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balance at June 30, 2021	\$ 19,415,414	\$ 21,087,898	\$ (1,672,484)	\$ 228,588	\$ 576,750	\$ (348,162)
Changes in the year:						
Service cost	313,088	-	313,088	5,940	-	5,940
Interest on the total pension liabilities	1,399,551	-	1,399,551	16,664	-	16,664
Differences between expected and actual experience	(479,148)	-	(479,148)	(5,170)	-	(5,170)
Changes of assumptions	352,899	-	352,899	5,051	-	5,051
Benefit payments, including refunds of members contributions	(1,113,135)	(1,113,135)	-	(12,515)	(12,515)	-
Contributions - employer	-	170,418	(170,418)	-	-	-
Contributions - employee	-	106,266	(106,266)	-	-	-
Net investment income	-	(824,280)	824,280	-	(22,580)	22,580
Administrative expenses	-	(14,889)	14,889	-	(402)	402
Net changes	473,255	(1,675,620)	2,148,875	9,970	(35,497)	45,467
Balance at June 30, 2022 (Measurement Date)	\$ 19,888,669	\$ 19,412,278	\$ 476,391	\$ 238,558	\$ 541,253	\$ (302,695)

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

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

Sensitivity of the City’s net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the City’s net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 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 (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	Plan's Net Pension/OPEB (Asset) Liability		
	Discount Rate - 1% (6.20%)	Current Discount Rate (7.20%)	Discount Rate + 1% (8.20%)
Police Pension Plan (Tier 1 & 2)	\$ 4,289,845	\$ 476,851	\$ (2,642,558)
Police OPEB Plan (Tier 1 & 2)	\$ (238,151)	\$ (280,269)	\$ (315,765)
Fire Pension Plan (Tier 1 & 2)	\$ 3,122,094	\$ 476,391	\$ (1,680,642)
Fire OPEB Plan (Tier 1 & 2)	\$ (274,485)	\$ (302,695)	\$ (326,392)
Aggregate Total	\$ 6,899,303	\$ 370,278	\$ (4,965,357)

	Plan's Aggregate Proportionate Share of Net Pension/OPEB (Asset) Liability		
	Discount Rate - 1% (6.20%)	Current Discount Rate (7.20%)	Discount Rate + 1% (8.20%)
Police Pension Plan (Tier 3)	\$ 36,998	\$ (15,149)	\$ (54,079)
Police OPEB Plan (Tier 3)	\$ (2,643)	\$ (3,331)	\$ (3,879)
Fire Pension Plan (Tier 3)	\$ 53,730	\$ (21,999)	\$ (78,535)
Fire OPEB Plan (Tier 3)	\$ (3,838)	\$ (4,838)	\$ (5,633)
Aggregate Total	\$ 84,247	\$ (45,317)	\$ (142,126)

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2023, the City recognized the following pension and OPEB expense (income):

	Pension/OPEB expense/(income)
Pension Plan - Police (Tier 1 & 2)	\$ 1,146,188
Pension Plan - Fire (Tier 1 & 2)	721,152
Pension Plan - Police (Tier 3)	4,362
Pension Plan - Fire (Tier 3)	12,541
OPEB Plan - Police (Tier 1 & 2)	(56,352)
OPEB Plan - Fire (Tier 1 & 2)	(36,789)
OPEB Plan - Police (Tier 3)	(255)
OPEB Plan - Fire (Tier 3)	(218)
Total	\$ 1,790,629

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

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

At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Plan (Tier 1 & 2)			
	Pension Plan		OPEB Plan	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 232,124	\$ -	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	2,408,627	-	9,860	-
Changes in assumptions	277,860	-	2,916	-
Difference between actual and expected experience	251,360	(146,348)	-	(33,945)
Total	\$ 3,169,971	\$ (146,348)	\$ 12,776	\$ (33,945)

	Fire Plan (Tier 1 & 2)			
	Pension Plan		OPEB Plan	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 198,813	\$ -	\$ 3,095	\$ -
Difference between projected and actual earning on pension plan investments	1,601,834	-	8,542	-
Changes in assumptions	525,378	-	5,107	-
Difference between actual and expected experience	486,588	(486,343)	-	(52,502)
Total	\$ 2,812,613	\$ (486,343)	\$ 16,744	\$ (52,502)

	Police Plan (Tier 3)			
	Pension Plan		OPEB Plan	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 31,885	\$ -	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	3,562	(10,923)	61	-
Changes in assumptions	183	(3,767)	87	(1)
Difference between actual and expected experience	72,601	-	76	(283)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	(572)
Total	\$ 108,231	\$ (14,690)	\$ 224	\$ (856)

	Fire Plan (Tier 3)			
	Pension Plan		OPEB Plan	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 32,661	\$ -	\$ 425	\$ -
Difference between projected and actual earning on pension plan investments	5,173	-	89	-
Changes in assumptions	265	(5,471)	126	(1)
Difference between actual and expected experience	105,433	-	110	(410)
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,148	-	1,224	-
Total	\$ 193,680	\$ (5,471)	\$ 1,974	\$ (411)

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

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

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2024. 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)
2024	\$ 902,289	\$ (20,418)	\$ 649,405	\$ (18,514)
2025	701,839	(7,501)	571,495	(18,591)
2026	499,093	(9,057)	465,282	(10,561)
2027	688,278	15,807	441,275	8,813
2028	-	-	-	-
Thereafter	-	-	-	-
	<u>\$ 2,791,499</u>	<u>\$ (21,169)</u>	<u>\$ 2,127,457</u>	<u>\$ (38,853)</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)
2024	\$ 5,389	\$ (69)	\$ 14,033	\$ 51
2025	5,421	(67)	14,079	54
2026	5,024	(82)	13,502	34
2027	9,653	83	20,225	272
2028	5,481	(49)	14,167	81
Thereafter	30,688	(448)	79,542	646
	<u>\$ 61,656</u>	<u>\$ (632)</u>	<u>\$ 155,548</u>	<u>\$ 1,138</u>

Note 10 – Risk Management

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

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

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Risk Management (Continued)

The City reports its self-insurance activity as an internal service fund. The City allocates the cost of claims by charging a premium to each fund based on a percentage of each 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, 2023, the self-insured benefit claims payable reported within the internal service fund, including amounts incurred, but not yet reported totaled \$143,543.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2020-2021	\$ 134,862	\$ 1,231,035	\$ (1,128,378)	\$ 237,519
2021-2022	237,519	1,044,671	(1,069,379)	212,811
2022-2023	212,811	900,282	(969,550)	143,543

Note 11 – Classification of Fund Balances

The City classifies fund balances, as shown on the Balance Sheet – Governmental Funds as of June 30, 2023 as follows:

	Major Funds		Other Governmental Funds	Total
	General Fund	City Debt Service Fund		
Nonspendable:				
Inventories	\$ 28,585	\$ -	\$ -	\$ 28,585
Prepaid items	40,771	-	-	40,771
Advance to other funds	24,225	-	-	24,225
Due from component unit	800,788	-	-	800,788
Total nonspendable	894,369	-	-	894,369
Restricted:				
PSPRS contingency reserve	4,046,618	-	-	4,046,618
Firefighters injured in line of duty	151,450	-	-	151,450
Debt service	-	1,240	-	1,240
Federal and state grant programs	-	-	644,715	644,715
Golf course operations	-	-	33,431	33,431
Law enforcement operations	-	-	123,763	123,763
Local transportation	-	-	242,234	242,234
Highways and streets by A.R.S. 28-6533	-	-	1,447,854	1,447,854
Total restricted	4,198,068	1,240	2,491,997	6,691,305
Committed:				
Capital projects	-	-	333,261	333,261
Total committed	-	-	333,261	333,261
Unassigned	17,680,412	-	-	17,680,412
Total fund balances	\$ 22,772,849	\$ 1,240	\$ 2,825,258	\$ 25,599,347

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities	Component Unit
Net investment in capital assets:			
Capital assets, nondepreciable	\$ 4,351,555	\$ 550,476	\$ 265,000
Capital assets, depreciable/amortizable, net	17,850,459	36,481,257	2,302,039
Unspent proceeds	-	-	354,914
Long-term debt:			
Finance purchase agreements	(903,021)	(191,234)	-
Lease liability	(3,120)	-	-
Loans payable	(1,875,000)	-	(3,823,860)
WIFA loans	-	(7,340,604)	-
Total net investment in capital assets	<u>\$ 19,420,873</u>	<u>\$ 29,499,895</u>	<u>\$ (901,907)</u>

Note 13 – Other Required Disclosures

A. Deficit Fund Balance/Net Position

At June 30, 2023, the Governmental Activities Net Position had an unrestricted deficit of (\$17,288,182). 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 (\$1,718,382). The deficit is expected to be recovered through operations and subsidies from the City.

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following function(s) by fund:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government:	
	Cemetery	\$ 57,191
	Community development	50,380
	Golf course	13,088
	Economic development	9,866
	Airport	7,301
	Public safety:	
	Fire	260,734
	Culture and recreation:	
	Recreation	56,413
	Aquatics	27,972
	Capital outlay	167,779
	Debt Service:	
	Interest and fiscal charges	688
Grants Special Revenue Fund	Public safety	186,208
	Capital outlay	397,581
LTAF Special Revenue Fund	Transportation	19,338

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Commitments and Contingencies

A. Litigation

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

B. Grants

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

C. Construction Commitments

Various construction projects in all fund types were in progress at June 30, 2023 with a planned cost to complete of approximately \$2,041,000.

Note 15 – Subsequent Events

The Community Housing Corporation that operates the Rancho La Perilla Apartments also sold the apartments as of January 31, 2024. The City reports the Douglas Community Housing Corporation as one business-type discretely presented component unit: Rancho La Perilla Apartments. These activities are included as discretely presented component units.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Required Supplementary Information (Unaudited)

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2023

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, 2023 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2023 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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/
				(Unfavorable)
REVENUES:				
Taxes:				
Sales taxes	\$ 8,000,000	\$ 8,000,000	\$ 10,275,477	\$ 2,275,477
Property taxes	643,000	643,000	658,814	15,814
Franchise taxes	330,000	330,000	360,260	30,260
Transient occupancy taxes	100,000	100,000	136,193	36,193
Intergovernmental	10,304,690	10,304,690	10,990,518	685,828
Fines and forfeitures	21,000	21,000	42,896	21,896
Licenses and permits	167,300	167,300	190,146	22,846
Charges for services	1,346,651	1,346,651	1,309,269	(37,382)
Rents and royalties	730,067	730,067	747,484	17,417
Investment income	35,000	35,000	969,193	934,193
Miscellaneous	5,097,364	5,097,364	147,421	(4,949,943)
Total revenues	26,775,072	26,775,072	25,827,671	(947,401)
EXPENDITURES:				
Current:				
General government:				
Administration	733,645	733,645	702,874	30,771
Finance	547,503	547,503	519,123	28,380
Personnel	504,214	504,214	434,340	69,874
General government	5,074,405	5,074,405	485,574	4,588,831
Management information systems	553,483	553,483	544,204	9,279
Cemetery	279,902	279,902	337,093	(57,191)
Community development	135,800	135,900	186,280	(50,380)
Golf course	161,828	161,828	174,916	(13,088)
Economic development	205,515	205,515	215,381	(9,866)
Airport	123,067	123,067	130,368	(7,301)
Call center	53,896	53,896	26,605	27,291
Subtotal	8,373,258	8,373,358	3,756,758	4,616,600
Public safety:				
Police	4,985,321	5,095,519	4,615,141	480,378
Fire	641,024	1,463,802	1,724,536	(260,734)
Emergency medical services	1,358,859	1,358,859	1,232,269	126,590
Subtotal	6,985,204	7,918,180	7,571,946	346,234
Highways and streets				
Public works	728,819	728,819	651,252	77,567
Subtotal	728,819	728,819	651,252	77,567

City of Douglas
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund (Continued)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
EXPENDITURES (Continued):				
Culture and recreation:				
Parks	657,287	657,287	632,664	24,623
Recreation	399,452	399,452	455,865	(56,413)
Library	465,996	465,996	448,267	17,729
Aquatics	311,675	316,875	344,847	(27,972)
Visitor center	161,199	161,199	85,297	75,902
Subtotal	1,995,609	2,000,809	1,966,940	33,869
Capital outlay	669,168	669,168	836,947	(167,779)
Debt Service:				
Principal	151,177	151,177	100,769	50,408
Interest and fiscal charges	-	-	688	(688)
Total expenditures	18,903,235	19,841,511	14,885,300	4,956,211
REVENUES OVER (UNDER) EXPENDITURES	7,871,837	6,933,561	10,942,371	4,008,810
OTHER FINANCING SOURCES (USES):				
Inception of lease payable	65,329	65,329	-	(65,329)
Transfers in	1,430,404	1,430,404	190,709	(1,239,695)
Transfers out	(11,468,650)	(11,468,650)	(5,266,334)	6,202,316
Total other financing sources (uses)	(9,972,917)	(9,972,917)	(5,075,625)	4,897,292
Net change in fund balance	\$ (2,101,080)	\$ (3,039,356)	5,866,746	\$ 8,906,102
FUND BALANCE:				
Beginning of year			16,906,103	
End of year			<u>\$ 22,772,849</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, 2023

Arizona Employees' Retirement System ("ASRS") Pension Plan

Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
City's Proportion of the the Net Pension Liability	0.04428%	0.04428%	0.04364%	0.04102%	0.04456%
City's Proportionate Share of the Net Pension Liability	\$ 7,227,479	\$ 6,171,649	\$ 7,561,293	\$ 5,968,887	\$ 6,214,551
City's Covered Payroll	\$ 4,720,700	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109	\$ 4,486,032
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>153.10%</u>	<u>134.66%</u>	<u>169.93%</u>	<u>138.17%</u>	<u>138.53%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>74.26%</u>	<u>78.58%</u>	<u>69.33%</u>	<u>73.24%</u>	<u>73.40%</u>
Measurement Period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
City's Proportion of the the Net Pension Liability	0.04460%	0.04396%	0.04547%	0.04940%	
City's Proportionate Share of the Net Pension Liability	\$ 6,947,811	\$ 7,095,586	\$ 7,082,217	\$ 7,309,573	
City's Covered Payroll	\$ 4,539,864	\$ 4,074,323	\$ 4,108,769	\$ 4,015,976	
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>153.04%</u>	<u>174.15%</u>	<u>172.37%</u>	<u>182.01%</u>	
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>69.92%</u>	<u>67.06%</u>	<u>68.35%</u>	<u>69.49%</u>	

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 68 is 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, 2023

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

Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
City's Proportion of the the Net OPEB (Asset)/Liability	0.04364%	0.04364%	0.04301%	0.04056%	0.04421%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (243,554)	\$ (228,452)	\$ (30,451)	\$ (11,209)	\$ (15,920)
City's Covered Payroll	\$ 4,720,700	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109	\$ 4,486,032
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-5.16%</u>	<u>-4.98%</u>	<u>-0.68%</u>	<u>-0.26%</u>	<u>-0.35%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>137.79%</u>	<u>130.24%</u>	<u>104.33%</u>	<u>101.62%</u>	<u>102.20%</u>
Measurement Period	June 30, 2017	June 30, 2016 ¹			
City's Proportion of the the Net OPEB (Asset)/Liability	0.04444%	0.04444%			
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (24,193)	\$ 12,850			
City's Covered Payroll	\$ 4,539,864	\$ 4,074,323			
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.53%</u>	<u>0.32%</u>			
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>103.57%</u>	<u>103.57%</u>			

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 75 is 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, 2023

Arizona Employees' Retirement System ("ASRS") Long-Term Disability					
Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
City's Proportion of the the Net OPEB (Asset)/Liability	0.04401%	0.04401%	0.04321%	0.04067%	0.04456%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ 4,065	\$ 9,677	\$ 32,780	\$ 26,494	\$ 23,283
City's Covered Payroll	\$ 4,720,700	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109	\$ 4,486,032
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	0.09%	0.21%	0.74%	0.61%	0.52%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.40%	90.38%	68.01%	72.85%	77.83%
Measurement Period	June 30, 2017	June 30, 2016 ¹			
City's Proportion of the the Net OPEB (Asset)/Liability	0.04441%	0.04441%			
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ 16,098	\$ 15,959			
City's Covered Payroll	\$ 4,539,864	\$ 4,074,323			
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	0.35%	0.39%			
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	84.44%	84.44%			

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2023

Arizona Public Safety Public Retirement System ("PSPRS") Police Pension Plan (Tier 3)					
Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018 ¹
City's Proportion of the the Net Pension (Asset)/Liability	0.28022%	0.23739%	0.02124%	0.18381%	0.12677%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (15,149)	\$ (21,980)	\$ 687	\$ (2,640)	\$ 250
City's Covered Payroll	\$ 96,808	\$ 93,988	\$ 91,251	\$ 88,593	\$ 41,792
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-15.65%</u>	<u>-23.39%</u>	<u>0.75%</u>	<u>-2.98%</u>	<u>0.60%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>110.44%</u>	<u>121.67%</u>	<u>98.82%</u>	<u>116.90%</u>	<u>89.24%</u>

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2023

Arizona Public Safety Public Retirement System ("PSPRS") Fire Pension Plan (Tier 3)					
Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018 ¹
City's Proportion of the the Net Pension (Asset)/Liability	0.40694%	0.56959%	0.20217%	0.74068%	1.95874%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (606)	\$ (606)	\$ (606)	\$ (10,637)	\$ 3,861
City's Covered Payroll	\$ 308,050	\$ 299,077	\$ 290,366	\$ 281,909	\$ 236,240
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.20%</u>	<u>-0.20%</u>	<u>-0.21%</u>	<u>-3.77%</u>	<u>1.63%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>110.44%</u>	<u>121.67%</u>	<u>98.82%</u>	<u>116.90%</u>	<u>89.24%</u>

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2023

Arizona Public Safety Public Retirement System ("PSPRS") Police OPEB Plan (Tier 3)					
Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018 ¹
City's Proportion of the the Net OPEB (Asset)/Liability	0.28053%	0.20556%	0.19956%	0.18320%	0.12678%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (65)	\$ (65)	\$ (65)	\$ (269)	\$ (5)
City's Covered Payroll	\$ 96,808	\$ 93,988	\$ 91,251	\$ 88,593	\$ 41,792
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.07%</u>	<u>-0.07%</u>	<u>-0.07%</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>189.58%</u>	<u>242.50%</u>	<u>198.90%</u>	<u>205.30%</u>	<u>110.51%</u>

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB (Asset) Liability (Continued)
Last Ten Years
For the Year Ended June 30, 2023

Arizona Public Safety Public Retirement System ("PSPRS") Fire OPEB Plan (Tier 3)					
Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018 ¹
City's Proportion of the the Net OPEB (Asset)/Liability	0.40739%	0.49320%	0.50580%	0.65145%	1.95873%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (992)	\$ (992)	\$ (992)	\$ (957)	\$ (82)
City's Covered Payroll	\$ 308,050	\$ 299,077	\$ 290,366	\$ 281,909	\$ 236,240
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.32%</u>	<u>-0.33%</u>	<u>-0.34%</u>	<u>-0.34%</u>	<u>-0.03%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>189.58%</u>	<u>242.50%</u>	<u>198.90%</u>	<u>205.30%</u>	<u>110.51%</u>

Notes to Schedule:

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

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios
Last Ten Years
For the Year Ended June 30, 2023

Arizona Public Safety Public Retirement System ("PS PRS") Police Pension Plan

Total Pension Liability	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 304,895	\$ 310,697	\$ 323,894	\$ 357,391	\$ 351,906	\$ 503,156	\$ 348,598	\$ 350,912	\$ 397,560
Interest on total pension liability	2,022,344	1,971,357	1,880,058	1,777,275	1,710,405	1,518,655	1,555,542	1,536,369	1,299,915
Changes in assumptions	416,789	-	-	540,419	-	838,776	776,728	-	2,630,528
Differences between expected and actual experience	(219,521)	161,907	681,622	532,860	23,777	1,102,554	(895,420)	(298,004)	(586,401)
Changes in benefit terms	-	-	-	-	-	343,604	(35,698)	-	572,866
Benefit payments, including refunds of employee contributions	(1,787,428)	(1,691,994)	(1,551,430)	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
Net change in total pension liability	737,079	751,967	1,334,144	1,884,481	681,784	2,978,515	289,725	361,555	2,984,211
Total pension liability - beginning	28,292,157	27,540,190	26,206,046	24,321,565	23,639,781	20,661,266	20,371,541	20,009,986	17,025,775
Total pension liability - ending (a)	\$ 29,029,236	\$ 28,292,157	\$ 27,540,190	\$ 26,206,046	\$ 24,321,565	\$ 23,639,781	\$ 20,661,266	\$ 20,371,541	\$ 20,009,986
Plan fiduciary net position									
Contributions - employer	\$ 175,880	\$ 22,337,549	\$ 1,508,149	\$ 1,167,128	\$ 1,291,506	\$ 1,313,766	\$ 1,078,409	\$ 730,718	\$ 731,085
Contributions - employee	153,526	157,455	163,157	145,425	208,160	237,017	263,157	211,626	201,922
Investment income (net administrative expenses)	(1,214,394)	2,300,114	101,243	408,395	499,040	740,758	36,786	233,285	814,052
Benefit payments	(1,787,428)	(1,691,994)	(1,551,430)	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
Administrative expenses	(21,948)	(10,772)	(8,256)	(8,096)	(8,295)	(6,954)	(5,693)	(6,060)	(6,556)
Other	-	-	1	(6,180)	(374,047)	171,793	38	(53,348)	-
Net change in plan fiduciary net position	(2,694,364)	23,092,352	212,864	383,208	212,060	1,128,150	(87,328)	(111,501)	410,246
Plan fiduciary net position - beginning	31,246,749	8,154,397	7,941,533	7,558,325	7,346,265	6,218,115	6,305,443	6,416,944	6,006,698
Plan fiduciary net position - ending (b)	\$ 28,552,385	\$ 31,246,749	\$ 8,154,397	\$ 7,941,533	\$ 7,558,325	\$ 7,346,265	\$ 6,218,115	\$ 6,305,443	\$ 6,416,944
Net pension liability (assets) - ending (a)-(b)	\$ 476,851	\$ (2,954,592)	\$ 19,385,793	\$ 18,264,513	\$ 16,763,240	\$ 16,293,516	\$ 14,443,151	\$ 14,066,098	\$ 13,593,042
Plan fiduciary net position as a percentage of the total pension liability	98.36%	110.44%	29.61%	30.30%	31.08%	31.08%	30.10%	30.95%	32.07%
Covered payroll	\$ 1,686,303	\$ 1,634,545	\$ 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	28.28%	-180.76%	1152.24%	1057.65%	937.94%	734.44%	791.77%	781.47%	728.77%

Notes to Schedule:

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

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

Total Pension Liability	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 313,088	\$ 331,050	\$ 323,838	\$ 331,808	\$ 327,237	\$ 383,056	\$ 300,094	\$ 258,460	\$ 288,434
Interest on total pension liability	1,399,551	1,326,995	1,260,594	1,244,802	1,230,876	1,130,984	1,140,961	1,111,551	909,525
Changes in assumptions	352,899	-	-	386,244	-	776,695	560,384	-	1,830,655
Differences between expected and actual experience	(479,148)	427,129	460,619	(152,972)	(381,235)	(142,300)	(610,416)	(86,876)	36,351
Changes in benefit terms	-	-	-	-	-	264,068	(16,539)	-	444,603
Benefit payments, including refunds of employee contributions	(1,113,135)	(1,033,446)	(1,251,867)	(1,458,448)	(855,310)	(806,531)	(934,899)	(923,685)	(918,315)
Net change in total pension liability	473,255	1,051,728	793,184	351,434	321,568	1,605,972	439,585	359,450	2,591,253
Total pension liability - beginning	19,415,414	18,363,686	17,570,502	17,219,068	16,897,500	15,291,528	14,851,943	14,492,493	11,901,240
Total pension liability - ending (a)	\$ 19,888,669	\$ 19,415,414	\$ 18,363,686	\$ 17,570,502	\$ 17,219,068	\$ 16,897,500	\$ 15,291,528	\$ 14,851,943	\$ 14,492,493
Plan fiduciary net position									
Contributions - employer	\$ 170,418	\$ 14,921,252	\$ 1,111,263	\$ 1,140,235	\$ 1,062,651	\$ 1,086,339	\$ 996,227	\$ 570,035	\$ 613,837
Contributions - employee	106,266	133,682	130,500	123,484	173,036	179,196	184,516	151,481	146,888
Investment income (net administrative expenses)	(824,280)	1,601,908	69,540	286,520	334,620	482,843	21,858	133,862	473,107
Benefit payments	(1,113,135)	(1,033,446)	(1,251,867)	(1,458,448)	(855,310)	(806,531)	(934,899)	(923,685)	(918,315)
Administrative expenses	(14,889)	(7,373)	(5,668)	(5,961)	(5,793)	(4,672)	(3,545)	(3,626)	(3,810)
Other	-	-	(312)	(415)	(221,078)	45	(24,570)	(2,812)	22,909
Net change in plan fiduciary net position	(1,675,620)	15,616,023	53,456	85,415	488,126	937,220	239,587	(74,745)	334,616
Plan fiduciary net position - beginning	21,087,898	5,471,875	5,418,419	5,333,004	4,844,878	3,907,658	3,668,071	3,742,816	3,408,200
Plan fiduciary net position - ending (b)	\$ 19,412,278	\$ 21,087,898	\$ 5,471,875	\$ 5,418,419	\$ 5,333,004	\$ 4,844,878	\$ 3,907,658	\$ 3,668,071	\$ 3,742,816
Net pension liability (assets) - ending (a)-(b)	\$ 476,391	\$ (1,672,484)	\$ 12,891,811	\$ 12,152,083	\$ 11,886,064	\$ 12,052,622	\$ 11,383,870	\$ 11,183,872	\$ 10,749,677
Plan fiduciary net position as a percentage of the total pension liability	97.60%	108.61%	29.80%	30.84%	30.97%	28.67%	25.55%	24.70%	25.83%
Covered payroll	\$ 1,047,583	\$ 1,341,021	\$ 1,453,457	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918	\$ 1,517,157	\$ 1,263,573	\$ 1,273,229
Net pension liability as a percentage of covered payroll	45.48%	-124.72%	886.98%	883.52%	789.65%	762.38%	750.34%	885.10%	844.28%

Notes to Schedule:

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

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

Total OPEB Liability	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17¹
Service cost	\$ 7,184	\$ 7,800	\$ 8,129	\$ 5,898	\$ 6,077	\$ 9,096
Interest on total OPEB liability	27,179	27,830	31,521	34,038	38,285	39,621
Changes in assumptions	3,886	-	-	2,097	-	(11,281)
Differences between expected and actual experience	(10,471)	(21,882)	(60,594)	(54,457)	(78,964)	(20,280)
Changes in benefit terms	-	-	-	-	-	1,263
Benefit payments, including refunds of employee contributions	(20,768)	(23,331)	(23,568)	(24,066)	(27,231)	(28,426)
Net change in total OPEB liability	7,010	(9,583)	(44,512)	(36,490)	(61,833)	(10,007)
Total OPEB liability - beginning	375,518	385,101	429,613	466,103	527,936	537,943
Total OPEB liability - ending (a)	\$ 382,528	\$ 375,518	\$ 385,101	\$ 429,613	\$ 466,103	\$ 527,936
Plan fiduciary net position						
Contributions - employer	\$ -	\$ -	\$ -	\$ 4,885	\$ 1,883	\$ -
Contributions - employee	-	-	-	-	-	-
Investment income (net administrative expense)	(27,840)	157,440	7,430	30,872	38,643	61,283
Benefit payments	(20,768)	(23,331)	(23,568)	(24,066)	(27,231)	(28,426)
Administrative expenses	(496)	(647)	(604)	(533)	(588)	(543)
Other	-	-	-	6,180	(1)	-
Net change in plan fiduciary net position	(49,104)	133,462	(16,742)	17,338	12,706	32,314
Plan fiduciary net position - beginning	711,901	578,439	595,181	577,843	565,137	532,823
Plan fiduciary net position - ending (b)	\$ 662,797	\$ 711,901	\$ 578,439	\$ 595,181	\$ 577,843	\$ 565,137
Net OPEB asset - ending (a)-(b)	\$ (280,269)	\$ (336,383)	\$ (193,338)	\$ (165,568)	\$ (111,740)	\$ (37,201)
Plan fiduciary net position as a percentage of the total OPEB liability						
	173.27%	189.58%	150.20%	138.54%	123.97%	107.05%
Covered payroll	\$ 1,686,303	\$ 1,634,545	\$ 1,682,448	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501
Net OPEB liability (asset) as a percentage of covered payroll						
	-16.62%	-19.41%	-11.49%	-9.59%	-6.25%	-1.68%

Notes to Schedule:

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

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

Total OPEB Liability	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17¹
Service cost	\$ 5,940	\$ 6,781	\$ 7,351	\$ 4,666	\$ 4,516	\$ 5,217
Interest on total OPEB liability	16,664	17,602	17,313	21,427	20,792	21,133
Changes in assumptions	5,051	-	-	1,921	-	1,867
Differences between expected and actual experience	(5,170)	(24,027)	(4,663)	(74,385)	(7,997)	(16,822)
Changes in benefit terms	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(12,515)	(12,211)	(12,326)	(11,509)	(10,746)	(12,963)
Net change in total OPEB liability	9,970	(11,855)	7,675	(57,880)	6,565	(1,568)
Total OPEB liability - beginning	228,588	240,443	232,768	290,648	284,083	285,651
Total OPEB liability - ending (a)	\$ 238,558	\$ 228,588	\$ 240,443	\$ 232,768	\$ 290,648	\$ 284,083
Plan fiduciary net position						
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ (415)	\$ -
Contributions - employee	-	-	-	-	-	-
Investment income (net administrative expenses)	(22,580)	126,328	5,889	24,478	30,276	46,965
Benefit payments	(12,515)	(12,211)	(12,326)	(11,509)	(10,746)	(12,963)
Administrative expenses	(402)	(519)	(479)	(423)	(461)	(415)
Other	-	-	-	415	-	-
Net change in plan fiduciary net position	(35,497)	113,598	(6,916)	12,961	18,654	33,587
Plan fiduciary net position - beginning	576,750	463,152	470,068	457,107	438,453	404,866
Plan fiduciary net position - ending (b)	\$ 541,253	\$ 576,750	\$ 463,152	\$ 470,068	\$ 457,107	\$ 438,453
Net OPEB liability - ending (a)-(b)	\$ (302,695)	\$ (348,162)	\$ (222,709)	\$ (237,300)	\$ (166,459)	\$ (154,370)
Plan fiduciary net position as a percentage of the total OPEB liability	226.89%	252.31%	192.62%	201.95%	157.27%	154.34%
Covered payroll	\$ 1,047,583	\$ 1,341,021	\$ 1,453,457	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918
Net OPEB liability (asset) as a percentage of covered payroll	-28.89%	-25.96%	-15.32%	-17.25%	-11.06%	-9.76%

Notes to Schedule:

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

City of Douglas
Schedules of Contributions
Last Ten Years
For the Year Ended June 30, 2023

Arizona State Retirement System ("ASRS") Pension Plan

	2022-23	2021-22	2020-21	2019-20	2018-19
Statutorily required contribution	\$ 655,626	\$ 609,756	\$ 597,938	\$ 522,637	\$ 476,805
Contributions in relation to the statutorily required contributions	(655,626)	(609,756)	(597,938)	(522,637)	(476,805)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,958,280	\$ 4,813,865	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109
Contributions as a percentage of covered payroll	13.22%	12.67%	12.79%	11.52%	11.04%
	2017-18	2016-17	2015-16	2014-15	2013-14¹
Statutorily required contribution	\$ 485,199	\$ 469,070	\$ 449,208	\$ 449,025	\$ 476,481
Contributions in relation to the statutorily required contributions	(485,199)	(469,070)	(449,208)	(449,025)	(476,481)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323	\$ 4,108,769	\$ 4,015,976
Contributions as a percentage of covered payroll	10.82%	10.33%	11.03%	10.93%	11.86%

Notes to Schedule

Valuation date: 6/30/2021

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

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	2022-23	2021-22	2020-21	2019-20	2018-19
Statutorily required contribution	\$ 6,050	\$ 10,662	\$ 20,012	\$ 22,234	\$ 19,617
Contributions in relation to the statutorily required contributions	(6,050)	(10,662)	(20,012)	(22,234)	(19,617)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,958,280	\$ 4,813,865	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109
Contributions as a percentage of covered payroll	0.12%	0.22%	0.43%	0.49%	0.45%
	2017-18	2016-17¹			
Statutorily required contribution	\$ 18,976	\$ 23,923			
Contributions in relation to the statutorily required contributions	(18,976)	(23,923)			
Contribution deficiency (excess)	\$ -	\$ -			
Covered payroll	\$ 4,486,032	\$ 4,539,864			
Contributions as a percentage of covered payroll	0.42%	0.53%			

Notes to Schedule

Valuation date: 6/30/2021

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

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Statutorily required contribution	\$ 7,701	\$ 9,647	\$ 9,237	\$ 7,762	\$ 6,825
Contributions in relation to the statutorily required contributions	<u>(7,701)</u>	<u>(9,647)</u>	<u>(9,237)</u>	<u>(7,762)</u>	<u>(6,825)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 4,958,280	\$ 4,813,865	\$ 4,673,655	\$ 4,537,529	\$ 4,320,109
Contributions as a percentage of covered payroll	0.16%	0.20%	0.20%	0.17%	0.16%
	<u>2017-18</u>	<u>2016-17¹</u>			
Statutorily required contribution	\$ 7,071	\$ 6,040			
Contributions in relation to the statutorily required contributions	<u>(7,071)</u>	<u>(6,040)</u>			
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>			
Covered payroll	\$ 4,486,032	\$ 4,539,864			
Contributions as a percentage of covered payroll	0.16%	0.13%			

Notes to Schedule

Valuation date: 6/30/2021

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

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 232,124	\$ 263,799	\$ 22,364,390	\$ 1,505,378	\$ 1,167,128
Contributions in relation to the actuarially determined contributions	(232,124)	(263,799)	(22,364,390)	(1,505,378)	(1,167,128)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,838,456	\$ 1,784,909	\$ 1,732,921	\$ 1,682,448	\$ 1,726,895
Contributions as a percentage of covered payroll	12.63%	14.78%	1290.56%	89.48%	67.59%
	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 1,291,506	\$ 1,313,766	\$ 1,078,409	\$ 730,718	\$ 731,085
Contributions in relation to the actuarially determined contributions	(1,291,506)	(1,313,766)	(1,078,409)	(730,718)	(731,085)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,787,233	\$ 2,218,501	\$ 1,824,164	\$ 1,799,959	\$ 1,865,208
Contributions as a percentage of covered payroll	72.26%	59.22%	59.12%	40.60%	39.20%

Notes to Schedule

Valuation date: 6/30/2022

Methods and assumptions used to actuarially determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed fair value; 20% corridor
Wage inflation	3.50%
Price inflation	2.50%
Salary increases	3.50% to 7.50% including inflation.
Investment rate of return	7.20%, net of investment and administrative expenses
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB.
Mortality	PubS-2010 tables.

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 198,813	\$ 271,805	\$ 14,954,585	\$ 1,106,632	\$ 1,140,235
Contributions in relation to the actuarially determined contributions	(198,813)	(271,805)	(14,954,585)	(1,106,632)	(1,140,235)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,588,232	\$ 1,541,973	\$ 1,497,061	\$ 1,453,457	\$ 1,375,420
Contributions as a percentage of covered payroll	12.52%	17.63%	998.93%	76.14%	82.90%
	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 1,062,651	\$ 1,086,339	\$ 996,227	\$ 570,035	\$ 613,837
Contributions in relation to the actuarially determined contributions	(1,062,651)	(1,086,339)	(996,227)	(570,035)	(613,837)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,505,231	\$ 1,580,918	\$ 1,517,157	\$ 1,263,573	\$ 1,273,229
Contributions as a percentage of covered payroll	70.60%	68.72%	65.66%	45.11%	48.21%

Notes to Schedule

Valuation date: 6/30/2022

Methods and assumptions used to actuarially determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed fair value; 20% corridor
Wage inflation	3.50%
Price inflation	2.50%
Salary increases	3.50% to 7.50% including inflation.
Investment rate of return	7.20%, net of investment and administrative expenses
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB.
Mortality	PubS-2010 tables.

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Actuarially determined contribution	\$ -	\$ 3,921	\$ -	\$ -	\$ 4,885
Contributions in relation to the actuarially determined contributions	-	(3,921)	-	-	(4,885)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,838,456	\$ 1,784,909	\$ 1,732,921	\$ 1,682,448	\$ 1,726,895
Contributions as a percentage of covered payroll	0.00%	0.22%	0.00%	0.00%	0.28%
	<u>2017-18</u>	<u>2016-17¹</u>			
Actuarially determined contribution	\$ 1,883	\$ -			
Contributions in relation to the actuarially determined contributions	(1,883)	-			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
Covered payroll	\$ 1,787,233	\$ 2,218,501			
Contributions as a percentage of covered payroll	0.11%	0.00%			

Notes to Schedule

Valuation date: 6/30/2022

Methods and assumptions used to actuarially determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed fair value; 20% corridor
Wage inflation	3.50%
Price inflation	2.50%
Salary increases	3.50% to 7.50% including inflation.
Investment rate of return	7.20%, net of investment and administrative expenses
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB.
Mortality	PubS-2010 tables.

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 3,095	\$ 3,323	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	(3,095)	(3,323)	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,588,232	\$ 1,541,973	\$ 1,497,061	\$ 1,453,457	\$ 1,375,420
Contributions as a percentage of covered payroll	0.01%	0.22%	0.00%	0.00%	0.00%
	2017-18	2016-17¹			
Actuarially determined contribution	\$ (415)	\$ -			
Contributions in relation to the actuarially determined contributions	415	-			
Contribution deficiency (excess)	\$ -	\$ -			
Covered payroll	\$ 1,505,231	\$ 1,580,918			
Contributions as a percentage of covered payroll	-0.03%	0.00%			

Notes to Schedule

Valuation date: 6/30/2022

Methods and assumptions used to actuarially determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-Year smoothed fair value; 20% corridor
Wage inflation	3.50%
Price inflation	2.50%
Salary increases	3.50% to 7.50% including inflation.
Investment rate of return	7.20%, net of investment and administrative expenses
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB.
Mortality	PubS-2010 tables.

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Statutorily required contribution	\$ 31,885	\$ 37,404	\$ 21,136	\$ 5,780	\$ 6,772
Contributions in relation to the statutorily required contributions	<u>(31,885)</u>	<u>(37,404)</u>	<u>(21,136)</u>	<u>(5,780)</u>	<u>(6,772)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 172,303	\$ 167,285	\$ 162,412	\$ 157,682	\$ 88,593
Contributions as a percentage of covered payroll	42.49%	22.36%	13.01%	3.67%	7.64%
	<u>2017-18¹</u>				
Statutorily required contribution	\$ 999				
Contributions in relation to the statutorily required contributions	<u>(999)</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 41,792				
Contributions as a percentage of covered payroll	2.39%				

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

Notes to Schedule

Valuation date: 6/30/2022

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	2022-23	2021-22	2020-21	2019-20	2018-19
Statutorily required contribution	\$ 32,661	\$ 55,644	\$ 51,190	\$ 39,082	\$ 27,287
Contributions in relation to the statutorily required contributions	(32,661)	(55,644)	(51,190)	(39,082)	(27,287)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 438,906	\$ 426,122	\$ 413,711	\$ 401,661	\$ 281,909
Contributions as a percentage of covered payroll	7.44%	13.06%	12.37%	9.73%	9.68%
	2017-18¹				
Statutorily required contribution	\$ 15,439				
Contributions in relation to the statutorily required contributions	(15,439)				
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 236,240				
Contributions as a percentage of covered payroll	6.54%				

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

Notes to Schedule

Valuation date: 6/30/2022

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18¹</u>
Statutorily required contribution	\$ -	\$ 530	\$ 3,311	\$ 331	\$ 206	\$ 100
Contributions in relation to the statutorily required contributions	-	(530)	(3,311)	(331)	(206)	(100)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 172,303	\$ 167,285	\$ 162,412	\$ 157,682	\$ 88,593	\$ 100,345
Contributions as a percentage of covered payroll	0.00%	0.32%	2.04%	0.21%	0.23%	0.10%
	<u>2017-18¹</u>					
Statutorily required contribution	\$ 27					
Contributions in relation to the statutorily required contributions	(27)					
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 41,792					
Contributions as a percentage of covered payroll	0.06%					

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

Notes to Schedule

Valuation date: 6/30/2022

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2023

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

	2022-23	2021-22	2020-21	2019-20	2018-19
Statutorily required contribution	\$ 425	\$ 788	\$ 778	\$ 843	\$ 734
Contributions in relation to the statutorily required contributions	(425)	(788)	(778)	(843)	(734)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 438,906	\$ 426,122	\$ 413,711	\$ 401,661	\$ 281,909
Contributions as a percentage of covered payroll	0.10%	0.18%	0.19%	0.21%	0.26%
	2017-18¹				
Statutorily required contribution	\$ 415				
Contributions in relation to the statutorily required contributions	(415)				
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 236,240				
Contributions as a percentage of covered payroll	0.18%				

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

Notes to Schedule

Valuation date: 6/30/2022

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Supplementary Information

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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Non-Major Governmental Funds

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

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

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

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

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

Public Housing Special Revenue Fund – This fund is used to account for the Douglas Housing Authority component unit of the City. The Douglas Housing Authority receives federal assistance and provides low rent housing for the area. The activities of the Douglas Housing Authority were transferred to Cochise County as of January 1, 2023, the fund was subsequently closed out with excess funds transferred to the General Fund.

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, 2023

		Special Revenue Fund			
		HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
ASSETS					
Cash and investments	\$	1,365,268	\$ 597,104	\$ 101,938	\$ 38,125
Receivables:					
Accounts		-	4,000	-	1,227
Intergovernmental		157,119	54,896	21,825	245,799
Restricted cash and investments		-	-	-	-
Total assets	\$	1,522,387	\$ 656,000	\$ 123,763	\$ 285,151
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	60,979	\$ 9,554	\$ -	\$ 23,940
Accrued wages and benefits		13,554	-	-	18,977
Deposits payable		-	-	-	-
Unearned revenue		-	-	-	-
Advances to other funds		-	-	-	-
Total liabilities		74,533	9,554	-	42,917
Deferred Inflows of Resources:					
Unavailable revenue		-	1,731	-	-
Total deferred inflows of resources		-	1,731	-	-
Fund Balances:					
Restricted		1,447,854	644,715	123,763	242,234
Committed		-	-	-	-
Total fund balances		1,447,854	644,715	123,763	242,234
Total liabilities and fund balances	\$	1,522,387	\$ 656,000	\$ 123,763	\$ 285,151

City of Douglas
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Fund			Total Non-major Governmental Funds
	Golf Course MPC Fund	Public Housing Fund	City Capital Projects Fund	
ASSETS				
Cash and investments	\$ 14,963	\$ -	\$ 178,796	\$ 2,296,194
Receivables:				
Accounts	42,693	-	130,000	177,920
Intergovernmental	-	-	107,928	587,567
Restricted cash and investments	-	-	-	-
Total assets	<u>\$ 57,656</u>	<u>\$ -</u>	<u>\$ 416,724</u>	<u>\$ 3,061,681</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 83,463	\$ 177,936
Accrued wages and benefits	-	-	-	32,531
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	-
Advances to other funds	24,225	-	-	24,225
Total liabilities	<u>24,225</u>	<u>-</u>	<u>83,463</u>	<u>234,692</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	1,731
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,731</u>
Fund Balances:				
Restricted	33,431	-	-	2,491,997
Committed	-	-	333,261	333,261
Total fund balances	<u>33,431</u>	<u>-</u>	<u>333,261</u>	<u>2,825,258</u>
Total liabilities and fund balances	<u>\$ 57,656</u>	<u>\$ -</u>	<u>\$ 416,724</u>	<u>\$ 3,061,681</u>

City of Douglas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Fund			
	HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
REVENUES:				
Intergovernmental	\$ 1,573,891	\$ 607,028	\$ -	\$ 833,809
Charges for services	-	-	-	26,723
Investment income (loss)	-	-	3,139	-
Miscellaneous	1,837	18,365	-	8,201
Total revenues	1,575,728	625,393	3,139	868,733
EXPENDITURES:				
Current:				
General government	-	23,905	-	-
Public safety	-	186,208	3,537	-
Highways and streets	804,852	-	-	-
Transportation	-	-	-	934,090
Culture and recreation	-	-	-	-
Redevelopment and housing	-	-	-	-
Capital outlay	567,892	397,581	-	62,361
Total expenditures	1,372,744	607,694	3,537	996,451
REVENUES OVER (UNDER) EXPENDITURES	202,984	17,699	(398)	(127,718)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	170,975	-	2,028
Transfers out	(101,018)	-	-	-
Total other financing sources (uses)	(101,018)	170,975	-	2,028
Net changes in fund balances	101,966	188,674	(398)	(125,690)
FUND BALANCES:				
Beginning of year	1,345,888	456,041	124,161	367,924
End of year	<u>\$ 1,447,854</u>	<u>\$ 644,715</u>	<u>\$ 123,763</u>	<u>\$ 242,234</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, 2023

	Special Revenue Fund			Total Non-major Governmental Funds
	Golf Course MPC Fund	Public Housing Fund	City Capital Projects Fund	
REVENUES:				
Intergovernmental	\$ -	\$ 446,639	\$ -	\$ 3,461,367
Charges for services	244,060	-	-	270,783
Investment income (loss)	-	869	20,761	24,769
Miscellaneous	6,620	30,415	216,752	282,190
Total revenues	250,680	477,923	237,513	4,039,109
EXPENDITURES:				
Current:				
General government	-	-	-	23,905
Public safety	-	-	-	189,745
Highways and streets	-	-	-	804,852
Transportation	-	-	-	934,090
Culture and recreation	325,688	-	-	325,688
Redevelopment and housing	-	798,175	-	798,175
Capital outlay	-	-	1,923,499	2,951,333
Total expenditures	325,688	798,175	1,923,499	6,027,788
REVENUES OVER (UNDER) EXPENDITURES	(75,008)	(320,252)	(1,685,986)	(1,988,679)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	52,134	1,903,006	2,128,143
Transfers out	-	-	-	(101,018)
Total other financing sources (uses)	-	52,134	1,903,006	2,027,125
Net changes in fund balances	(75,008)	(268,118)	217,020	38,446
FUND BALANCES:				
Beginning of year	108,439	268,118	116,241	2,786,812
End of year	<u>\$ 33,431</u>	<u>\$ -</u>	<u>\$ 333,261</u>	<u>\$ 2,825,258</u>

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Debt Service Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
EXPENDITURES:				
Debt service:				
Principal	\$ 2,534,283	\$ 2,534,283	\$ 2,317,994	\$ 216,289
Interest and fiscal charges	946,877	946,877	946,877	-
Total expenditures	<u>3,481,160</u>	<u>3,481,160</u>	<u>3,264,871</u>	<u>216,289</u>
REVENUE OVER				
(UNDER) EXPENDITURES	<u>(3,481,160)</u>	<u>(3,481,160)</u>	<u>(3,264,871)</u>	<u>216,289</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>-</u>	<u>-</u>	3,266,111	3,266,111
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,266,111</u>	<u>3,266,111</u>
Net change in fund balances	<u><u>\$ (3,481,160)</u></u>	<u><u>\$ (3,481,160)</u></u>	1,240	<u><u>\$ 3,482,400</u></u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u><u>\$ 1,240</u></u>	

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,729,076	\$ 1,729,076	\$ 1,573,891	\$ (155,185)
Miscellaneous	10,000	10,000	1,837	(8,163)
Total revenues	<u>1,739,076</u>	<u>1,739,076</u>	<u>1,575,728</u>	<u>(163,348)</u>
EXPENDITURES:				
Current:				
Highways and streets	943,437	943,437	804,852	138,585
Capital outlay	683,450	683,450	567,892	115,558
Total expenditures	<u>1,626,887</u>	<u>1,626,887</u>	<u>1,372,744</u>	<u>254,143</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>112,189</u>	<u>112,189</u>	<u>202,984</u>	<u>90,795</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(112,189)	(112,189)	(101,018)	11,171
Total other financing (uses)	<u>(112,189)</u>	<u>(112,189)</u>	<u>(101,018)</u>	<u>11,171</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>101,966</u>	<u>\$ 101,966</u>
FUND BALANCE:				
Beginning of year			<u>1,345,888</u>	
End of year			<u>\$ 1,447,854</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 7,772,757	\$ 7,772,757	\$ 607,028	\$ (7,165,729)
Miscellaneous	22,000	22,000	18,365	(3,635)
Total revenues	<u>7,794,757</u>	<u>7,794,757</u>	<u>625,393</u>	<u>(7,169,364)</u>
EXPENDITURES:				
Current:				
General government	8,906,807	8,906,807	23,905	8,882,902
Public safety	-	-	186,208	(186,208)
Capital outlay	-	-	397,581	(397,581)
Total expenditures	<u>8,906,807</u>	<u>8,906,807</u>	<u>607,694</u>	<u>8,299,113</u>
REVENUE OVER				
(UNDER) EXPENDITURES	<u>(1,112,050)</u>	<u>(1,112,050)</u>	<u>17,699</u>	<u>1,129,749</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,045,050	1,045,050	170,975	(874,075)
Total other financing sources	<u>1,045,050</u>	<u>1,045,050</u>	<u>170,975</u>	<u>(874,075)</u>
Net change in fund balances	<u>\$ (67,000)</u>	<u>\$ (67,000)</u>	188,674	<u>\$ 255,674</u>
FUND BALANCE:				
Beginning of year			456,041	
End of year			<u>\$ 644,715</u>	

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 65,000	\$ 65,000	\$ -	\$ (65,000)
Investment income	3,000	3,000	3,139	139
Total revenues	68,000	68,000	3,139	(64,861)
EXPENDITURES:				
Current:				
Public safety	68,000	68,000	3,537	64,463
Total expenditures	68,000	68,000	3,537	64,463
Net change in fund balances	\$ -	\$ -	(398)	\$ (398)
FUND BALANCE:				
Beginning of year			124,161	
End of year			<u>\$ 123,763</u>	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LTA Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,147,788	\$ 1,147,788	\$ 833,809	\$ (313,979)
Charges for services	36,000	36,000	26,723	(9,277)
Miscellaneous	26,902	26,902	8,201	(18,701)
Total revenues	1,210,690	1,210,690	868,733	(341,957)
EXPENDITURES:				
Current:				
Transportation	914,752	914,752	934,090	(19,338)
Capital outlay	295,935	295,935	62,361	233,574
Total expenditures	1,210,687	1,210,687	996,451	214,236
REVENUE OVER				
(UNDER) EXPENDITURES	3	3	(127,718)	(127,721)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,028	2,028
Total other financing sources (uses)	-	-	2,028	2,028
Net change in fund balances	\$ 3	\$ 3	(125,690)	\$ (125,693)
FUND BALANCE:				
Beginning of year			367,924	
End of year			\$ 242,234	

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Investment income	\$ -	\$ -	\$ 20,761	\$ 20,761
Miscellaneous	-	-	216,752	216,752
Total revenues	<u>-</u>	<u>-</u>	<u>237,513</u>	<u>237,513</u>
EXPENDITURES:				
Current:				
Capital outlay	<u>4,285,477</u>	<u>4,285,477</u>	<u>1,923,499</u>	<u>2,361,978</u>
Total expenditures	<u>4,285,477</u>	<u>4,285,477</u>	<u>1,923,499</u>	<u>2,361,978</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(4,285,477)</u>	<u>(4,285,477)</u>	<u>(1,685,986)</u>	<u>2,599,491</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>1,854,708</u>	<u>1,854,708</u>	<u>1,903,006</u>	<u>48,298</u>
Total other financing sources	<u>1,854,708</u>	<u>1,854,708</u>	<u>1,903,006</u>	<u>48,298</u>
Net change in fund balances	<u>\$ (2,430,769)</u>	<u>\$ (2,430,769)</u>	<u>217,020</u>	<u>\$ 2,647,789</u>
FUND BALANCE:				
Beginning of year			<u>116,241</u>	
End of year			<u>\$ 333,261</u>	

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2023

Statistical Section

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2023

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City of Douglas

Statistical Section

Overview

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

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental activities					
Net investment in capital assets	\$ 19,420,873	\$ 18,311,084	\$ 18,756,696	\$ 17,564,128	\$ 18,049,988
Restricted	6,658,365	6,672,623	6,676,023	2,835,368	2,603,663
Unrestricted (deficit)	(17,288,182)	(23,484,892)	(27,208,889)	(24,538,145)	(25,161,686)
Total governmental activities net position	<u>\$ 8,791,056</u>	<u>\$ 1,498,815</u>	<u>\$ (1,776,170)</u>	<u>\$ (4,138,649)</u>	<u>\$ (4,508,035)</u>
Business-type activities					
Net investment in capital assets	\$ 29,499,895	\$ 30,131,932	\$ 30,755,973	\$ 28,012,546	\$ 25,363,178
Restricted	1,249,513	1,254,565	1,210,316	1,076,985	722,154
Unrestricted	8,338,228	7,976,999	7,825,242	6,241,651	5,418,265
Total business-type activities net position	<u>\$ 39,087,636</u>	<u>\$ 39,363,496</u>	<u>\$ 39,791,531</u>	<u>\$ 35,331,182</u>	<u>\$ 31,503,597</u>
Primary government					
Net investment in capital assets	\$ 48,920,768	\$ 48,443,016	\$ 49,512,669	\$ 45,576,674	\$ 43,413,166
Restricted	7,907,878	7,927,188	7,886,339	3,912,353	3,325,817
Unrestricted (deficit)	(8,949,954)	(15,507,893)	(19,383,647)	(18,296,494)	(19,743,421)
Total primary government net position	<u>\$ 47,878,692</u>	<u>\$ 40,862,311</u>	<u>\$ 38,015,361</u>	<u>\$ 31,192,533</u>	<u>\$ 26,995,562</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental activities					
Net investment in capital assets	\$ 15,840,000	\$ 16,107,618	\$ 14,659,500	\$ 14,659,500	\$ 13,255,510
Restricted	2,521,494	2,385,205	1,632,597	1,632,597	1,261,605
Unrestricted	(23,079,733)	(21,402,039)	(20,445,957)	(20,445,957)	5,512,891
Total governmental activities net position	<u>\$ (4,718,239)</u>	<u>\$ (2,909,216)</u>	<u>\$ (4,153,860)</u>	<u>\$ (4,153,860)</u>	<u>\$ 20,030,006</u>
Business-type activities					
Net investment in capital assets	\$ 18,044,782	\$ 15,748,934	\$ 16,271,458	\$ 16,271,458	\$ 16,491,574
Restricted	628,579	615,334	712,773	712,773	568,237
Unrestricted	6,195,530	5,712,000	3,157,152	3,157,152	4,508,051
Total business-type activities net position	<u>\$ 24,868,891</u>	<u>\$ 22,076,268</u>	<u>\$ 20,141,383</u>	<u>\$ 20,141,383</u>	<u>\$ 21,567,862</u>
Primary government					
Net investment in capital assets	\$ 33,884,782	\$ 31,856,552	\$ 30,930,958	\$ 30,930,958	\$ 29,747,084
Restricted	3,150,073	3,000,539	2,345,370	2,345,370	1,829,842
Unrestricted	(16,884,203)	(15,690,039)	(17,288,805)	(17,288,805)	10,020,942
Total primary government net position	<u>\$ 20,150,652</u>	<u>\$ 19,167,052</u>	<u>\$ 15,987,523</u>	<u>\$ 15,987,523</u>	<u>\$ 41,597,868</u>

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Expenses					
Governmental Activities					
General government	\$ 4,721,887	\$ 3,671,088	\$ 3,928,915	\$ 3,778,054	\$ 2,748,212
Public Safety	9,852,591	9,342,952	11,990,879	10,716,648	10,108,483
Highway and streets	2,704,075	2,761,152	2,418,139	2,339,293	2,746,780
Transportation	1,013,296	940,784	984,314	929,660	-
Culture and recreation	2,785,489	2,338,494	2,207,620	2,047,217	2,086,493
Redevelopment and housing	798,175	936,759	949,544	964,144	919,628
Interest and fiscal charges	941,850	1,228,719	261,413	319,488	277,654
Total governmental activities expenses	<u>\$ 22,817,363</u>	<u>\$ 21,219,948</u>	<u>\$ 22,740,824</u>	<u>\$ 21,094,504</u>	<u>\$ 18,887,250</u>
Business-Type Activities					
Water	\$ 2,318,597	\$ 2,063,224	\$ 2,130,546	1,691,796	1,905,224
Sewer	2,164,550	2,333,894	2,045,785	1,415,170	1,505,490
Solid Waste	1,484,291	1,675,404	1,182,167	1,159,892	1,104,702
Total business-type activities expenses	<u>5,967,438</u>	<u>6,072,522</u>	<u>5,358,498</u>	<u>4,266,858</u>	<u>4,515,416</u>
Total primary government expenses	<u><u>\$ 28,784,801</u></u>	<u><u>\$ 27,292,470</u></u>	<u><u>\$ 28,099,322</u></u>	<u><u>\$ 25,361,362</u></u>	<u><u>\$ 23,402,666</u></u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,333,329	\$ 1,411,983	\$ 1,424,559	\$ 1,315,216	\$ 1,232,733
Public safety	1,028,265	1,239,376	820,642	1,320,659	1,470,386
Transportation	26,723	19,091	736	26,112	33,198
Culture and recreation	332,717	290,857	280,867	300,457	276,349
Operating grants and contributions	7,741,364	5,176,427	6,834,439	4,614,840	3,821,410
Capital grants and contributions	-	-	-	1,189	657,443
Total governmental activities program revenues	<u>10,462,398</u>	<u>8,137,734</u>	<u>9,361,243</u>	<u>7,578,473</u>	<u>7,491,519</u>
Business-type activities					
Charges for services:					
Water	2,021,829	2,056,697	2,085,908	1,974,837	1,930,573
Sewer	2,197,648	2,077,262	2,873,077	1,939,179	1,941,762
Solid Waste	1,317,804	1,317,580	1,288,964	1,269,886	1,243,450
Operating grants and contributions	12,921	-	-	-	-
Capital grants and contributions	69,690	95,797	3,685,847	2,929,618	6,068,651
Total business-type activities program revenues	<u>5,619,892</u>	<u>5,547,336</u>	<u>9,933,796</u>	<u>8,113,520</u>	<u>11,184,436</u>
Total primary government program revenues	<u><u>\$ 16,082,290</u></u>	<u><u>\$ 13,685,070</u></u>	<u><u>\$ 19,295,039</u></u>	<u><u>\$ 15,691,993</u></u>	<u><u>\$ 18,675,955</u></u>
Net (Expenses)/Revenue					
Governmental activities	\$ (12,354,965)	\$ (13,082,214)	\$ (13,379,581)	\$ (13,516,031)	\$ (11,395,731)
Business-type activities	(347,546)	(525,186)	4,575,298	3,846,662	6,669,020
Total primary government net expense	<u><u>\$ (12,702,511)</u></u>	<u><u>\$ (13,607,400)</u></u>	<u><u>\$ (8,804,283)</u></u>	<u><u>\$ (9,669,369)</u></u>	<u><u>\$ (4,726,711)</u></u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Expenses					
Governmental Activities					
General government	\$ 2,910,916	\$ 3,463,981	\$ 3,336,212	\$ 3,858,018	\$ 4,499,732
Public Safety	11,269,994	10,479,931	9,678,626	9,792,922	8,050,797
Highway and streets	2,929,910	2,649,507	2,597,146	1,946,662	2,394,792
Transportation	-	-	-	-	-
Culture and recreation	2,107,161	2,100,889	2,057,077	1,680,063	1,965,397
Redevelopment and housing	985,896	924,901	922,816	954,039	1,064,489
Interest and fiscal charges	351,121	379,124	414,014	478,120	530,417
Total governmental activities expenses	<u>\$ 20,554,998</u>	<u>\$ 19,998,333</u>	<u>\$ 19,005,891</u>	<u>\$ 18,709,824</u>	<u>\$ 18,505,624</u>
Business-Type Activities					
Water	1,798,870	1,902,651	1,654,307	1,884,943	1,839,897
Sewer	1,434,055	1,344,495	1,353,423	1,472,735	1,538,514
Solid Waste	1,066,948	991,934	1,134,665	930,769	956,297
Total business-type activities expenses	<u>4,299,873</u>	<u>4,239,080</u>	<u>4,142,395</u>	<u>4,288,447</u>	<u>4,334,708</u>
Total primary government expenses	<u><u>\$ 24,854,871</u></u>	<u><u>\$ 24,237,413</u></u>	<u><u>\$ 23,148,286</u></u>	<u><u>\$ 22,998,271</u></u>	<u><u>\$ 22,840,332</u></u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,296,371	\$ 1,538,549	\$ 1,482,688	\$ 1,699,542	\$ 1,890,264
Public safety	1,457,381	1,603,762	1,647,339	1,246,153	1,069,174
Transportation	33,949	21,666	20,537	-	-
Culture and recreation	287,159	302,204	304,953	94,747	136,056
Operating grants and contributions	4,184,057	4,084,183	3,661,814	3,466,981	3,751,156
Capital grants and contributions	474,578	383,742	2,996,541	582,348	423,034
Total governmental activities program revenues	<u>7,733,495</u>	<u>7,934,106</u>	<u>10,113,872</u>	<u>7,089,771</u>	<u>7,269,684</u>
Business-type activities					
Charges for services:					
Water	1,997,192	2,031,524	1,989,253	1,979,308	2,070,331
Sewer	1,939,739	1,941,864	1,954,149	1,852,495	1,880,405
Solid Waste	1,205,083	1,199,843	1,207,590	1,212,089	1,202,806
Operating grants and contributions	-	-	400,000	-	1,320
Capital grants and contributions	2,064,313	-	-	-	-
Total business-type activities program revenues	<u>7,206,327</u>	<u>5,173,231</u>	<u>5,550,992</u>	<u>5,043,892</u>	<u>5,154,862</u>
Total primary government program revenues	<u><u>\$ 14,939,822</u></u>	<u><u>\$ 13,107,337</u></u>	<u><u>\$ 15,664,864</u></u>	<u><u>\$ 12,133,663</u></u>	<u><u>\$ 12,424,546</u></u>
Net (Expense) Revenue					
Governmental activities	\$ (12,821,503)	\$ (12,064,227)	\$ (8,892,019)	\$ (11,620,053)	\$ (11,235,940)
Business-type activities	2,906,454	934,151	1,408,597	755,445	820,154
Total primary government	<u><u>\$ (9,915,049)</u></u>	<u><u>\$ (11,130,076)</u></u>	<u><u>\$ (7,483,422)</u></u>	<u><u>\$ (10,864,608)</u></u>	<u><u>\$ (10,415,786)</u></u>

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

	Fiscal Year				
	2023	2022	2021	2020	2019
General Revenue and					
Other Changes in Net Position					
Net Revenue/(Expense)	\$ (12,702,511)	\$ (13,607,400)	\$ (8,804,283)	\$ (9,669,369)	\$ (9,669,369)
Governmental Activities					
Taxes:					
Sales taxes	\$ 10,275,477	\$ 9,206,923	\$ 8,854,433	\$ 7,556,918	\$ 5,497,780
Property taxes	667,667	632,646	634,856	631,690	609,312
Motor vehicle in-lieu taxes	991,483	970,630	1,022,527	853,672	-
Franchise taxes	136,193	105,589	101,382	307,193	318,871
Transient occupancy taxes	360,260	332,951	324,192	109,803	-
Unrestricted grants and contributions	-	-	-	-	41,672
State share revenue	5,573,519	4,497,215	4,235,232	3,718,423	4,430,490
Gain (loss) on sale of capital assets	-	-	46,725	-	101,517
Investment income (loss)	1,010,322	(17,951)	31,208	175,011	208,885
Miscellaneous	414,674	420,126	303,952	357,315	262,463
Special item	-	-	-	-	-
Transfers	217,611	209,070	185,682	175,392	134,945
Total governmental activities	19,647,206	16,357,199	15,740,189	13,885,417	11,605,935
Business-type activities:					
Investment income (loss)	191,559	(11,293)	8,216	79,082	100,631
Miscellaneous	97,738	317,514	61,223	77,233	-
Transfers	(217,611)	(209,070)	(185,682)	(175,392)	(134,945)
Total business-type activities	71,686	97,151	(116,243)	(19,077)	(34,314)
Total primary government	\$ 19,718,892	\$ 16,454,350	\$ 15,623,946	\$ 13,866,340	\$ 11,571,621
Change in Net Position					
Governmental activities	\$ 7,292,241	\$ 3,274,985	\$ 2,360,608	\$ 369,386	\$ (1,910,096)
Business-type activities	(275,860)	(428,035)	4,459,055	3,827,585	3,812,348
Total primary government	\$ 7,016,381	\$ 2,846,950	\$ 6,819,663	\$ 4,196,971	\$ 1,902,252

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

	Fiscal Year				
	2018	2016	2016	2015	2014
General Revenue and					
Other Changes in Net Position					
Net Revenue/(Expense)	\$ (4,726,711)	\$ (11,130,076)	\$ (11,130,076)	\$ (7,483,422)	\$ (10,864,608)
Governmental Activities					
Taxes:					
Sales taxes	\$ 5,166,243	\$ 5,361,849	\$ 5,361,849	\$ 5,578,165	\$ 5,533,351
Property taxes	587,260	585,960	585,960	577,360	578,759
Motor vehicle in-lieu taxes	-	-	-	-	-
Franchise taxes	314,717	312,874	312,874	317,610	311,019
Transient occupancy taxes	-	-	-	-	-
Unrestricted grants and contributions	38,510	37,610	37,610	40,417	41,950
State share revenue	4,503,715	4,565,056	4,565,056	4,496,473	4,257,712
Gain (loss) on sale of capital assets	-	(11,611)	(11,611)	20,480	-
Investment income (loss)	136,960	39,738	39,738	26,489	30,607
Miscellaneous	82,176	188,576	188,576	265,826	281,915
Special item	-	-	-	-	(5,352,178)
Transfers	182,899	243,898	243,898	245,316	269,143
Total governmental activities	11,012,480	11,323,950	11,323,950	11,568,136	5,952,278
Business-type activities:					
Investment income (loss)	69,068	31,585	31,585	18,232	22,077
Miscellaneous	-	-	-	-	-
Transfers	(182,899)	(243,898)	(243,898)	(245,316)	(269,143)
Total business-type activities	(113,831)	(212,313)	(212,313)	(227,084)	(247,066)
Total primary government	\$ 10,898,649	\$ 11,111,637	\$ 11,111,637	\$ 11,341,052	\$ 5,705,212
Change in Net Position					
Governmental activities	\$ (383,251)	\$ (740,277)	\$ (740,277)	\$ 2,676,117	\$ (5,667,775)
Business-type activities	6,555,189	721,838	721,838	1,181,513	508,379
Total primary government	\$ 6,171,938	\$ (18,439)	\$ (18,439)	\$ 3,857,630	\$ (5,159,396)

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

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 894,369	\$ 918,452	\$ 909,379	\$ 889,138	\$ 879,473
Restricted	4,198,068	4,174,089	4,453,091	512,860	162,887
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	17,680,412	11,813,562	8,610,064	5,765,455	4,586,753
Total general fund	<u>\$ 22,772,849</u>	<u>\$ 16,906,103</u>	<u>\$ 13,972,534</u>	<u>\$ 7,167,453</u>	<u>\$ 5,629,113</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,493,237	-	2,496,768	2,322,508	2,139,563
Committed	333,261	2,670,571	143,093	155,195	153,896
Assigned	-	116,241	-	-	-
Unassigned (deficit)	-	-	-	(26,968)	(31,202)
Total all other governmental funds	<u>\$ 2,826,498</u>	<u>\$ 2,786,812</u>	<u>\$ 2,639,861</u>	<u>\$ 2,450,735</u>	<u>\$ 2,262,257</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
General Fund					
Nonspendable	\$ 951,828	\$ 858,288	\$ 734,543	\$ 723,641	\$ 720,416
Restricted	159,571	158,488	157,580	156,889	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	5,678,698	5,680,849	6,512,749	5,613,427	4,790,887
Total general fund	<u>\$ 6,790,097</u>	<u>\$ 6,697,625</u>	<u>\$ 7,404,872</u>	<u>\$ 6,493,957</u>	<u>\$ 5,511,303</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,027,040	2,204,745	1,900,963	1,439,415	1,218,198
Committed	233,639	195,001	693,863	779,693	1,033,237
Assigned	-	-	-	-	320,290
Unassigned (deficit)	(18,010)	(14,568)	-	-	-
Total all other governmental funds	<u>\$ 3,242,669</u>	<u>\$ 2,385,178</u>	<u>\$ 2,594,826</u>	<u>\$ 2,219,108</u>	<u>\$ 2,571,725</u>

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Revenues:					
Taxes	\$ 11,430,744	\$ 10,281,121	\$ 9,917,932	\$ 8,605,604	\$ 6,439,932
Intergovernmental	14,451,885	10,763,448	12,117,283	9,184,848	8,958,369
Fines and Forfeitures	42,896	75,800	7,663	11,471	24,331
Licenses and Permits	190,146	261,235	177,124	148,759	163,967
Charges for services	1,580,052	1,770,528	1,371,944	1,883,825	2,088,228
Rents and royalties	747,484	722,981	929,328	925,417	736,140
Special Assessments	-	-	31,208	175,011	-
Investment Income (loss)	993,962	(18,551)	319,072	357,315	208,885
Other	429,611	431,713	-	-	262,463
Total revenues	29,866,780	24,288,275	24,871,554	21,292,250	18,882,315
Expenditures:					
General government	\$ 3,780,663	\$ 3,425,380	\$ 3,474,698	\$ 3,065,734	\$ 2,565,876
Public safety	7,761,691	7,429,416	44,822,789	9,169,072	9,055,963
Highways and streets	1,456,104	1,497,128	1,432,798	1,256,958	2,991,082
Transportation	934,090	845,525	901,787	791,062	-
Culture and recreation	2,292,628	1,842,203	1,714,049	1,585,179	1,711,403
Redevelopment and housing	798,175	936,759	949,544	964,144	919,628
Capital outlay	3,788,280	2,051,147	2,652,526	2,654,055	1,910,355
Debt Service					
Principal Retirement	2,418,763	2,355,536	893,169	727,925	2,854,677
Interest and fiscal charges	947,565	1,033,731	262,360	264,134	277,654
Total expenditures	24,177,959	21,416,825	57,103,720	20,478,263	22,286,638
Excess of revenues over (under) expenditures	5,688,821	2,871,450	(32,232,166)	813,987	(3,404,323)
Other Financing Sources (Uses)					
Transfers In	\$ 5,584,963	\$ 4,124,824	\$ 1,670,560	\$ 1,393,784	\$ 3,278,786
Transfers Out	(5,367,352)	(3,915,754)	(1,484,878)	(1,218,392)	(3,143,841)
Obligations incurred on capital leases	-	-	108,966	704,439	998,496
Proceeds bond issuance	-	-	38,885,000	-	-
Proceeds from sale of capital assets	-	-	46,725	33,000	129,486
Total other financing sources (uses)	217,611	209,070	39,226,373	912,831	1,262,927
Net change in fund balances	\$ 5,906,432	\$ 3,080,520	\$ 6,994,207	\$ 1,726,818	\$ (2,141,396)
Debt service as a percentage of noncapital expenditures	15.33%	17.20%	2.12%	5.57%	15.37%

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues:					
Taxes	\$ 6,073,634	\$ 5,996,580	\$ 6,252,364	\$ 6,476,819	\$ 6,399,692
Intergovernmental	8,813,558	8,750,525	8,446,141	8,035,692	8,455,635
Fines and Forfeitures	94,183	157,059	202,116	160,870	311,448
Licenses and Permits	119,114	151,967	152,482	165,004	201,227
Charges for services	2,055,584	2,335,745	2,282,537	1,895,749	1,763,797
Rents and royalties	805,979	821,410	818,382	818,819	819,022
Special Assessments	-	-	-	136,718	-
Investment Income (loss)	136,960	73,271	39,738	26,489	30,607
Other	82,176	106,863	188,576	265,826	281,915
Total revenues	18,181,188	18,393,420	18,382,336	17,981,986	18,263,343
Expenditures:					
General government	\$ 2,856,638	\$ 2,838,725	\$ 2,863,112	\$ 3,203,318	\$ 3,407,238
Public safety	8,692,967	9,453,283	8,395,922	7,030,010	7,295,712
Highways and streets	2,827,175	2,161,891	1,909,520	1,276,388	1,685,298
Transportation	-	-	-	-	-
Culture and recreation	1,734,621	1,744,473	1,694,211	1,337,577	1,513,927
Redevelopment and housing	985,896	920,658	916,674	947,866	1,058,347
Capital outlay	395,179	1,124,777	521,648	1,923,777	1,806,890
Debt Service					
Principal Retirement	967,010	913,997	907,502	1,474,930	1,464,848
Interest and fiscal charges	351,121	379,124	414,014	423,879	501,922
Total expenditures	18,810,607	19,536,928	17,622,603	17,617,745	18,734,182
Excess of revenues over (under) expenditures	(629,419)	(1,143,508)	759,733	364,241	(470,839)
Other Financing Sources (Uses)					
Transfers In	\$ 1,542,011	\$ 1,558,311	\$ 1,633,133	\$ 2,557,063	\$ 2,354,892
Transfers Out	(1,359,112)	(1,325,533)	(1,389,235)	(2,311,747)	(2,085,749)
Obligations incurred on capital leases	1,060,480	140,482	67,277	20,480	1,041,474
Obligations incurred on capital leases	-	-	-	-	-
Proceeds from sale of capital assets	336,003	69,902	215,725	-	897,088
Total other financing sources (uses)	1,579,382	443,162	526,900	265,796	2,207,705
Net change in fund balances	\$ 949,963	\$ (700,346)	\$ 1,286,633	\$ 630,037	\$ 1,736,866
Debt service as a percentage of noncapital expenditures	7.16%	7.02%	7.73%	12.10%	11.62%

City of Douglas
Comprehensive Annual Financial Report
For the Year Ended June 30, 2023

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

Fiscal Year	Sales Taxes	Property Taxes	Franchise Taxes	Total
2023	\$ 10,275,477	\$ 667,667	360,260	\$ 11,303,404
2022	9,206,923	652,053	332,951	10,191,928
2021	8,854,326	634,856	324,191	9,813,374
2020	7,556,918	631,690	307,193	8,495,801
2019	5,443,512	630,036	318,872	6,392,420
2018	5,391,427	595,734	314,717	6,301,878
2017	5,097,699	595,284	295,034	5,988,017
2016	5,361,849	585,960	312,874	6,260,683
2015	5,578,165	577,360	317,610	6,473,135
2014	5,533,351	578,759	311,019	6,423,129

City of Douglas
Taxable Sales By Category
Last Ten Calendar Years

	Fiscal Year				
	2023	2022	2021	2020	2019
Mining	\$ -	\$ 38,719	\$ 1,789	\$ 1,406	\$ -
Communications and Utilities	18,977,062	17,468,478	17,483,263	16,793,374	1,730,286
Transportation & Warehousing	8,846	11,109	-	-	14,607
Construction	8,970,604	9,856,760	4,580,263	6,653,135	10,147,464
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	206,571,568	192,595,195	159,775,026	135,187,713	125,972,964
Real Estate, Rental and Leases	13,086,047	15,778,272	14,989,090	11,681,179	9,685,357
Restaurants and Bars	21,836,557	18,225,030	16,538,553	15,212,256	14,519,750
Accommodations	6,780,712	2,857,919	3,038,474	2,938,962	2,624,500
Services	7,563,779	9,186,539	19,073,553	7,239,283	5,873,250
Arts & Entertainment	368,785	252,354	153,921	192,118	214,250
Other	177,715	114,162	145,684	113,383	184,000
Total	\$ 284,341,675	\$ 266,384,537	\$ 235,779,616	\$ 196,012,810	\$ 186,537,428
City sales tax rate	3.80%	3.80%	3.80%	3.80%	2.80%

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

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Mining	\$ -	\$ -	\$ -	\$ 2,891	\$ 2,626
Communications and Utilities	17,199,821	17,469,469	20,056,514	20,725,169	20,874,694
Transportation & Warehousing	10,500	7,646	23,200	32,657	7,558
Construction	4,842,286	7,855,430	7,836,315	10,778,758	7,161,065
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	135,090,750	124,098,318	134,525,779	141,407,356	138,881,604
Real Estate, Rental and Leases	9,606,250	8,341,499	8,776,313	8,143,356	8,037,675
Restaurants and Bars	13,806,714	14,290,984	14,629,652	14,634,276	14,404,604
Accommodations	2,646,883	2,646,883	2,685,332	2,848,778	3,792,273
Services	4,424,929	2,318,353	709,281	1,102,206	1,385,854
Arts & Entertainment	210,429	588,899	342,208	377,338	477,238
Other	201,500	195,312	177,197	262,025	173,041
Total	\$ 188,040,062	\$ 177,812,793	\$ 189,761,791	\$ 200,314,810	\$ 195,198,232
City sales tax rate	2.80%	2.80%	2.80%	2.80%	2.80%

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

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

<u>Fiscal Year</u>	<u>City of Douglas</u>	<u>Cochise County</u>	<u>Rate Total</u>
2023	3.80	6.10	9.90
2022	3.80	6.10	9.90
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

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			
2023	\$ 64,533	\$ 5,586	\$ (9,765)	\$ 79,884	11.25	\$ 567,804	10.69%
2022	62,898	5,423	(9,701)	78,022	11.15	551,266	10.64%
2021	61,304	5,265	(9,674)	76,243	11.65	535,210	10.64%
2020	59,750	5,112	(9,585)	74,447	11.87	519,621	10.59%
2019	57,989	4,978	(9,771)	72,738	12.42	502,473	10.48%
2018	56,100	3,770	(9,725)	69,595	13.38	478,426	10.51%
2017	55,327	3,784	(9,140)	68,251	13.53	478,522	10.66%
2016	55,812	3,782	(9,709)	69,303	13.90	468,189	10.78%
2015	56,289	3,718	(9,531)	69,538	13.79	468,243	10.79%
2014	59,500	3,585	(9,685)	72,770	11.64	494,935	10.98%

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	
2023	1.15	2.67	2.43	3.83	10.08	0.59	0.55	11.23
2022	1.15	2.67	2.43	3.83	10.08	0.59	0.55	11.23
2021	1.16	2.67	2.44	4.55	10.83	0.59	0.55	11.97
2020	1.16	2.67	2.40	5.63	11.87	0.67	0.55	13.09
2019	1.18	2.67	2.45	6.12	12.43	0.73	0.55	13.71
2018	1.19	2.67	2.40	7.11	13.38	0.94	0.55	14.87
2017	1.19	2.67	2.37	7.29	13.53	1.14	0.55	15.23
2016	1.19	2.63	2.29	7.29	13.40	1.13	0.55	15.09
2015	1.18	2.63	2.18	7.29	13.27	0.89	0.55	14.71
2014	1.15	2.63	2.03	5.32	11.13	0.87	0.55	12.56

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

	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Arizona Public Service	\$ 3,299,246	1	5.39%	\$ 1,852,035	2	3.47%
Wal-Mart Stores Inc.	2,177,121	2	3.56%	2,106,671	1	3.95%
Southwest Gas Corporation	1,860,551	3	3.04%	457,250	6	0.86%
DHD LLC	579,340	4	0.95%	602,983	4	1.13%
Phelps Dodge Corporation	534,475	5	0.87%	722,866	3	1.35%
SFP Pool Five Shopping Centers	484,559	6	0.79%	451,231	7	0.85%
Borane Ronald J Rona Joint Rev	480,632	7	0.79%			
Hillcrest Apartments LLC	367,024	8	0.60%			
UIRC-GSA V Douglas AZ LLC	339,332	9	0.55%			
Circle K Stores Inc #2702940	331,253	10	0.54%			
Qwest Corporation				388,658	9	0.73%
B-Y 90 Fifth Street LLC				504,917	5	0.95%
BH Properties				429,400	8	0.80%
Douglas Customs LLC				379,253	10	0.71%
Total	<u>\$ 10,453,533</u>		<u>17.09%</u>	<u>\$ 7,895,264</u>		<u>14.79%</u>
Net Assessed Value	61,168,071			53,399,786		

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

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

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2023	\$ 681,841	\$ 651,406	95.54%	13,609	\$ 665,015	97.53%	\$ 16,826	2.47%
2022	668,909	637,423	95.29%	14,630	652,053	97.48%	16,855	2.52%
2021	656,825	627,574	95.55%	11,240	638,814	97.26%	18,011	2.74%
2020	652,867	636,279	97.46%	13,505	649,783	99.53%	3,084	0.47%
2019	642,240	613,354	95.50%	16,682	630,036	98.10%	12,204	1.90%
2018	599,185	509,098	84.97%	85,740	594,838	99.27%	4,347	0.73%
2017	587,758	536,145	91.22%	48,443	584,588	99.46%	3,170	0.54%
2016	586,193	523,764	89.35%	60,029	583,793	99.59%	2,400	0.41%
2015	565,710	515,897	91.19%	47,608	563,505	99.61%	2,205	0.39%
2014	562,460	498,462	88.62%	61,885	560,347	99.62%	2,113	0.38%

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	Finance Purchase Agreements and Lease Liability	Total	Loans Payable	Finance Purchase Agreements	Total	Total Primary Government	Percentage of Personal Income	Per Capita
2023	\$ 35,845,000	\$ 1,875,000	\$ 906,141	\$ 38,626,141	\$ 7,340,604	\$ 191,234	\$ 7,531,838	\$ 46,157,979	15.81%	\$ 2,832
2022	37,400,000	2,250,000	1,394,904	41,044,904	7,978,037	31,363	8,009,400	49,054,304	15.93%	2,978
2021	38,885,000	2,625,000	1,814,032	43,323,691	7,981,033	82,942	8,660,539	51,984,230	17.68%	3,173
2020		3,000,000	2,040,926	5,222,894	8,605,388	-	8,863,776	14,086,670	5.29%	843
2019	-	4,157,921	956,672	5,246,380	9,216,941	-	7,050,353	12,296,733	5.39%	887
2018	-	5,590,000	443,858	7,102,561	9,565,961	-	4,707,767	11,810,328	6.59%	965
2017	-	6,110,000	915,129	7,009,091	4,609,517	90,905	5,028,523	12,037,614	4.89%	694
2016	-	6,620,000	1,162,606	7,782,606	5,263,184	210,018	5,473,202	13,255,808	5.94%	799
2015	-	7,125,000	1,506,753	8,631,753	4,604,627	326,606	4,931,233	13,562,986	5.80%	798
2014	468,602	7,725,000	1,911,683	10,105,285	5,095,574	440,727	5,536,301	15,641,586	6.68%	893

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, 2023
(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>
Debt repaid with property taxes			
Cochise County Community College District	\$ 16,345,000	5.840%	\$ 954,568
Douglas Unified School District No. 27	3,920,000	74.746%	2,930,047
Subtotal overlapping debt			<u>3,884,615</u>
City Direct Debt	41,269,694	100.000%	46,157,979
Total direct and overlapping debt			<u><u>\$ 50,042,594</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	\$ 3,069.91	
As a Percentage of Net Limited Assessed Valuation	81.81%	

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	\$61,168,071
Debt Limit (20% of assessed value)	12,233,614
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u><u>\$15,903,698</u></u>

	2023	2022	2021	2020	2019
Total 20% Debt Limit	\$ 12,233,614	\$ 11,619,511	\$ 11,333,356	\$ 11,265,068	\$ 10,639,254
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 12,233,614</u></u>	<u><u>\$ 11,619,511</u></u>	<u><u>\$ 11,333,356</u></u>	<u><u>\$ 11,265,068</u></u>	<u><u>\$ 10,639,254</u></u>
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%
	2023	2022	2021	2020	2019
Total 6% Debt Limit	3,670,084	3,485,853	3,400,007	3,379,520	3,191,776
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 3,670,084</u></u>	<u><u>\$ 3,485,853</u></u>	<u><u>\$ 3,400,007</u></u>	<u><u>\$ 3,379,520</u></u>	<u><u>\$ 3,191,776</u></u>
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	\$61,168,071
Debt Limit (20% of assessed value)	12,233,614
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u><u>\$15,903,698</u></u>

	2018	2017	2016	2015	2014
Total 20% Debt Limit	\$ 10,029,043	\$ 9,994,192	\$ 9,977,035	\$ 10,095,268	\$ 10,679,957
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 10,029,043</u></u>	<u><u>\$ 9,994,192</u></u>	<u><u>\$ 9,977,035</u></u>	<u><u>\$ 10,095,268</u></u>	<u><u>\$ 10,679,957</u></u>
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%
	2018	2017	2016	2015	2014
Total 6% Debt Limit	3,008,713	2,998,258	2,993,111	3,028,580	3,203,987
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 3,008,713</u></u>	<u><u>\$ 2,998,258</u></u>	<u><u>\$ 2,993,111</u></u>	<u><u>\$ 3,028,580</u></u>	<u><u>\$ 3,203,987</u></u>
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

City of Douglas
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Annual Debt Service Total	Estimated Times Coverage
<u>Revenue Bonds*</u>							
2023	\$ 15,848,996	\$ -	\$ 15,848,996	\$ 1,555,000	\$ 779,950	\$ 2,334,950	6.79
2022	-	-	-	-	-	-	N/A
2021	-	-	-	-	-	-	N/A
2020	-	-	-	-	-	-	N/A
2019	-	-	-	-	-	-	N/A
2018	-	-	-	-	-	-	N/A
2017	-	-	-	-	-	-	N/A
2016	-	-	-	-	-	-	N/A
2015	11,792,995	-	11,792,995	470,000	16,451	486,451	24.24
2014	11,462,981	-	11,462,981	455,000	31,806	486,806	23.55
<u>GADA Loan**</u>							
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2022	-	-	-	-	-	-	N/A
2021	-	-	-	-	-	-	N/A
2020	-	-	-	-	-	-	N/A
2019	9,362,813	-	9,362,813	1,840,000	-	1,840,000	5.08
2018	9,895,142	-	9,895,142	145,000	93,239	238,239	41.53
2017	9,465,639	-	9,465,639	135,000	98,725	233,725	40.50
2016	9,926,905	-	9,926,905	130,000	103,922	233,922	42.44
2015	10,074,638	-	10,074,638	125,000	110,172	235,172	42.84
2014	9,791,063	-	9,791,063	120,000	114,974	234,974	41.67

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

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

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

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Annual Debt Service Total	Estimated Times Coverage
<u>Call Center Loan</u>							
2023	\$ 14,801,422	\$ -	\$ 14,801,422	\$ 375,000	\$ 138,851	\$ 513,851	28.80
2022	9,826,267	-	9,826,267	375,000	147,788	522,788	18.80
2021	14,112,085	-	14,112,085	375,000	171,246	546,246	25.83
2020	9,209,154	-	9,209,154	375,000	193,179	568,179	16.21
2019	7,522,813	-	7,522,813	375,000	214,057	589,057	12.77
2018	9,656,904	-	9,656,904	375,000	235,463	610,463	15.82
2017	9,231,914	-	9,231,914	375,000	256,869	631,869	14.61
2016	9,692,983	-	9,692,983	375,000	279,037	654,037	14.82
2015	9,353,016	-	9,353,016	375,000	299,680	674,680	13.86
2014	9,069,283	-	9,069,283	375,000	321,086	696,086	13.03
<u>WIFA Loans</u>							
2023	\$ 4,200,382	\$ 3,130,430	\$ 1,069,952	\$ 637,432	\$ 150,384	\$ 787,816	1.36
2022	4,463,455	3,334,016	1,129,439	637,432	161,680	799,112	1.41
2021	4,106,272	3,097,585	1,008,688	578,777	171,174	749,951	1.35
2020	4,014,024	2,573,991	1,440,033	566,765	166,493	733,258	1.96
2019	3,934,603	2,566,897	1,367,705	555,046	102,643	657,689	2.08
2018	3,962,967	2,375,985	1,586,982	543,556	103,579	647,135	2.45
2017	3,937,186	2,337,707	1,599,479	328,122	88,791	416,913	3.84
2016	3,907,422	2,348,081	1,559,341	325,563	96,238	421,802	3.70
2015	3,822,341	2,500,941	1,321,399	536,634	101,498	638,132	2.07
2014	3,866,939	2,795,044	1,071,895	490,947	126,030	616,977	1.74

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, 2023

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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>
2023	16,301	\$ 291,934,609	\$ 17,909	33.9	5.5%
2022	16,470	308,021,940	18,702	32.9	4.4%
2021	16,534	294,106,792	17,788	32.5	5.8%
2020	16,193	266,131,955	16,435	32.5	6.7%
2019	16,165	265,671,775	16,435	32.5	5.3%
2018	16,165	236,590,940	14,636	32.4	7.1%
2017	16,897	239,667,048	14,184	32.2	7.2%
2016	16,592	223,046,256	13,443	32.2	7.7%
2015	16,989	233,785,629	13,761	32.2	8.4%
2014	17,509	234,200,384	13,376	32.2	9.6%

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 Nine Years Ago**

2023				2014			
<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	615	1	9.19%
Cochise College	521	2	10.57%	Douglas Unified School District	477	2	7.13%
DUSD	467	3	9.47%	Wal-Mart Stores, Inc	249	3	3.72%
Walmart	310	4	6.29%	Advanced Call Center Technologies	236	4	3.53%
City of Douglas	240	5	4.87%	City of Douglas	194	5	2.90%
Chiricahua Community Health Center	200	6	4.06%	Cochise College	194	6	3.94%
Center of Academic Success	122	7	2.48%	Chiricahua Community Health Center	100	7	2.03%
Copper Queen Community Hospital	100	8	2.03%	Southeast Arizona Medical Center	87	8	1.30%
Cochise County	55	9	1.12%	Haven of Douglas	58	9	0.87%
Advanced Call Center Tech	50	10	1.01%	Cochise County	53	10	0.79%
Total	<u>2,680</u>		<u>54.37%</u>	Total	<u>2,263</u>		<u>35.38%</u>
Total employment	<u>4929</u>			Total employment	<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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Management Services										
Administration	2.00	3.00	2.00	2.00	2.00	4.00	5.00	4.00	4.50	4.50
City Clerk	2.00	2.00	2.00	1.00	2.00	2	-	-	-	-
City Attorney	-	-	-	1.00	1.00	1	-	-	-	-
Human Resources	3.00	3.00	3.00	2.00	2.00	2.00	2.50	3.00	3.00	3.00
Court	-	-	-	-	-	-	-	1.50	1.50	1.50
MIS	4.00	4.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00
Finance	7.00	7.00	8.00	8.00	8.00	6.50	7.50	7.00	9.00	9.00
Economic Dev	2	2	-	0.00	1.00	1.00	1	-	-	-
Visitor Center/Parking	-	1	-	0.00	1.00	0.50	0.50	0.50	1.00	1.00
Total General Government	20.00	22.00	19.00	18.00	20.00	21.00	20.50	20.00	23.00	23.00
Housing	-	3.00	4.00	4.00	3.00	3.00	3.50	3.50	3.50	6.50
Police										
Officers	29.00	31.00	29.00	22.00	32.00	33.00	34.00	29.00	31.00	31.00
Civilians	11.00	13.00	12.00	21.00	12.00	11.00	13.50	13.00	13.00	11.50
Total Police	40.00	44.00	41.00	43.00	44.00	44.00	47.50	42.00	44.00	42.50
Fire										
Officers	27.00	28.00	29.00	34.00	30.00	28.00	27.50	27.00	25.00	23.00
Civilians	2.00	2.00	1.00	2.00	1.00	1.00	2.50	2.00	2.00	2.00
Total Fire	29.00	30.00	30.00	36.00	31.00	29.00	30.00	29.00	27.00	25.00
Public Works										
Engineering (PW Adm)	4.00	2.00	3.00	3.00	3.00	3.00	2	-	1.00	2.00
Construction	6.00	6.00	5.00	5.00	5.00	4.50	5.00	5.00	5.00	5.00
Refuse Collections	5.00	5.00	5.00	6.00	6.00	12.50	7.50	8.00	9.00	8.00
Mechanics	4.00	4.00	3.00	3.00	2.00	1.50	3.00	3.00	3.00	3.00
Streets	7.00	7.00	9.00	8.00	8.00	8.00	8.00	5.00	5.00	7.00
Streets Maintenance	-	-	-	-	-	-	-	-	-	-
Airport	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	1.00	1.00
Water Field	10.00	9.00	9.00	12.00	10.00	12.00	9.50	7.50	7.50	7.50
Water CIP	-	-	-	-	-	2.00	-	2.00	2.00	2.00
Billing	-	-	3.00	-	-	-	-	-	-	-
Wastewater	9.00	6.00	6.00	6.00	4.00	3.00	5.50	5.50	5.50	5.50
Total Public Works	46.00	40.00	44.00	47.00	41.00	49.50	43.50	38.00	41.00	43.00
Parks and Recreation										
Comm Dev Admin	2.00	2.00								
Planning & Zoning	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Aquatics	11.00	9.00	18.00	15.00	11.50	12.00	11.50	10.50	10.50	12.00
Cemetery	4.00	5.00	5.00	4.49	2.50	2.50	2.00	2.00	2.00	3.00
Parks	8.00	8.00	7.00	7.85	7.50	8.00	7.50	8.50	9.00	9.00
Recreation	8.00	7.00	11.00	7.00	10.00	8.50	8.00	6.00	6.50	5.50
Golf Course	-	-	-	-	-	-	-	-	2.50	5.50
Library	8.00	8.00	12.00	7.50	7.50	7.50	7.50	7.50	8.00	6.50
Transit	11.00	12.00	11.00	12.00	12.00	11.00	9.00	9.00	6.00	6.50
Bisbee Transit	2.00	2.00	2.00	2.00	2.00	2.00	2.50	3	-	-
Total Parks and Recreation	57.00	56.00	69.00	55.84	53.00	51.50	48.00	46.50	44.50	48.00
Total	192.00	195.00	207.00	203.84	192.00	198.00	193.00	179.00	183.00	188.00

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

<u>Function</u>	Fiscal Year Ended June 30,				
	2023	2022	2021	2020	2019
Police					
Stations	1	1	1	1	1
Patrol Units	21	21	20	20	22
Fire stations	1	1	1	1	1
Refuse collection					
Collection trucks	4	6	6	3	5
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	2,693	1,213	1,211	1,210	1,209*
Traffic Signals	14	13	13	13	13
Parks and recreation					
Acreage	92	92	92	92	92
Playgrounds	5	6	6	6	6
Baseball/softball diamonds	6	7	7	7	7
Soccer/football fields	13	13	13	13	13
Aquatic Centers	2	2	2	2	2
Community centers	1				
Water					
Water mains (miles)	100	100	100.2	100.2	100
Fire hydrants	560	576	576	576	576
Storage capacity (thousands of gallons)	5,900,000	5,900,000	590,000	590,000	590,000
Wastewater					
Sanitary sewers (miles)	86	92	92.0	87.0	87.0
Storm sewers (miles)	9	9	8.6	8.6	8.6
Treatment capacity (thousands of gallons)	2,000,000	2,600,000	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,				
	2018	2017	2016	2015	2014
Police					
Stations	1	1	1	1	1
Patrol Units	24	21	23	23	21
Fire stations	1	1	1	1	1
Refuse collection					
Collection trucks	4	4	4	4	4
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	1,209*	2,697	2,693	2,693	2,693
Traffic Signals	13	13	12	14	14
Parks and recreation					
Acreage	92	92	92	92	92
Playgrounds	5	5	5	5	5
Baseball/softball diamonds	7	6	6	6	6
Soccer/football fields	13	13	13	13	13
Aquatic Centers	2	2	2	2	2
Community centers			1	1	1
Water					
Water mains (miles)	100	100	100	100	100
Fire hydrants	574	573	570	567	560
Storage capacity (thousands of gallons)	590,000	590,000	590,000	590,900	590,900
Wastewater					
Sanitary sewers (miles)	87.0	87.0	86.5	86.0	86.0
Storm sewers (miles)	8.6	8.6	8.6	8.6	8.6
Treatment capacity (thousands of gallons)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

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

**Note: Statistical data from LED Street Light Conversion.*

City of Douglas
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,				
	2023	2022	2021	2020	2019
General Government					
Building permits issued	202	523	523	289	275
Building inspections conducted	704	543	543	356	532
Police					
Physical arrests	1348	719	634	591	811
Parking violations	183	105	131	149	173
Traffic violations	3,220	1,714	1,649	1,873	2,655
Fire					
Emergency responses	2,560	2,748	2,483	2,451	3,040
Fires extinguished	457	164	145	199	140
Inspections	367	57	47	83	130
Refuse collection					
Refuse collected (tons/day)	22.9	31.0	28.8	26.0	30.0
Other public works					
Street resurfacing (miles)	8.0	3.1	6.8	5.0	4.1
Potholes repaired (streets)	1,763	7,000	8,000	7,000	6,000
Parks and recreation					
Special Event Permits Issued	83	69	33	66	95
Community center admissions	16051	2000	1524	679	1,749
Aquatic Center Admissions**	17,792	9,035	5,016	5,286	15,005
Library					
Volumes in collection	58,646	38,392	56,005	56,400	55,465
Total volumes borrowed**	65,220	14,662	8,779	22,768	32,166
Transit					
Riders	56,400	37,514	31,806	47,772	58,603
Miles	106,795	226,202	224,279	210,308	229,794
Water					
New connections	11	17	18	11	5
Water main breaks	7	25	33	24	16
Average daily consumption (thousands of gallons)	3,321,000	2,500,000	2,800,000	3,000,000	3,000,000
Peak daily consumption (thousands of gallons)	4,384,000	4,300,000	4,800,000	5,300,000	5,400,000
Wastewater					
Average daily sewage treatment (thousands of gallons)	-	-	2.0	2.0	2.0

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

*Note: The City conducted educated estimates on these statistics

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

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

Function	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
General Government					
Building permits issued	235	329	205	188	202
Building inspections conducted	427		277	229	704
Police					
Physical arrests	764	937	1,317	1,164	1,348
Parking violations	390	85	140	158	183
Traffic violations	4,031	2,973	2,490	2,981	3,220
Fire					
Emergency responses	3,665	3,295	3,479	2,900	2,560
Fires extinguished	239	178	196	52	457
Inspections	160		108	261	367
Refuse collection					
Refuse collected (tons/day)	25.0	22.0	24.6	33.4	22.9
Other public works					
Street resurfacing (miles)	3.8	2.0	6.2	6.0	0.8
Potholes repaired (streets)	7,000	6,500	4,500	2,385	1,763
Parks and recreation					
Special Event Permits Issued	91	68	56	105	83
Community center admissions	2,987	1,749	3,384	7,954	16,051
Aquatic Center Admissions**	15,402	15,005	11,631	14,674	17,792
Library					
Volumes in collection	54,515	52,543	63,930	53,887	59,033
Total volumes borrowed**	34,084	38,089	59,737	53,181	64,843
Transit					
Riders	60,044	56,262	55,770	68,777	56,400
Miles	220,202	120,453	105,158	105,615	106,795
Water					
New connections	3	8	5	5	11
Water main breaks	11	5	6	8	7
Average daily consumption (thousands of gallons)	3,050,474	3,054,914	2,725,146	2,971,544	3,321,000
Peak daily consumption (thousands of gallons)	4,041,935	4,050,528	3,366,799	3,984,848	4,384,000
Wastewater					
Average daily sewage treatment (thousands of gallons)	2.0	1.8	1.9	1.9	2.1

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, 2023

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