



**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**

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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

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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**

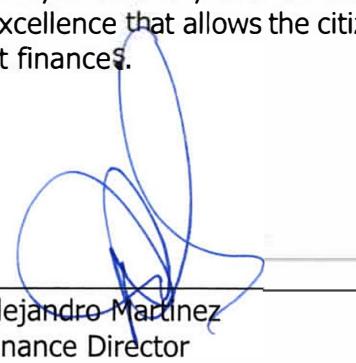
We would like to express our appreciation to each member of the Finance Department who has assisted in the preparation of this report. We are thankful for having the Finance Committee of the City of Douglas providing their support and having them evaluate this report. And also, thanks to our independent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

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 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.

To the Honorable Mayor and Members  
of the City Council of the City of Douglas  
Douglas, Arizona  
Page 2

### ***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.

To the Honorable Mayor and Members  
of the City Council of the City of Douglas  
Douglas, Arizona  
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### ***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 Pugh Group, LLP". The signature is fluid and cursive, with "The Pugh Group" on the first line and "LLP" on the second line.

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**

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Management of the City of Douglas (the “City”) provides the Management Discussion and Analysis of the City’s Annual Comprehensive Financial Report (ACFR) for readers of the City’s basic financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 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**

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**OVERVIEW OF FINANCIAL STATEMENTS**

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

***Government-Wide Financial Statements***

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

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

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

The government-wide financial statements include not only the City (known as the primary government), but also a legally separate non-profit corporation - proprietary component unit. The proprietary component unit is the Douglas 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**

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

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

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

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

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

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

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

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

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

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**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          |
| <b>Assets</b>                |                         |               |                          |               |               |               |
| 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    |
| <b>Deferred Outflows</b>     | 7,295,890               | 4,200,109     | 284,269                  | 484,526       | 7,580,159     | 4,684,635     |
| <b>Liabilities</b>           |                         |               |                          |               |               |               |
| 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    |
| <b>Deferred Inflows</b>      | 1,916,681               | 4,269,730     | 143,891                  | 519,132       | 2,060,572     | 4,788,862     |
| <b>Net Position</b>          |                         |               |                          |               |               |               |
| 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**

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**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 \$7.1 million 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**

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**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                 |
| <b>Revenues:</b>                                 |                         |                     |                          |                      |                      |                      |
| 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           |
| <b>Total revenues</b>                            | <b>29,891,993</b>       | <b>24,285,863</b>   | <b>5,909,189</b>         | <b>5,853,557</b>     | <b>35,801,182</b>    | <b>30,139,420</b>    |
| <b>Expenses:</b>                                 |                         |                     |                          |                      |                      |                      |
| 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            |
| <b>Total expenses</b>                            | <b>22,817,363</b>       | <b>21,219,948</b>   | <b>5,967,438</b>         | <b>6,072,522</b>     | <b>28,784,801</b>    | <b>27,292,470</b>    |
| <b>Change in net position</b>                    | <b>7,074,630</b>        | <b>3,065,915</b>    | <b>(58,249)</b>          | <b>(218,965)</b>     | <b>7,016,381</b>     | <b>2,846,950</b>     |
| <b>Transfers</b>                                 | <b>217,611</b>          | <b>209,070</b>      | <b>(217,611)</b>         | <b>(209,070)</b>     | <b>-</b>             | <b>-</b>             |
| <b>Increase in net position</b>                  | <b>7,292,241</b>        | <b>3,274,985</b>    | <b>(275,860)</b>         | <b>(428,035)</b>     | <b>7,016,381</b>     | <b>2,846,950</b>     |
| <b>Net position (deficit), beginning of year</b> | <b>1,498,815</b>        | <b>(1,776,170)</b>  | <b>39,363,496</b>        | <b>39,791,531</b>    | <b>40,862,311</b>    | <b>38,015,361</b>    |
| <b>Net position (deficit), end of year</b>       | <b>\$ 8,791,056</b>     | <b>\$ 1,498,815</b> | <b>\$ 39,087,636</b>     | <b>\$ 39,363,496</b> | <b>\$ 47,878,692</b> | <b>\$ 40,862,311</b> |

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

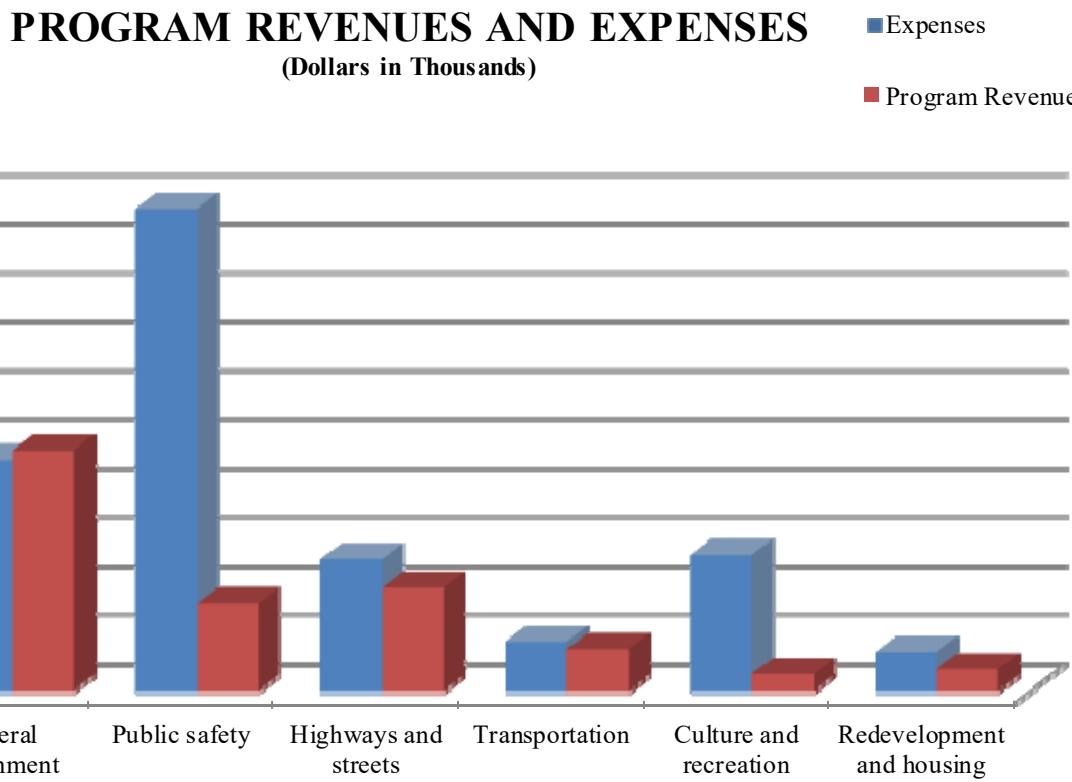
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**Analysis of Changes in Net Position**

*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.

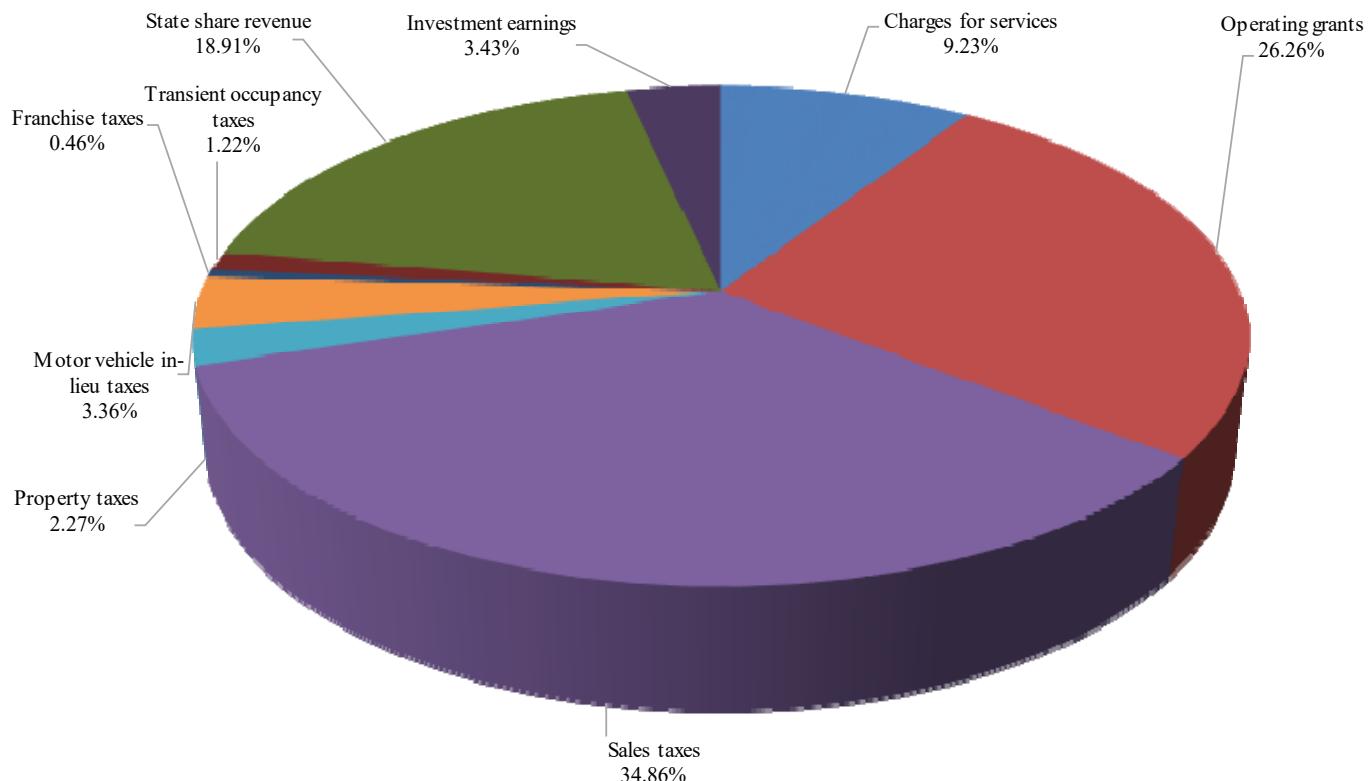


The chart below illustrates the City’s governmental revenues by source. General revenues such as property taxes, state shared revenues, and sales taxes are not shown by program but are effectively used to support program activities of the City as a whole. For governmental activities, sales tax revenues 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)**  
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**For the Year Ended June 30, 2023**

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**REVENUES BY SOURCE**

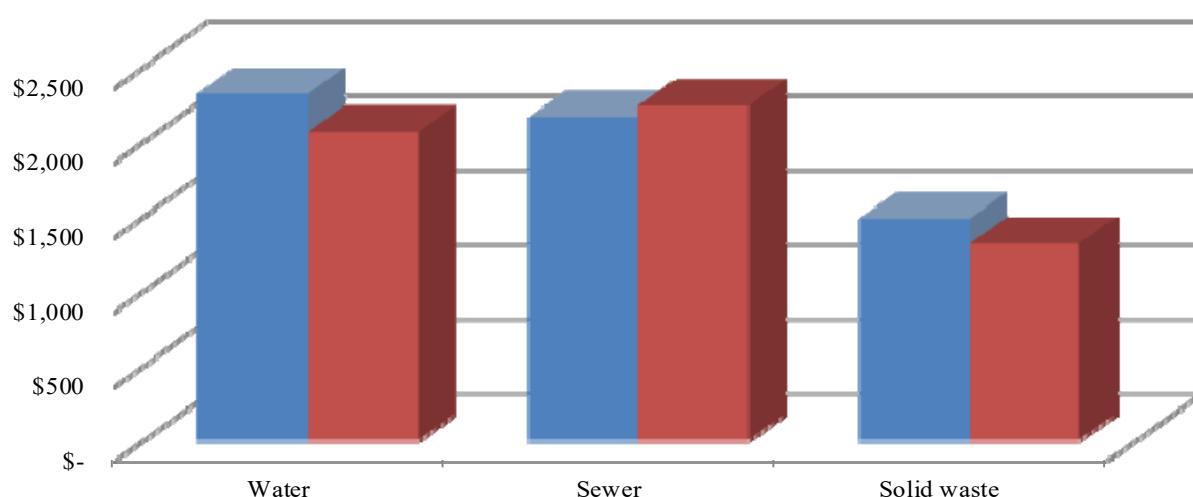


*Business-Type Activities* – Business-type activities decreased the City's net position by \$275,860. The decrease in net position was primarily the result of the water fund costs caused an overage in the fund of \$145,946.

**PROGRAM REVENUES AND EXPENSES**

(Dollars in Thousands)

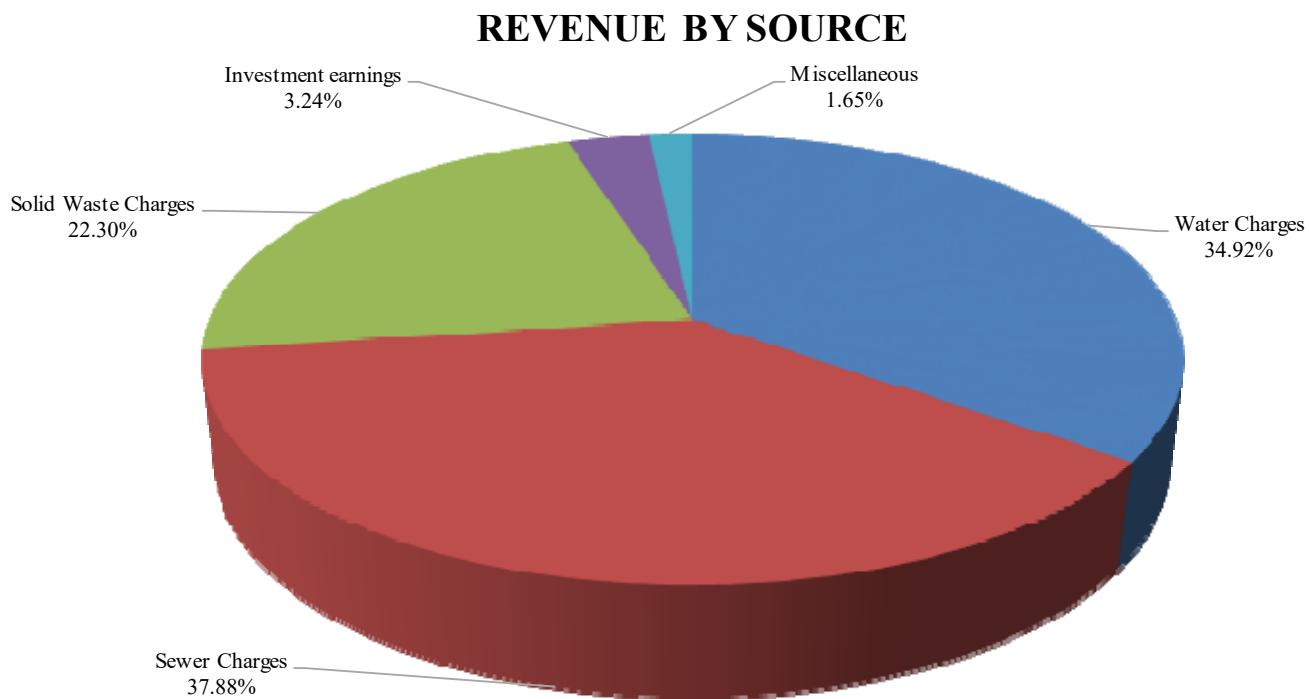
■ Expenses  
■ Program Revenues



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

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As shown in the chart below, the largest of the City's business-type activities are water and sewer utilities. Sewer Fund 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)**  
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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**

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**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.

|                                   | <b>Capital Assets (Net)</b> |                      |                          |                      |                      |                      |
|-----------------------------------|-----------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                   | 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            |
| <b>Total</b>                      | <b>\$ 22,202,014</b>        | <b>\$ 21,890,659</b> | <b>\$ 37,031,733</b>     | <b>\$ 38,141,332</b> | <b>\$ 59,233,747</b> | <b>\$ 60,031,991</b> |

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**

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**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           |
| <b>Total</b>                | <b>\$ 38,626,141</b>    | <b>\$ 41,044,904</b> | <b>\$ 7,531,838</b>      | <b>\$ 8,009,400</b> | <b>\$ 46,157,979</b> | <b>\$ 49,054,304</b> |

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**

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- 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

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

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For the Year Ended June 30, 2023

**Basic Financial Statements**

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

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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        |
| <b>ASSETS</b>                         |                         |                          |                    |                  |
| 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                  | <u>24,391,101</u>       | <u>10,515,277</u>        | <u>34,906,378</u>  | <u>68,291</u>    |
| 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          | <u>17,850,459</u>       | <u>36,481,257</u>        | <u>54,331,716</u>  | <u>2,302,039</u> |
| Total capital assets, net             | <u>22,202,014</u>       | <u>37,031,733</u>        | <u>59,233,747</u>  | <u>2,567,039</u> |
| Total noncurrent assets               | <u>27,496,339</u>       | <u>38,447,090</u>        | <u>65,943,429</u>  | <u>2,949,403</u> |
| Total assets                          | <u>51,887,440</u>       | <u>48,962,367</u>        | <u>100,849,807</u> | <u>3,017,694</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                         |                          |                    |                  |
| 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  | <u>7,295,890</u>        | <u>284,269</u>           | <u>7,580,159</u>   | <u>-</u>         |

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

|                                                             | Primary Government         |                             |                             | Component Unit                  |
|-------------------------------------------------------------|----------------------------|-----------------------------|-----------------------------|---------------------------------|
|                                                             | Governmental Activities    | Business-Type Activities    | Total                       | Douglas Community Housing Corp. |
| <b>LIABILITIES</b>                                          |                            |                             |                             |                                 |
| 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                                   | <u>4,476,717</u>           | <u>1,444,322</u>            | <u>5,921,039</u>            | <u>999,601</u>                  |
| 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                                 | <u>43,998,876</u>          | <u>8,570,787</u>            | <u>52,569,663</u>           | <u>3,736,475</u>                |
| <b>Total liabilities</b>                                    | <u>48,475,593</u>          | <u>10,015,109</u>           | <u>58,490,702</u>           | <u>4,736,076</u>                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                        |                            |                             |                             |                                 |
| 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                     | -                               |
| <b>Total deferred inflows of resources</b>                  | <u>1,916,681</u>           | <u>143,891</u>              | <u>2,060,572</u>            | <u>-</u>                        |
| <b>NET POSITION</b>                                         |                            |                             |                             |                                 |
| Net investment in capital assets                            | <u>19,420,873</u>          | <u>29,499,895</u>           | <u>48,920,768</u>           | <u>(901,907)</u>                |
| 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                                            | <u>6,658,365</u>           | <u>1,249,513</u>            | <u>7,907,878</u>            | <u>-</u>                        |
| Unrestricted (deficit)                                      | <u>(17,288,182)</u>        | <u>8,338,228</u>            | <u>(8,949,954)</u>          | <u>(816,475)</u>                |
| <b>Total net position (deficit)</b>                         | <u><b>\$ 8,791,056</b></u> | <u><b>\$ 39,087,636</b></u> | <u><b>\$ 47,878,692</b></u> | <u><b>\$ (1,718,382)</b></u>    |

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

| <b>Functions/Programs</b>             | <b>Expenses</b>      | <b>Program Revenues</b>     |                                           |                                         |                      | <b>Total</b> |
|---------------------------------------|----------------------|-----------------------------|-------------------------------------------|-----------------------------------------|----------------------|--------------|
|                                       |                      | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |                      |              |
|                                       |                      |                             |                                           |                                         |                      |              |
| <b>Primary government:</b>            |                      |                             |                                           |                                         |                      |              |
| <b>Governmental activities:</b>       |                      |                             |                                           |                                         |                      |              |
| 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              | -                           | -                                         | -                                       | -                    |              |
| <b>Total governmental activities</b>  | <b>22,817,363</b>    | <b>2,721,034</b>            | <b>7,741,364</b>                          | <b>-</b>                                | <b>10,462,398</b>    |              |
| <b>Business-Type activities:</b>      |                      |                             |                                           |                                         |                      |              |
| 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            |              |
| <b>Total business-type activities</b> | <b>5,967,438</b>     | <b>5,537,281</b>            | <b>12,921</b>                             | <b>69,690</b>                           | <b>5,619,892</b>     |              |
| <b>Total primary government</b>       | <b>\$ 28,784,801</b> | <b>\$ 8,258,315</b>         | <b>\$ 7,754,285</b>                       | <b>\$ 69,690</b>                        | <b>\$ 16,082,290</b> |              |
| <b>Component unit:</b>                |                      |                             |                                           |                                         |                      |              |
| Douglas Community Housing Corporation | \$ 830,726           | \$ 650,142                  | \$ -                                      | \$ -                                    | \$ 650,142           |              |
| <b>Total component unit</b>           | <b>\$ 830,726</b>    | <b>\$ 650,142</b>           | <b>\$ -</b>                               | <b>\$ -</b>                             | <b>\$ 650,142</b>    |              |

**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<br>Douglas<br>Community<br>Housing Corp. |
|---------------------------------------------------|---------------------------------------------------|--------------------------|----------------------|---------------------------------------------------------|
|                                                   | Governmental Activities                           | Business-Type Activities | Total                |                                                         |
|                                                   |                                                   |                          |                      |                                                         |
| <b>Primary government:</b>                        |                                                   |                          |                      |                                                         |
| <b>Governmental activities:</b>                   |                                                   |                          |                      |                                                         |
| 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)            | -                                                       |
| <b>Total governmental activities</b>              | <b>(12,354,965)</b>                               | <b>-</b>                 | <b>(12,354,965)</b>  | <b>-</b>                                                |
| <b>Business-Type activities:</b>                  |                                                   |                          |                      |                                                         |
| Water                                             | -                                                 | (255,047)                | (255,047)            | -                                                       |
| Sewer                                             | -                                                 | 73,988                   | 73,988               | -                                                       |
| Solid waste                                       | -                                                 | (166,487)                | (166,487)            | -                                                       |
| <b>Total business-type activities</b>             | <b>-</b>                                          | <b>(347,546)</b>         | <b>(347,546)</b>     | <b>-</b>                                                |
| <b>Total primary government</b>                   | <b>(12,354,965)</b>                               | <b>(347,546)</b>         | <b>(12,702,511)</b>  | <b>-</b>                                                |
| <b>Component unit:</b>                            |                                                   |                          |                      |                                                         |
| Douglas Community Housing Corporation             | -                                                 | -                        | -                    | (180,584)                                               |
| <b>Total component unit</b>                       | <b>-</b>                                          | <b>-</b>                 | <b>-</b>             | <b>(180,584)</b>                                        |
| <b>General revenues:</b>                          |                                                   |                          |                      |                                                         |
| 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              | -                                                       |
| <b>Total taxes</b>                                | <b>12,431,080</b>                                 | <b>-</b>                 | <b>12,431,080</b>    | <b>-</b>                                                |
| 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                                                  |
| <b>Transfers</b>                                  | <b>217,611</b>                                    | <b>(217,611)</b>         | <b>-</b>             | <b>-</b>                                                |
| <b>Total general revenues and transfers</b>       | <b>19,647,206</b>                                 | <b>71,686</b>            | <b>19,718,892</b>    | <b>54,138</b>                                           |
| <b>Change in net position</b>                     | <b>7,292,241</b>                                  | <b>(275,860)</b>         | <b>7,016,381</b>     | <b>(126,446)</b>                                        |
| <b>Net position (deficit) - beginning of year</b> | <b>1,498,815</b>                                  | <b>39,363,496</b>        | <b>40,862,311</b>    | <b>(1,591,936)</b>                                      |
| <b>Net position (deficit) - end of year</b>       | <b>\$ 8,791,056</b>                               | <b>\$ 39,087,636</b>     | <b>\$ 47,878,692</b> | <b>\$ (1,718,382)</b>                                   |

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

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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                |  |
| <b>Total assets</b>                                                       | <b>\$ 25,645,926</b> | <b>\$ 1,240</b>        | <b>\$ 3,061,681</b>          | <b>\$ 28,708,847</b>     |  |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>      |                      |                        |                              |                          |  |
| <b>Liabilities:</b>                                                       |                      |                        |                              |                          |  |
| 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                  |  |
| <b>Total liabilities</b>                                                  | <b>2,112,308</b>     | <b>-</b>               | <b>234,692</b>               | <b>2,347,000</b>         |  |
| <b>Deferred Inflows of Resources:</b>                                     |                      |                        |                              |                          |  |
| Lease-related deferred inflows                                            | 701,437              | -                      | -                            | 701,437                  |  |
| Unavailable revenue                                                       | 59,332               | -                      | 1,731                        | 61,063                   |  |
| <b>Total deferred inflows of resources</b>                                | <b>760,769</b>       | <b>-</b>               | <b>1,731</b>                 | <b>762,500</b>           |  |
| <b>Fund Balances:</b>                                                     |                      |                        |                              |                          |  |
| 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               |  |
| <b>Total fund balances</b>                                                | <b>22,772,849</b>    | <b>1,240</b>           | <b>2,825,258</b>             | <b>25,599,347</b>        |  |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 25,645,926</b> | <b>\$ 1,240</b>        | <b>\$ 3,061,681</b>          | <b>\$ 28,708,847</b>     |  |

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

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|                                                                                                                                                                                                                                       |                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>Total Fund Balances - Total Governmental Funds</b>                                                                                                                                                                                 | \$ 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>           |
| <b>Net Position of Governmental Activities</b>                                                                                                                                                                                        | <b><u>\$ 8,791,056</u></b> |

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

|                                             | Major Funds          |                        |                              |                          |
|---------------------------------------------|----------------------|------------------------|------------------------------|--------------------------|
|                                             | General Fund         | City Debt Service Fund | Non-Major Governmental Funds | Total Governmental Funds |
| <b>REVENUES:</b>                            |                      |                        |                              |                          |
| 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>        |
| <b>EXPENDITURES:</b>                        |                      |                        |                              |                          |
| 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                  |
| <b>Total expenditures</b>                   | <u>14,885,300</u>    | <u>3,264,871</u>       | <u>6,027,788</u>             | <u>24,177,959</u>        |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <u>10,942,371</u>    | <u>(3,264,871)</u>     | <u>(1,988,679)</u>           | <u>5,688,821</u>         |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                      |                        |                              |                          |
| Transfers in                                | 190,709              | 3,266,111              | 2,128,143                    | 5,584,963                |
| Transfers out                               | (5,266,334)          | -                      | (101,018)                    | (5,367,352)              |
| <b>Total other financing sources (uses)</b> | <u>(5,075,625)</u>   | <u>3,266,111</u>       | <u>2,027,125</u>             | <u>217,611</u>           |
| <b>Net changes in fund balances</b>         | <b>5,866,746</b>     | <b>1,240</b>           | <b>38,446</b>                | <b>5,906,432</b>         |
| <b>FUND BALANCES:</b>                       |                      |                        |                              |                          |
| Beginning of year                           | 16,906,103           | -                      | 2,786,812                    | 19,692,915               |
| End of year                                 | <u>\$ 22,772,849</u> | <u>\$ 1,240</u>        | <u>\$ 2,825,258</u>          | <u>\$ 25,599,347</u>     |

**City of Douglas**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
 and Changes in Fund Balance to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2023**

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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$ 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>(28,408)</u>            |
| <b>Change in Net Position of Governmental Activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b><u>\$ 7,292,241</u></b> |

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**

|                                                  | Business-type Activities -<br>Enterprise Funds |                      |                     |                      | Governmental<br>Activities -<br>Internal Service<br>Fund |  |
|--------------------------------------------------|------------------------------------------------|----------------------|---------------------|----------------------|----------------------------------------------------------|--|
|                                                  | Major Funds                                    |                      | Non-Major<br>Fund   | Total                |                                                          |  |
|                                                  | Water                                          | Sewer                | Solid Waste         |                      |                                                          |  |
| <b>ASSETS</b>                                    |                                                |                      |                     |                      |                                                          |  |
| <b>Current assets:</b>                           |                                                |                      |                     |                      |                                                          |  |
| 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                | -                                                        |  |
| <b>Total current assets</b>                      | <b>3,836,433</b>                               | <b>4,359,807</b>     | <b>1,175,422</b>    | <b>9,371,662</b>     | <b>1,329,239</b>                                         |  |
| <b>Noncurrent assets:</b>                        |                                                |                      |                     |                      |                                                          |  |
| 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           | -                                                        |  |
| <b>Total noncurrent assets</b>                   | <b>7,545,327</b>                               | <b>31,292,580</b>    | <b>574,867</b>      | <b>39,412,774</b>    | <b>-</b>                                                 |  |
| <b>Total assets</b>                              | <b>11,381,760</b>                              | <b>35,652,387</b>    | <b>1,750,289</b>    | <b>48,784,436</b>    | <b>1,329,239</b>                                         |  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                                                |                      |                     |                      |                                                          |  |
| Pension-related deferred outflows                | 116,956                                        | 81,185               | 79,792              | 277,933              | -                                                        |  |
| OPEB-related deferred outflows                   | 2,665                                          | 1,851                | 1,820               | 6,336                | -                                                        |  |
| <b>Total deferred outflows of resources</b>      | <b>119,621</b>                                 | <b>83,036</b>        | <b>81,612</b>       | <b>284,269</b>       | <b>-</b>                                                 |  |
| <b>LIABILITIES</b>                               |                                                |                      |                     |                      |                                                          |  |
| <b>Current liabilities:</b>                      |                                                |                      |                     |                      |                                                          |  |
| 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              | -                                                        |  |
| <b>Total current liabilities</b>                 | <b>522,379</b>                                 | <b>758,606</b>       | <b>163,337</b>      | <b>1,444,322</b>     | <b>143,760</b>                                           |  |
| <b>Noncurrent liabilities:</b>                   |                                                |                      |                     |                      |                                                          |  |
| 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                  | -                                                        |  |
| <b>Total noncurrent liabilities</b>              | <b>1,665,329</b>                               | <b>6,415,777</b>     | <b>489,681</b>      | <b>8,570,787</b>     | <b>-</b>                                                 |  |
| <b>Total liabilities</b>                         | <b>2,187,708</b>                               | <b>7,174,383</b>     | <b>653,018</b>      | <b>10,015,109</b>    | <b>143,760</b>                                           |  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                                                |                      |                     |                      |                                                          |  |
| Pension-related deferred inflows                 | 45,243                                         | 31,406               | 30,867              | 107,516              | -                                                        |  |
| OPEB-related deferred inflows                    | 15,306                                         | 10,624               | 10,445              | 36,375               | -                                                        |  |
| <b>Total deferred inflows of resources</b>       | <b>60,549</b>                                  | <b>42,030</b>        | <b>41,312</b>       | <b>143,891</b>       | <b>-</b>                                                 |  |
| <b>NET POSITION</b>                              |                                                |                      |                     |                      |                                                          |  |
| 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                                                |  |
| <b>Total net position</b>                        | <b>\$ 9,253,124</b>                            | <b>\$ 28,519,010</b> | <b>\$ 1,137,571</b> | <b>\$ 38,909,705</b> | <b>\$ 1,185,479</b>                                      |  |

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 - |                  |                  |                  | Governmental Activities - Internal Service Fund |  |
|---------------------------------------------------------------------------------------------------------|----------------------------|------------------|------------------|------------------|-------------------------------------------------|--|
|                                                                                                         | Enterprise Funds           |                  |                  |                  |                                                 |  |
|                                                                                                         | Major Funds                |                  | Non-Major Fund   | Total            |                                                 |  |
|                                                                                                         | Water                      | Sewer            | Solid Waste      |                  |                                                 |  |
| <b>OPERATING REVENUES:</b>                                                                              |                            |                  |                  |                  |                                                 |  |
| 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                                       |  |
| <b>Total operating revenues</b>                                                                         | <b>2,056,761</b>           | <b>2,238,718</b> | <b>1,339,540</b> | <b>5,635,019</b> | <b>1,330,657</b>                                |  |
| <b>OPERATING EXPENSES:</b>                                                                              |                            |                  |                  |                  |                                                 |  |
| 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        | -                                               |  |
| <b>Total operating expenses</b>                                                                         | <b>2,277,793</b>           | <b>2,057,633</b> | <b>1,495,523</b> | <b>5,830,949</b> | <b>969,551</b>                                  |  |
| <b>OPERATING INCOME (LOSS)</b>                                                                          | <b>(221,032)</b>           | <b>181,085</b>   | <b>(155,983)</b> | <b>(195,930)</b> | <b>361,106</b>                                  |  |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                                                                |                            |                  |                  |                  |                                                 |  |
| 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           | -                                               |  |
| <b>Total nonoperating revenues (expenses)</b>                                                           | <b>65,706</b>              | <b>23,024</b>    | <b>20,543</b>    | <b>109,273</b>   | <b>16,360</b>                                   |  |
| <b>INCOME BEFORE TRANSFERS</b>                                                                          | <b>(155,326)</b>           | <b>204,109</b>   | <b>(135,440)</b> | <b>(86,657)</b>  | <b>377,466</b>                                  |  |
| <b>TRANSFERS:</b>                                                                                       |                            |                  |                  |                  |                                                 |  |
| Transfers out                                                                                           | (98,837)                   | (68,026)         | (50,748)         | (217,611)        | -                                               |  |
| <b>Total transfers</b>                                                                                  | <b>(98,837)</b>            | <b>(68,026)</b>  | <b>(50,748)</b>  | <b>(217,611)</b> | <b>-</b>                                        |  |
| <b>Changes in net position</b>                                                                          | <b>(254,163)</b>           | <b>136,083</b>   | <b>(186,188)</b> | <b>(304,268)</b> | <b>377,466</b>                                  |  |
| <b>NET POSITION:</b>                                                                                    |                            |                  |                  |                  |                                                 |  |
| Beginning of year                                                                                       | 9,507,287                  | 28,382,927       | 1,323,759        |                  | 808,013                                         |  |
| End of year                                                                                             | \$ 9,253,124               | \$ 28,519,010    | \$ 1,137,571     |                  | \$ 1,185,479                                    |  |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |                            |                  |                  | 28,408           |                                                 |  |
| End of year change in net position of business-type activities                                          |                            |                  |                  | \$ (275,860)     |                                                 |  |

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

|                                                                                  | Business-type Activities - |                     |                     |                      | Governmental Activities - Internal Service Fund |  |
|----------------------------------------------------------------------------------|----------------------------|---------------------|---------------------|----------------------|-------------------------------------------------|--|
|                                                                                  | Enterprise Funds           |                     |                     | Total                |                                                 |  |
|                                                                                  | Major Funds                |                     | Non-Major Fund      |                      |                                                 |  |
|                                                                                  | Water                      | Sewer               | Solid Waste         |                      |                                                 |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                     |                            |                     |                     |                      |                                                 |  |
| 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                                       |  |
| <b>Net cash provided by operating activities</b>                                 | <b>448,888</b>             | <b>1,048,148</b>    | <b>144,207</b>      | <b>1,641,243</b>     | <b>292,197</b>                                  |  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                          |                            |                     |                     |                      |                                                 |  |
| Transfers out                                                                    | (98,837)                   | (68,026)            | (50,748)            | (217,611)            | -                                               |  |
| <b>Net cash (used in) noncapital financing activities</b>                        | <b>(2,003)</b>             | <b>(19,740)</b>     | <b>(21,552)</b>     | <b>(43,295)</b>      | <b>-</b>                                        |  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                 |                            |                     |                     |                      |                                                 |  |
| 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)            | -                                               |  |
| <b>Net cash (used in) capital and related financing activities</b>               | <b>(779,427)</b>           | <b>(634,077)</b>    | <b>(32,924)</b>     | <b>(1,446,428)</b>   | <b>-</b>                                        |  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                     |                            |                     |                     |                      |                                                 |  |
| Investment income                                                                | 74,779                     | 96,237              | 20,543              | 191,559              | 16,360                                          |  |
| <b>Net cash provided by investing activities</b>                                 | <b>74,779</b>              | <b>96,237</b>       | <b>20,543</b>       | <b>191,559</b>       | <b>16,360</b>                                   |  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                      | <b>(257,763)</b>           | <b>490,568</b>      | <b>110,274</b>      | <b>343,079</b>       | <b>308,557</b>                                  |  |
| <b>CASH AND CASH EQUIVALENTS:</b>                                                |                            |                     |                     |                      |                                                 |  |
| Beginning of year                                                                | 4,176,829                  | 4,661,881           | 974,253             | 9,812,963            | 1,020,682                                       |  |
| End of year                                                                      | <b>\$ 3,919,066</b>        | <b>\$ 5,152,449</b> | <b>\$ 1,084,527</b> | <b>\$ 10,156,042</b> | <b>\$ 1,329,239</b>                             |  |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b> |                            |                     |                     |                      |                                                 |  |
| 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            | -                                               |  |
| <b>Total cash and cash equivalents</b>                                           | <b>\$ 3,919,066</b>        | <b>\$ 5,152,449</b> | <b>\$ 1,084,527</b> | <b>\$ 10,156,042</b> | <b>\$ 1,329,239</b>                             |  |

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

|                                                                                                            | Business-type Activities -<br>Enterprise Funds |                     |                   |                     | Governmental<br>Activities -<br>Internal Service<br>Funds |  |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------|-------------------|---------------------|-----------------------------------------------------------|--|
|                                                                                                            | Water                                          | Sewer               | Solid Waste       | Total               |                                                           |  |
| <b>RECONCILIATION OF OPERATING INCOME<br/>TO NET CASH PROVIDED BY<br/>OPERATING ACTIVITIES:</b>            |                                                |                     |                   |                     |                                                           |  |
| 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)            | -                                                         |  |
| <b>Total adjustments</b>                                                                                   | <b>669,920</b>                                 | <b>867,063</b>      | <b>300,190</b>    | <b>1,837,173</b>    | <b>(68,909)</b>                                           |  |
| <b>Net cash provided by operating activities</b>                                                           | <b>\$ 448,888</b>                              | <b>\$ 1,048,148</b> | <b>\$ 144,207</b> | <b>\$ 1,641,243</b> | <b>\$ 292,197</b>                                         |  |

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**  
**Index to Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

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**Note 1 – Summary of Significant Accounting Policies**

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

***A. Financial Reporting Entity***

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

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

**Blended Component Units**

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

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

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

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

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

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

**Blended Component Units (Continued)**

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

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

**Discretely Presented Component Units**

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

Douglas Community Housing Corporation (Rancho La Perilla Apartments) – The Douglas Community Housing Corporation (the “DCHC”) is a nonprofit 501(c)(3) corporation created by the City to eliminate the financial burden on the City to provide financing for the construction and operation of apartments. The City Council appoints members of the Governing Board; they, in turn, elect a chairman. The Governing Board employs executives, authorizes contracts, and causes the corporation to construct and operate an apartment complex of 80 units. 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**

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

***B. Basis of Accounting and Measurement Focus***

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

The Statement of Net Position 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**

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

***B. Basis of Accounting and Measurement Focus (Continued)***

**Governmental Fund Financial Statements**

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

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

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

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

Major governmental funds of the City are outlined below:

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

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

**Proprietary Fund Financial Statements**

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

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

**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**

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**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**

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

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

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

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

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

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

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

**D. Restricted Cash and Investments**

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

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

**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**

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**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**

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**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**

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**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**

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**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**

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**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**

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**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**

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**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**

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**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            |
| <b>Total</b>                    | <b>\$ 25,579,844</b>    | <b>\$ 10,156,042</b>     | <b>\$ 35,735,886</b> | <b>\$ 421,835</b> | <b>\$ 36,157,721</b> |

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

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

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 |
|---------------------------------------------------------|----------------------|--------------------|
| <b>External Investment Pools measured at Fair Value</b> |                      |                    |
| 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           | <u>34,359,578</u>    |                    |
| <b>Total investments</b>                                | <b>\$ 34,359,578</b> |                    |

**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**

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**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<br>Maturities (in Years) |                     |
|---------------------------------------------|----------------------|-------------------------------------------|---------------------|
|                                             |                      | 1 year or less                            | 1 - 5 years         |
| <b>Investments:</b>                         |                      |                                           |                     |
| Local Government Investment Pool - Pool 5   | \$ 29,538,192        | \$ 29,538,192                             | \$ -                |
| Local Government Investment Pool - Pool 500 | 4,821,386            | -                                         | 4,821,386           |
| <b>Total</b>                                | <b>\$ 34,359,578</b> | <b>\$ 29,538,192</b>                      | <b>\$ 4,821,386</b> |

**Credit Risk**

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

|                                             | Amount               | Credit Quality Ratings |                |
|---------------------------------------------|----------------------|------------------------|----------------|
|                                             |                      | Standard &             | Poor's         |
| <b>Investments:</b>                         |                      |                        |                |
| 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 |
| <b>Total</b>                                | <b>\$ 34,359,578</b> |                        |                |

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

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**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 Unit    |
|---------------------------------------|-------------------------|--------------------------|---------------------|-------------------|
|                                       | Governmental Activities | Business-Type Activities | Total               |                   |
| 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           |
| <b>Total</b>                          | <b>\$ 4,046,618</b>     | <b>\$ 1,358,702</b>      | <b>\$ 5,405,320</b> | <b>\$ 382,364</b> |

**Note 3 – Intergovernmental Receivables**

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

|                             | General Fund      | Non-Major Governmental Funds | Governmental Funds Subtotal | Water Fund      | Total             |
|-----------------------------|-------------------|------------------------------|-----------------------------|-----------------|-------------------|
| 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            |
| <b>Total</b>                | <b>\$ 209,324</b> | <b>\$ 587,567</b>            | <b>\$ 796,891</b>           | <b>\$ 3,921</b> | <b>\$ 800,812</b> |

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

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**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:

|                                       | <b>Unavailable</b>                                                               | <b>Unearned</b>                                                                  |
|---------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Delinquent property taxes receivable: |                                                                                  |                                                                                  |
| (General Fund)                        | \$ 59,332                                                                        | \$ -                                                                             |
| Unavailable grant revenue:            |                                                                                  |                                                                                  |
| (Nonmajor Governmental Funds)         | 1,731                                                                            | -                                                                                |
| Unearned revenue:                     |                                                                                  |                                                                                  |
| (General Fund)                        | -<br><hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/>      | 90,932<br><hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> |
|                                       | <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> \$ 61,063 | <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> \$ 90,932 |

**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:

|                   | <b>Classification</b> |                     |                  |                  |                |                                |
|-------------------|-----------------------|---------------------|------------------|------------------|----------------|--------------------------------|
|                   | <b>Balance</b>        | <b>July 1, 2022</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance</b> | <b>Due within<br/>One Year</b> |
| 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:

|              | <b>Year Ending</b> |                   |                   |              |
|--------------|--------------------|-------------------|-------------------|--------------|
|              | <b>June 30,</b>    | <b>Principal</b>  | <b>Interest</b>   | <b>Total</b> |
| 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            |              |
| <b>Total</b> | <b>\$ 732,450</b>  | <b>\$ 104,494</b> | <b>\$ 836,944</b> |              |

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

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**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:

| <b>Year Ending<br/>June 30,</b> | <b>Amortization<br/>Schedule</b> |
|---------------------------------|----------------------------------|
| 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                           |
| <b>Total</b>                    | <b><u>\$ 701,437</u></b>         |

**Note 5 – Interfund Balances and Transactions**

**A. Transfers**

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

| <b>Transfers In</b>                 | <b>Transfers Out</b>        | <b>Amount</b>              | <b>Purpose</b>      |
|-------------------------------------|-----------------------------|----------------------------|---------------------|
| 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 |
|                                     | <b>Subtotal</b>             | <b>190,709</b>             |                     |
| 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        |
|                                     | <b>Subtotal</b>             | <b>3,266,111</b>           |                     |
| 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    |
|                                     | <b>Total</b>                | <b><u>\$ 5,584,963</u></b> |                     |

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

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**Note 5 – Interfund Balances and Transactions (Continued)**

***B. Long-Term Advances***

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

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

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**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:

|                                      | <b>Balance</b>       |                    |                  |                  | <b>Transfers/<br/>Reclassifications</b> | <b>Balance</b>       |
|--------------------------------------|----------------------|--------------------|------------------|------------------|-----------------------------------------|----------------------|
|                                      | <b>July 1, 2022</b>  | <b>Additions</b>   | <b>Deletions</b> |                  |                                         | <b>June 30, 2023</b> |
| <b>Nondepreciable assets:</b>        |                      |                    |                  |                  |                                         |                      |
| Land                                 | \$ 1,043,091         | \$ -               | \$ -             | \$ 22,219        | \$ 1,065,310                            |                      |
| Construction in progress             | 1,999,533            | 1,417,416          | -                | (130,704)        | 3,286,245                               |                      |
| <b>Total nondepreciable assets</b>   | <b>3,042,624</b>     | <b>1,417,416</b>   | <b>-</b>         | <b>(108,485)</b> | <b>4,351,555</b>                        |                      |
| <b>Depreciable assets</b>            |                      |                    |                  |                  |                                         |                      |
| 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                               |                      |
| <b>Subtotal</b>                      | <b>70,576,162</b>    | <b>1,727,849</b>   | <b>(44,096)</b>  | <b>(672,377)</b> | <b>71,587,538</b>                       |                      |
| <b>Less accumulated depreciation</b> |                      |                    |                  |                  |                                         |                      |
| 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)                             |                      |
| <b>Subtotal</b>                      | <b>(51,768,036)</b>  | <b>(2,798,165)</b> | <b>45,191</b>    | <b>780,862</b>   | <b>(53,740,148)</b>                     |                      |
| <b>Total depreciable assets, net</b> | <b>18,808,126</b>    | <b>(1,070,316)</b> | <b>1,095</b>     | <b>108,485</b>   | <b>17,847,390</b>                       |                      |
| <b>Lease assets</b>                  |                      |                    |                  |                  |                                         |                      |
| Buildings and improvements           | 76,749               | -                  | -                | -                | 76,749                                  |                      |
| <b>Subtotal</b>                      | <b>76,749</b>        | <b>-</b>           | <b>-</b>         | <b>-</b>         | <b>76,749</b>                           |                      |
| <b>Less accumulated amortization</b> |                      |                    |                  |                  |                                         |                      |
| Buildings and improvements           | (36,840)             | (36,840)           | -                | -                | (73,680)                                |                      |
| <b>Subtotal</b>                      | <b>(36,840)</b>      | <b>(36,840)</b>    | <b>-</b>         | <b>-</b>         | <b>(73,680)</b>                         |                      |
| <b>Total lease assets, net</b>       | <b>39,909</b>        | <b>(36,840)</b>    | <b>-</b>         | <b>-</b>         | <b>3,069</b>                            |                      |
| <b>Total</b>                         | <b>\$ 21,890,659</b> | <b>\$ 310,260</b>  | <b>\$ 1,095</b>  | <b>\$ -</b>      | <b>\$ 22,202,014</b>                    |                      |

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

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**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                    |
| <b>Total depreciation/amortization expense</b> | <b><u>\$ 2,835,005</u></b> |

**B. Business-Type Activities**

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

|                                      | <b>Balance</b>       | <b>Transfers/</b>     |                  |                          | <b>Balance</b>       |
|--------------------------------------|----------------------|-----------------------|------------------|--------------------------|----------------------|
|                                      | <b>July 1, 2022</b>  | <b>Additions</b>      | <b>Deletions</b> | <b>Reclassifications</b> | <b>June 30, 2023</b> |
| <b>Nondepreciable assets:</b>        |                      |                       |                  |                          |                      |
| Construction in progress             | \$ 147,849           | \$ 402,627            | \$ -             | \$ -                     | \$ 550,476           |
| <b>Total nondepreciable assets</b>   | <b>147,849</b>       | <b>402,627</b>        | <b>-</b>         | <b>-</b>                 | <b>550,476</b>       |
| <b>Depreciable assets</b>            |                      |                       |                  |                          |                      |
| 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            |
| <b>Subtotal</b>                      | <b>66,654,222</b>    | <b>467,939</b>        | <b>-</b>         | <b>-</b>                 | <b>67,122,161</b>    |
| <b>Less accumulated depreciation</b> |                      |                       |                  |                          |                      |
| 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)          |
| <b>Subtotal</b>                      | <b>(28,660,739)</b>  | <b>(1,980,165)</b>    | <b>-</b>         | <b>-</b>                 | <b>(30,640,904)</b>  |
| <b>Total depreciable assets, net</b> | <b>37,993,483</b>    | <b>(1,512,226)</b>    | <b>-</b>         | <b>-</b>                 | <b>36,481,257</b>    |
| <b>Total</b>                         | <b>\$ 38,141,332</b> | <b>\$ (1,109,599)</b> | <b>\$ -</b>      | <b>\$ -</b>              | <b>\$ 37,031,733</b> |

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                    |
| <b>Total depreciation expense</b> | <b><u>\$ 1,980,165</u></b> |

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

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**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:

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

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**

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**Note 7 – Long-Term Debt**

**A. Summary**

|                                                                           | Final Maturity | Remaining Interest Rate | Remaining Annual Principal Installments | Original Issue Amounts | Outstanding at June 30, 2023 |
|---------------------------------------------------------------------------|----------------|-------------------------|-----------------------------------------|------------------------|------------------------------|
| <b>Governmental Activities</b>                                            |                |                         |                                         |                        |                              |
| 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                                             |                |                         |                                         | \$ 50,864,522          | \$ 38,626,141                |
| <b>Business-Type Activities</b>                                           |                |                         |                                         |                        |                              |
| 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                                            |                |                         |                                         | \$ 12,384,257          | \$ 7,531,838                 |
| <b>Component Unit</b>                                                     |                |                         |                                         |                        |                              |
| 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                                                      |                |                         |                                         | \$ 5,008,546           | \$ 3,823,860                 |

**B. Governmental Activities**

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

|                             | Classification       |             |                       |                      |                     |                           |
|-----------------------------|----------------------|-------------|-----------------------|----------------------|---------------------|---------------------------|
|                             | Balance              |             | Balance               |                      | Due Within One Year | Due In More Than One Year |
|                             | July 1, 2022         | Additions   | Deletions             | June 30, 2023        |                     |                           |
| 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                 |
| <b>Total long-term debt</b> | <b>\$ 41,044,904</b> | <b>\$ -</b> | <b>\$ (2,418,763)</b> | <b>\$ 38,626,141</b> | <b>\$ 1,952,308</b> | <b>\$ 36,673,833</b>      |

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

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**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<br>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           |
| <b>Total</b>            | <b>\$ 903,021</b> | <b>\$ 69,257</b> | <b>\$ 972,278</b> |

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 | <u>(1,225,428)</u>         |
| <b>Total</b>                   | <b><u>\$ 1,512,091</u></b> |

**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**

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**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<br>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                   |
| <b>Total</b>            | <b><u>\$ 35,845,000</u></b> | <b><u>\$ 7,833,263</u></b> | <b><u>\$ 43,678,263</u></b> |

**Call Center Loan Payable**

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

The lease revenues are to be used for payment of the debt, then for maintenance and operations costs. The loan is expected to have a 4.76 times coverage ratio of pledged revenue to current year debt services payments. The City met the coverage requirements. The call center lease agreement expires fiscal year 2024; however, the City anticipates extending the lease agreement to cover the loan obligation period. The total principal and interest remaining to be paid on the loan is \$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<br>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                    |
| <b>Total</b>            | <b><u>\$ 1,875,000</u></b> | <b><u>\$ 317,035</u></b> | <b><u>\$ 2,192,035</u></b> |

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

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**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        | \$ 3,121        |
| <b>Total</b> | <b>\$ 3,120</b> | <b>\$ 1</b> | <b>\$ 3,121</b> | <b>\$ 3,121</b> |

**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<br>July 1, 2022 | Additions         | Deletions           | Balance<br>June 30, 2023 | Classification         |                              |
|---------------------------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|------------------------------|
|                                       |                         |                   |                     |                          | Due Within<br>One Year | Due In More<br>Than One Year |
| <b>Water Fund:</b>                    |                         |                   |                     |                          |                        |                              |
| 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                      |
| <b>Total water fund</b>               | <b>1,211,771</b>        | <b>-</b>          | <b>(148,218)</b>    | <b>1,063,553</b>         | <b>140,688</b>         | <b>922,865</b>               |
| <b>Sewer Fund:</b>                    |                         |                   |                     |                          |                        |                              |
| 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                    |
| <b>Total sewer fund</b>               | <b>6,797,629</b>        | <b>200,334</b>    | <b>(529,678)</b>    | <b>6,468,285</b>         | <b>550,881</b>         | <b>5,917,404</b>             |
| <b>Total business-type activities</b> | <b>\$ 8,009,400</b>     | <b>\$ 200,334</b> | <b>\$ (677,896)</b> | <b>\$ 7,531,838</b>      | <b>\$ 691,569</b>      | <b>\$ 6,840,269</b>          |

**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**

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**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<br>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            |
| <b>Total</b>            | <b>\$ 191,234</b> | <b>\$ 24,565</b> | <b>\$ 215,799</b> |

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)          |
| <b>Total</b>                      | <b>\$ 197,625</b> |

**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<br>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           |
| <b>Total</b>            | <b>\$ 7,340,604</b> | <b>\$ 893,552</b> | <b>\$ 8,234,156</b> |

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

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**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:

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

**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 |                     |             |                     | Total |
|-------------|---------------------|-------------|---------------------|-------|
| June 30,    | Principal           | Interest    |                     |       |
| 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       | <u>\$ 3,823,860</u> | <u>\$ -</u> | <u>\$ 3,823,860</u> |       |

**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:

|                                   | <b>Classification</b>           |                   |                     |                                  |                                |                                      |
|-----------------------------------|---------------------------------|-------------------|---------------------|----------------------------------|--------------------------------|--------------------------------------|
|                                   | <b>Balance<br/>July 1, 2022</b> | <b>Additions</b>  | <b>Deletions</b>    | <b>Balance<br/>June 30, 2023</b> | <b>Due within<br/>One Year</b> | <b>Due in More<br/>Than One Year</b> |
| <b>Compensated absences:</b>      |                                 |                   |                     |                                  |                                |                                      |
| 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                               |
| <b>Total compensated absences</b> | <b>\$ 1,807,577</b>             | <b>\$ 883,649</b> | <b>\$ (853,019)</b> | <b>\$ 1,838,207</b>              | <b>\$ 967,432</b>              | <b>\$ 870,775</b>                    |

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**

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**Note 9 – Pension Plans and Other Postemployment Benefits**

**A. Summary – Pension and OPEB**

**Deferred Outflows of Resources**

**Pension-related deferred outflows of resources:**

Pension contributions made after measurement date:

|                                                         | Governmental<br>Activities | Business-Type<br>Activities | Total            |
|---------------------------------------------------------|----------------------------|-----------------------------|------------------|
| 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 | <u>1,008,146</u>           | <u>142,963</u>              | <u>1,151,109</u> |

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 | <u>4,019,196</u> | <u>-</u> | <u>4,019,196</u> |

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       | <u>1,078,957</u> | <u>83,443</u> | <u>1,162,400</u> |

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 | <u>963,239</u> | <u>14,325</u> | <u>977,564</u> |

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                                                                                         | <u>50,148</u>  | <u>-</u>      | <u>50,148</u>  |
| Total change in proportion and differences between employer contributions and proportionate share of contributions | <u>172,873</u> | <u>37,202</u> | <u>210,075</u> |

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 | <u>\$ 7,242,411</u> | <u>\$ 277,933</u> | <u>\$ 7,520,344</u> |

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

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

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

**Deferred Outflows of Resources (Continued)**

|                                                                                                                    | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>     |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------|------------------|
| <b>OPEB-related deferred outflows of resources:</b>                                                                |                                |                                 |                  |
| OPEB contributions made after measurement date:                                                                    |                                |                                 |                  |
| ASRS - Health Benefit Supplement Plan                                                                              | \$ 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**

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

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

**Pension/OPEB Assets and Liabilities**

|                                       | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>               |
|---------------------------------------|--------------------------------|---------------------------------|----------------------------|
| <b>Net pension asset</b>              |                                |                                 |                            |
| PSPRS - Police Plan - Tier 3          | \$ 15,149                      | \$ -                            | \$ 15,149                  |
| PSPRS - Fire Plan - Tier 3            | 21,999                         | -                               | 21,999                     |
| Total net pension asset               | <u><u>37,148</u></u>           | -                               | <u><u>37,148</u></u>       |
| <b>Net pension liability</b>          |                                |                                 |                            |
| 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           | <u><u>\$ 6,499,476</u></u>     | <u><u>\$ 1,681,245</u></u>      | <u><u>\$ 8,180,721</u></u> |
| <b>Net OPEB asset</b>                 |                                |                                 |                            |
| 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                  | <u><u>\$ 778,032</u></u>       | <u><u>\$ 56,655</u></u>         | <u><u>\$ 834,687</u></u>   |
| <b>Net OPEB liability</b>             |                                |                                 |                            |
| ASRS - Long-Term Disability Plan      | \$ 3,119                       | \$ 946                          | \$ 4,065                   |
| Total Net OPEB liability              | <u><u>\$ 3,119</u></u>         | <u><u>\$ 946</u></u>            | <u><u>\$ 4,065</u></u>     |

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

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

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

**Deferred Inflows of Resources**

|                                                                                                                    | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>        |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------|---------------------|
| <b>Pension-related deferred inflows of resources:</b>                                                              |                                |                                 |                     |
| 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                                  | <u>157,016</u>                 | <u>44,286</u>                   | <u>201,302</u>      |
| 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                                                                                         | <u>9,238</u>                   | <u>-</u>                        | <u>9,238</u>        |
| 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                                                            | <u>632,691</u>                 | <u>-</u>                        | <u>632,691</u>      |
| Change in proportion and differences between employer contributions and proportionate share of contributions       |                                |                                 |                     |
| ASRS                                                                                                               | <u>208,587</u>                 | <u>63,230</u>                   | <u>271,817</u>      |
| Total change in proportion and differences between employer contributions and proportionate share of contributions | <u>208,587</u>                 | <u>63,230</u>                   | <u>271,817</u>      |
| 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**

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

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

**Deferred Inflows of Resources (Continued)**

|                                                                                                                    | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>      |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------|-------------------|
| <b>OPEB-related deferred inflows of resources:</b>                                                                 |                                |                                 |                   |
| 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                                  | <u>6,393</u>                   | <u>1,937</u>                    | <u>8,330</u>      |
| 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                                                                                         | <u>12,713</u>                  | <u>3,853</u>                    | <u>16,566</u>     |
| 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                                                            | <u>185,428</u>                 | <u>29,795</u>                   | <u>215,223</u>    |
| 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 | <u>3,178</u>                   | <u>790</u>                      | <u>3,968</u>      |
| 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                                                                   | <u>\$ 207,712</u>              | <u>\$ 36,375</u>                | <u>\$ 244,087</u> |

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

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

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

**Pension/OPEB Expenses/(Income)**

| Pension expenses/(income):          | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|-------------------------------------|----------------------------|-----------------------------|---------------------|
| 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):**

| OPEB expenses/(income):               | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|---------------------------------------|----------------------------|-----------------------------|---------------------|
| 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](http://www.azasrs.gov).

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

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

\*With actuarially reduced benefits

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

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

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

**Employees Covered**

At June 30, 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**

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**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:

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

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:

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

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**

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**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)**

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

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:

|                                        | <b>Plan's Net Pension and OPEB Liability/(Asset)</b> |                                       |                                  |
|----------------------------------------|------------------------------------------------------|---------------------------------------|----------------------------------|
|                                        | <b>Pension Plan</b>                                  | <b>Health Benefit Supplement Plan</b> | <b>Long-Term Disability Plan</b> |
| Balance at: 6/30/21 (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           | <u>\$ 1,055,830</u>                                  | <u>\$ (15,102)</u>                    | <u>\$ (5,612)</u>                |

The City recognized the following pension/OPEB expenses ( for the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023:

|                                | <b>Pension/OPEB expenses (income)</b> |
|--------------------------------|---------------------------------------|
| 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:

|                                                                                                               | <b>Pension Plan</b>                   |                                      | <b>Health Benefit Supplement Plan</b> |                                      | <b>Long-Term Disability Plan</b>      |                                      |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
|                                                                                                               | <b>Deferred outflows of resources</b> | <b>Deferred inflows of resources</b> | <b>Deferred outflows of resources</b> | <b>Deferred inflows of resources</b> | <b>Deferred outflows of resources</b> | <b>Deferred inflows of resources</b> |
| Contributions made subsequent to measurement date                                                             | \$ 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**

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**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)                   |
|                     | <b>\$ 118,027</b>                         | <b>\$ (132,667)</b>            | <b>\$ (9,360)</b>         |

**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**

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**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%                                            |
| <b>Total</b>                           | <b>100.00%</b>    |                              | <b>4.19%</b>                                     |

**Discount Rate**

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

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

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

|                                | Aggregate Net Pension and OPEB Liability/(Asset) |                     |                     |
|--------------------------------|--------------------------------------------------|---------------------|---------------------|
|                                | Discount Rate - 1%                               | Current Discount    | Discount Rate + 1%  |
|                                | (6.00%)                                          | Rate (7.00%)        | (8.00%)             |
| Pension Plan                   | \$ 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            |
| <b>Total</b>                   | <b>\$ 10,495,540</b>                             | <b>\$ 6,987,990</b> | <b>\$ 4,061,878</b> |

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in the separately issued report at [www.azasrs.gov](http://www.azasrs.gov).

**Payable to the Pension Plan**

At June 30, 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**

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**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](http://www.psprs.com).

**Benefits Provided**

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

|                                                         | Retirement Initial<br>Membership Date:                                                                                                                                                                                      |                                                                                                                                                                                                             |                                                                                |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
|                                                         | Before January 1, 2012                                                                                                                                                                                                      | On or After January 1, 2012<br>and Before July 1, 2017                                                                                                                                                      | On or After July 1, 2017                                                       |
| Years of service and age<br>required to receive benefit | 20 years of service, any age<br>15 years of service, age 62                                                                                                                                                                 | 25 years of service or 15 years<br>of credited service, age 52.5                                                                                                                                            | 15 years of credited service, age 52.5*<br>15 or more years of service, age 55 |
| Final average salary is based on                        | Highest 36 consecutive months of last<br>20 years<br>50% less 2.0% for each year of<br>credited service less than 20 years or<br>plus 2.0% to 2.5% for each year of<br>credited service over 20 years, not to<br>exceed 80% | Highest 60 consecutive months of last<br>20 years                                                                                                                                                           | Highest 60 consecutive months of last<br>15 years                              |
| Normal retirement                                       |                                                                                                                                                                                                                             | 1.5% to 2.5% per year of credited service, not to exceed 80%                                                                                                                                                |                                                                                |
| Accidental disability retirement                        |                                                                                                                                                                                                                             | 50% or normal retirement, whichever is greater                                                                                                                                                              |                                                                                |
| Catastrophic disability retirement                      |                                                                                                                                                                                                                             | 90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater                                                                                                         |                                                                                |
| Ordinary disability retirement                          |                                                                                                                                                                                                                             | Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater,<br>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<br>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**

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**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<br>(Tier 1 & 2) |           | Fire Plan<br>(Tier 1 & 2) |           | Police Plan<br>(Tier 3) |          | Fire Plan<br>(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         |
| <b>Total</b>                         | <b>65</b>                   | <b>60</b> | <b>44</b>                 | <b>41</b> | <b>9</b>                | <b>9</b> | <b>12</b>             | <b>12</b> |

**Contributions**

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

|                              | Police Plan<br>(Tier 1 & 2) | Fire Plan<br>(Tier 1 & 2)            | Police Plan<br>(Tier 3) | Fire Plan<br>(Tier 3) |
|------------------------------|-----------------------------|--------------------------------------|-------------------------|-----------------------|
|                              |                             | (Tier 1) 7.65%                       |                         |                       |
| Active members - pension     |                             | (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<br>(Tier 1 & 2) |        | Fire Plan<br>(Tier 1 & 2) |          | Police Plan<br>(Tier 3) |        | Fire Plan<br>(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**

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**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:

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

**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%                       |
|                                     | <b>100.00%</b>    |                              |

<sup>1</sup> 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**

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**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:

| <b>Police Plan (Tier 1 &amp; 2) - 009</b>                    |                         |                             |                               |                      |                             |                            |
|--------------------------------------------------------------|-------------------------|-----------------------------|-------------------------------|----------------------|-----------------------------|----------------------------|
|                                                              | 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)                  | <u>\$ 29,029,236</u>    | <u>\$ 28,552,385</u>        | <u>\$ 476,851</u>             | <u>\$ 382,528</u>    | <u>\$ 662,797</u>           | <u>\$ (280,269)</u>        |

| <b>Fire Plan (Tier 1 &amp; 2) - 008</b>                      |                         |                             |                               |                      |                             |                            |
|--------------------------------------------------------------|-------------------------|-----------------------------|-------------------------------|----------------------|-----------------------------|----------------------------|
|                                                              | 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)                  | <u>\$ 19,888,669</u>    | <u>\$ 19,412,278</u>        | <u>\$ 476,391</u>             | <u>\$ 238,558</u>    | <u>\$ 541,253</u>           | <u>\$ (302,695)</u>        |

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

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**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:

|                                  | <b>Plan's Net Pension/OPEB (Asset) Liability</b> |                                          |                                       |
|----------------------------------|--------------------------------------------------|------------------------------------------|---------------------------------------|
|                                  | <b>Discount Rate - 1%<br/>(6.20%)</b>            | <b>Current Discount<br/>Rate (7.20%)</b> | <b>Discount Rate + 1%<br/>(8.20%)</b> |
| 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)                          |
| <b>Aggregate Total</b>           | <b>\$ 6,899,303</b>                              | <b>\$ 370,278</b>                        | <b>\$ (4,965,357)</b>                 |

|                              | <b>Plan's Aggregate Proportionate Share of<br/>Net Pension/OPEB (Asset) Liability</b> |                                          |                                       |
|------------------------------|---------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------|
|                              | <b>Discount Rate - 1%<br/>(6.20%)</b>                                                 | <b>Current Discount<br/>Rate (7.20%)</b> | <b>Discount Rate + 1%<br/>(8.20%)</b> |
| 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)                            |
| <b>Aggregate Total</b>       | <b>\$ 84,247</b>                                                                      | <b>\$ (45,317)</b>                       | <b>\$ (142,126)</b>                   |

**Pension Plan Fiduciary Net Position**

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

**Pension Expenses (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):

| <b>Pension/OPEB expense/(income)</b> |                     |  |
|--------------------------------------|---------------------|--|
| 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)               |  |
| <b>Total</b>                         | <b>\$ 1,790,629</b> |  |

**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:

| <b>Police Plan (Tier 1 &amp; 2)</b>                                         |              |                                           |                                          |                                           |                                          |
|-----------------------------------------------------------------------------|--------------|-------------------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------|
|                                                                             |              | <b>Pension Plan</b>                       |                                          | <b>OPEB Plan</b>                          |                                          |
|                                                                             |              | <b>Deferred outflows<br/>of Resources</b> | <b>Deferred inflows<br/>of Resources</b> | <b>Deferred outflows<br/>of Resources</b> | <b>Deferred inflows<br/>of Resources</b> |
| 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)                              |

| <b>Fire Plan (Tier 1 &amp; 2)</b>                                           |              |                                           |                                          |                                           |                                          |
|-----------------------------------------------------------------------------|--------------|-------------------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------|
|                                                                             |              | <b>Pension Plan</b>                       |                                          | <b>OPEB Plan</b>                          |                                          |
|                                                                             |              | <b>Deferred outflows<br/>of Resources</b> | <b>Deferred inflows<br/>of Resources</b> | <b>Deferred outflows<br/>of Resources</b> | <b>Deferred inflows<br/>of Resources</b> |
| 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)                              |

| <b>Police Plan (Tier 3)</b>                                                                                   |            |                                           |                                          |                                           |                                          |
|---------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------|
|                                                                                                               |            | <b>Pension Plan</b>                       |                                          | <b>OPEB Plan</b>                          |                                          |
|                                                                                                               |            | <b>Deferred outflows<br/>of Resources</b> | <b>Deferred inflows<br/>of Resources</b> | <b>Deferred outflows<br/>of Resources</b> | <b>Deferred inflows<br/>of Resources</b> |
| 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)                                 |

| <b>Fire Plan (Tier 3)</b>                                                                                     |            |                                           |                                          |                                           |                                          |
|---------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------|
|                                                                                                               |            | <b>Pension Plan</b>                       |                                          | <b>OPEB Plan</b>                          |                                          |
|                                                                                                               |            | <b>Deferred outflows<br/>of Resources</b> | <b>Deferred inflows<br/>of Resources</b> | <b>Deferred outflows<br/>of Resources</b> | <b>Deferred inflows<br/>of Resources</b> |
| 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**

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**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<br>Plan (Tier 1 & 2)      | Police OPEB<br>Plan (Tier 1 & 2) | Fire Pension<br>Plan (Tier 1 & 2) | Fire OPEB<br>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          | -                                        | -                                | -                                 | -                              |
|                     | <b>\$ 2,791,499</b>                      | <b>\$ (21,169)</b>               | <b>\$ 2,127,457</b>               | <b>\$ (38,853)</b>             |

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |                              |                               |                            |
|---------------------|------------------------------------------|------------------------------|-------------------------------|----------------------------|
|                     | Police Pension<br>Plan (Tier 3)          | Police OPEB<br>Plan (Tier 3) | Fire Pension<br>Plan (Tier 3) | Fire OPEB<br>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          | <b>30,688</b>                            | <b>(448)</b>                 | <b>79,542</b>                 | <b>646</b>                 |
|                     | <b>\$ 61,656</b>                         | <b>\$ (632)</b>              | <b>\$ 155,548</b>             | <b>\$ 1,138</b>            |

**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**

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**Note 10 – Risk Management (Continued)**

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

The liability claims amount recorded in the accompanying financial statements is based on reported pending claims, effects of inflation, recent claim settlement trends and other economic and social trends. At June 30, 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<br>Fiscal Year | Current Year |                                       |                   | Balance at<br>Fiscal Year<br>End |
|-----------|-----------------------------|--------------|---------------------------------------|-------------------|----------------------------------|
|           |                             | Liability    | Claims and<br>Changes in<br>Estimates | Claim<br>Payments |                                  |
| 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<br>Governmental<br>Funds | Total |
|----------------------------------------|----------------------|---------------------------|---------------------|--------------------------------|-------|
|                                        | General<br>Fund      | City Debt<br>Service Fund |                     |                                |       |
| <b>Nonspendable:</b>                   |                      |                           |                     |                                |       |
| 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                        |       |
| <b>Total nonspendable</b>              | <b>894,369</b>       | <b>-</b>                  | <b>-</b>            | <b>894,369</b>                 |       |
| <b>Restricted:</b>                     |                      |                           |                     |                                |       |
| 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                      |       |
| <b>Total restricted</b>                | <b>4,198,068</b>     | <b>1,240</b>              | <b>2,491,997</b>    | <b>6,691,305</b>               |       |
| <b>Committed:</b>                      |                      |                           |                     |                                |       |
| Capital projects                       | -                    | -                         | 333,261             | 333,261                        |       |
| <b>Total committed</b>                 | <b>-</b>             | <b>-</b>                  | <b>333,261</b>      | <b>333,261</b>                 |       |
| <b>Unassigned</b>                      |                      |                           |                     |                                |       |
|                                        | 17,680,412           | -                         | -                   | 17,680,412                     |       |
| <b>Total fund balances</b>             | <b>\$ 22,772,849</b> | <b>\$ 1,240</b>           | <b>\$ 2,825,258</b> | <b>\$ 25,599,347</b>           |       |

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

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**Note 12 – Net Investment in Capital Assets**

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

|                                              | Governmental<br>Activities  | Business-Type<br>Activities | Component<br>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><u>\$ 19,420,873</u></u> | <u><u>\$ 29,499,895</u></u> | <u><u>\$ (901,907)</u></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<br>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**

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**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**

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**Note 1 – Budgetary Information**

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 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**

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|                                | <b>Budgeted Amounts</b> |                   | <b>Actual Amounts</b> | <b>Variance with Final Budget</b> |
|--------------------------------|-------------------------|-------------------|-----------------------|-----------------------------------|
|                                | <b>Original</b>         | <b>Final</b>      |                       |                                   |
| <b>REVENUES:</b>               |                         |                   |                       |                                   |
| 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)                       |
| <b>Total revenues</b>          | <b>26,775,072</b>       | <b>26,775,072</b> | <b>25,827,671</b>     | <b>(947,401)</b>                  |
| <b>EXPENDITURES:</b>           |                         |                   |                       |                                   |
| 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                            |
| <b>Subtotal</b>                | <b>8,373,258</b>        | <b>8,373,358</b>  | <b>3,756,758</b>      | <b>4,616,600</b>                  |
| 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                           |
| <b>Subtotal</b>                | <b>6,985,204</b>        | <b>7,918,180</b>  | <b>7,571,946</b>      | <b>346,234</b>                    |
| Highways and streets           |                         |                   |                       |                                   |
| Public works                   | 728,819                 | 728,819           | 651,252               | 77,567                            |
| <b>Subtotal</b>                | <b>728,819</b>          | <b>728,819</b>    | <b>651,252</b>        | <b>77,567</b>                     |

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

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|                                             | <b>Budgeted Amounts</b> |                       | <b>Actual Amounts</b> | <b>Variance with Final Budget</b> |
|---------------------------------------------|-------------------------|-----------------------|-----------------------|-----------------------------------|
|                                             | <b>Original</b>         | <b>Final</b>          |                       | <b>Favorable/ (Unfavorable)</b>   |
| <b>EXPENDITURES (Continued):</b>            |                         |                       |                       |                                   |
| 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                            |
| <b>Subtotal</b>                             | <b>1,995,609</b>        | <b>2,000,809</b>      | <b>1,966,940</b>      | <b>33,869</b>                     |
| 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)                             |
| <b>Total expenditures</b>                   | <b>18,903,235</b>       | <b>19,841,511</b>     | <b>14,885,300</b>     | <b>4,956,211</b>                  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>7,871,837</b>        | <b>6,933,561</b>      | <b>10,942,371</b>     | <b>4,008,810</b>                  |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                         |                       |                       |                                   |
| 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                         |
| <b>Total other financing sources (uses)</b> | <b>(9,972,917)</b>      | <b>(9,972,917)</b>    | <b>(5,075,625)</b>    | <b>4,897,292</b>                  |
| <b>Net change in fund balance</b>           | <b>\$ (2,101,080)</b>   | <b>\$ (3,039,356)</b> | <b>5,866,746</b>      | <b>\$ 8,906,102</b>               |
| <b>FUND BALANCE:</b>                        |                         |                       |                       |                                   |
| Beginning of year                           |                         |                       | 16,906,103            |                                   |
| End of year                                 |                         |                       | <b>\$ 22,772,849</b>  |                                   |

**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**

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**Arizona Employees' Retirement System ("AS RS") Pension Plan**

| Measurement Period                                                                                      | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|---------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| City's Proportion of 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          | 153.10%       | 134.66%       | 169.93%       | 138.17%       | 138.53%       |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability | 74.26%        | 78.58%        | 69.33%        | 73.24%        | 73.40%        |
| Measurement Period                                                                                      | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |               |
| City's Proportion of 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          | 153.04%       | 174.15%       | 172.37%       | 182.01%       |               |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.92%        | 67.06%        | 68.35%        | 69.49%        |               |

**Notes to Schedule:**

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

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

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**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 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 <sup>1</sup> |                |                |                |
| City's Proportion of 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:**

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

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

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**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 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 <sup>1</sup> |               |               |               |
| City's Proportion of 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:**

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

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

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

| Measurement Period                                                                                      | June 30, 2022  | June 30, 2021  | June 30, 2020 | June 30, 2019  | June 30, 2018 <sup>1</sup> |
|---------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|----------------|----------------------------|
| City's Proportion of 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:**

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

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

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

| Measurement Period                                                                                      | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 <sup>1</sup> |
|---------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------------------|
| City's Proportion of 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  | -0.20%        | -0.20%        | -0.21%        | -3.77%        | 1.63%                      |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability | 110.44%       | 121.67%       | 98.82%        | 116.90%       | 89.24%                     |

**Notes to Schedule:**

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

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

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

| Measurement Period                                                                                   | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 <sup>1</sup> |
|------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------------------|
| City's Proportion of 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  | -0.07%        | -0.07%        | -0.07%        | -0.30%        | -0.01%                     |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability | 189.58%       | 242.50%       | 198.90%       | 205.30%       | 110.51%                    |

**Notes to Schedule:**

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

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

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

| Measurement Period                                                                                   | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 <sup>1</sup> |
|------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------------------|
| City's Proportion of 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  | -0.32%        | -0.33%        | -0.34%        | -0.34%        | -0.03%                     |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability | 189.58%       | 242.50%       | 198.90%       | 205.30%       | 110.51%                    |

**Notes to Schedule:**

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

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

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

| <b>Total Pension Liability</b>                                                 | <b>2021-22</b>       | <b>2020-21</b>        | <b>2019-20</b>       | <b>2018-19</b>       | <b>2017-18</b>       | <b>2016-17</b>       | <b>2015-16</b>       | <b>2014-15</b>       | <b>2013-14<sup>1</sup></b> |
|--------------------------------------------------------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------------|
| 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)                |
| <b>Net change in total pension liability</b>                                   | <b>737,079</b>       | <b>751,967</b>        | <b>1,334,144</b>     | <b>1,884,481</b>     | <b>681,784</b>       | <b>2,978,515</b>     | <b>289,725</b>       | <b>361,555</b>       | <b>2,984,211</b>           |
| <b>Total pension liability - beginning</b>                                     | <b>28,292,157</b>    | <b>27,540,190</b>     | <b>26,206,046</b>    | <b>24,321,565</b>    | <b>23,639,781</b>    | <b>20,661,266</b>    | <b>20,371,541</b>    | <b>20,009,986</b>    | <b>17,025,775</b>          |
| <b>Total pension liability - ending (a)</b>                                    | <b>\$ 29,029,236</b> | <b>\$ 28,292,157</b>  | <b>\$ 27,540,190</b> | <b>\$ 26,206,046</b> | <b>\$ 24,321,565</b> | <b>\$ 23,639,781</b> | <b>\$ 20,661,266</b> | <b>\$ 20,371,541</b> | <b>\$ 20,009,986</b>       |
| <br><b>Plan fiduciary net position</b>                                         |                      |                       |                      |                      |                      |                      |                      |                      |                            |
| 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)             | -                          |
| <b>Net change in plan fiduciary net position</b>                               | <b>(2,694,364)</b>   | <b>23,092,352</b>     | <b>212,864</b>       | <b>383,208</b>       | <b>212,060</b>       | <b>1,128,150</b>     | <b>(87,328)</b>      | <b>(111,501)</b>     | <b>410,246</b>             |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>31,246,749</b>    | <b>8,154,397</b>      | <b>7,941,533</b>     | <b>7,558,325</b>     | <b>7,346,265</b>     | <b>6,218,115</b>     | <b>6,305,443</b>     | <b>6,416,944</b>     | <b>6,006,698</b>           |
| <b>Plan fiduciary net position - ending (b)</b>                                | <b>\$ 28,552,385</b> | <b>\$ 31,246,749</b>  | <b>\$ 8,154,397</b>  | <b>\$ 7,941,533</b>  | <b>\$ 7,558,325</b>  | <b>\$ 7,346,265</b>  | <b>\$ 6,218,115</b>  | <b>\$ 6,305,443</b>  | <b>\$ 6,416,944</b>        |
| <br><b>Net pension liability (assets) - ending (a)-(b)</b>                     | <b>\$ 476,851</b>    | <b>\$ (2,954,592)</b> | <b>\$ 19,385,793</b> | <b>\$ 18,264,513</b> | <b>\$ 16,763,240</b> | <b>\$ 16,293,516</b> | <b>\$ 14,443,151</b> | <b>\$ 14,066,098</b> | <b>\$ 13,593,042</b>       |
| <br>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:**

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

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

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

| <b>Total Pension Liability</b>                                             | <b>2021-22</b>       | <b>2020-21</b>        | <b>2019-20</b>       | <b>2018-19</b>       | <b>2017-18</b>       | <b>2016-17</b>       | <b>2015-16</b>       | <b>2014-15</b>       | <b>2013-14<sup>1</sup></b> |
|----------------------------------------------------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------------|
| 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)                  |
| <b>Net change in total pension liability</b>                               | <b>473,255</b>       | <b>1,051,728</b>      | <b>793,184</b>       | <b>351,434</b>       | <b>321,568</b>       | <b>1,605,972</b>     | <b>439,585</b>       | <b>359,450</b>       | <b>2,591,253</b>           |
| <b>Total pension liability - beginning</b>                                 | <b>19,415,414</b>    | <b>18,363,686</b>     | <b>17,570,502</b>    | <b>17,219,068</b>    | <b>16,897,500</b>    | <b>15,291,528</b>    | <b>14,851,943</b>    | <b>14,492,493</b>    | <b>11,901,240</b>          |
| <b>Total pension liability - ending (a)</b>                                | <b>\$ 19,888,669</b> | <b>\$ 19,415,414</b>  | <b>\$ 18,363,686</b> | <b>\$ 17,570,502</b> | <b>\$ 17,219,068</b> | <b>\$ 16,897,500</b> | <b>\$ 15,291,528</b> | <b>\$ 14,851,943</b> | <b>\$ 14,492,493</b>       |
| <b>Plan fiduciary net position</b>                                         |                      |                       |                      |                      |                      |                      |                      |                      |                            |
| Contributions - employer                                                   | \$ 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                     |
| <b>Net change in plan fiduciary net position</b>                           | <b>(1,675,620)</b>   | <b>15,616,023</b>     | <b>53,456</b>        | <b>85,415</b>        | <b>488,126</b>       | <b>937,220</b>       | <b>239,587</b>       | <b>(74,745)</b>      | <b>334,616</b>             |
| <b>Plan fiduciary net position - beginning</b>                             | <b>21,087,898</b>    | <b>5,471,875</b>      | <b>5,418,419</b>     | <b>5,333,004</b>     | <b>4,844,878</b>     | <b>3,907,658</b>     | <b>3,668,071</b>     | <b>3,742,816</b>     | <b>3,408,200</b>           |
| <b>Plan fiduciary net position - ending (b)</b>                            | <b>\$ 19,412,278</b> | <b>\$ 21,087,898</b>  | <b>\$ 5,471,875</b>  | <b>\$ 5,418,419</b>  | <b>\$ 5,333,004</b>  | <b>\$ 4,844,878</b>  | <b>\$ 3,907,658</b>  | <b>\$ 3,668,071</b>  | <b>\$ 3,742,816</b>        |
| <b>Net pension liability (assets) - ending (a)-(b)</b>                     | <b>\$ 476,391</b>    | <b>\$ (1,672,484)</b> | <b>\$ 12,891,811</b> | <b>\$ 12,152,083</b> | <b>\$ 11,886,064</b> | <b>\$ 12,052,622</b> | <b>\$ 11,383,870</b> | <b>\$ 11,183,872</b> | <b>\$ 10,749,677</b>       |
| 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:**

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

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

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

| <b>Total OPEB Liability</b>                                             | <b>2021-22</b>      | <b>2020-21</b>      | <b>2019-20</b>      | <b>2018-19</b>      | <b>2017-18</b>      | <b>2016-17<sup>1</sup></b> |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|
| 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)                   |
| <b>Net change in total OPEB liability</b>                               | <b>7,010</b>        | <b>(9,583)</b>      | <b>(44,512)</b>     | <b>(36,490)</b>     | <b>(61,833)</b>     | <b>(10,007)</b>            |
| <b>Total OPEB liability - beginning</b>                                 | <b>375,518</b>      | <b>385,101</b>      | <b>429,613</b>      | <b>466,103</b>      | <b>527,936</b>      | <b>537,943</b>             |
| <b>Total OPEB liability - ending (a)</b>                                | <b>\$ 382,528</b>   | <b>\$ 375,518</b>   | <b>\$ 385,101</b>   | <b>\$ 429,613</b>   | <b>\$ 466,103</b>   | <b>\$ 527,936</b>          |
| <b>Plan fiduciary net position</b>                                      |                     |                     |                     |                     |                     |                            |
| Contributions - employer                                                | \$ -                | \$ -                | \$ -                | \$ 4,885            | \$ 1,883            | \$ -                       |
| Contributions - employee                                                | -                   | -                   | -                   | -                   | -                   | -                          |
| Investment income (net 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)                 | -                          |
| <b>Net change in plan fiduciary net position</b>                        | <b>(49,104)</b>     | <b>133,462</b>      | <b>(16,742)</b>     | <b>17,338</b>       | <b>12,706</b>       | <b>32,314</b>              |
| <b>Plan fiduciary net position - beginning</b>                          | <b>711,901</b>      | <b>578,439</b>      | <b>595,181</b>      | <b>577,843</b>      | <b>565,137</b>      | <b>532,823</b>             |
| <b>Plan fiduciary net position - ending (b)</b>                         | <b>\$ 662,797</b>   | <b>\$ 711,901</b>   | <b>\$ 578,439</b>   | <b>\$ 595,181</b>   | <b>\$ 577,843</b>   | <b>\$ 565,137</b>          |
| <b>Net OPEB asset - ending (a)-(b)</b>                                  | <b>\$ (280,269)</b> | <b>\$ (336,383)</b> | <b>\$ (193,338)</b> | <b>\$ (165,568)</b> | <b>\$ (111,740)</b> | <b>\$ (37,201)</b>         |
| 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:**

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

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

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

| <b>Total OPEB Liability</b>                                   | <b>2021-22</b>      | <b>2020-21</b>      | <b>2019-20</b>      | <b>2018-19</b>      | <b>2017-18</b>      | <b>2016-17<sup>1</sup></b> |
|---------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|
| 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)                   |
| <b>Net change in total OPEB liability</b>                     | <b>9,970</b>        | <b>(11,855)</b>     | <b>7,675</b>        | <b>(57,880)</b>     | <b>6,565</b>        | <b>(1,568)</b>             |
| <b>Total OPEB liability - beginning</b>                       | <b>228,588</b>      | <b>240,443</b>      | <b>232,768</b>      | <b>290,648</b>      | <b>284,083</b>      | <b>285,651</b>             |
| <b>Total OPEB liability - ending (a)</b>                      | <b>\$ 238,558</b>   | <b>\$ 228,588</b>   | <b>\$ 240,443</b>   | <b>\$ 232,768</b>   | <b>\$ 290,648</b>   | <b>\$ 284,083</b>          |
| <br><b>Plan fiduciary net position</b>                        |                     |                     |                     |                     |                     |                            |
| 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                 | -                   | -                          |
| <b>Net change in plan fiduciary net position</b>              | <b>(35,497)</b>     | <b>113,598</b>      | <b>(6,916)</b>      | <b>12,961</b>       | <b>18,654</b>       | <b>33,587</b>              |
| <b>Plan fiduciary net position - beginning</b>                | <b>576,750</b>      | <b>463,152</b>      | <b>470,068</b>      | <b>457,107</b>      | <b>438,453</b>      | <b>404,866</b>             |
| <b>Plan fiduciary net position - ending (b)</b>               | <b>\$ 541,253</b>   | <b>\$ 576,750</b>   | <b>\$ 463,152</b>   | <b>\$ 470,068</b>   | <b>\$ 457,107</b>   | <b>\$ 438,453</b>          |
| <br><b>Net OPEB liability - ending (a)-(b)</b>                | <b>\$ (302,695)</b> | <b>\$ (348,162)</b> | <b>\$ (222,709)</b> | <b>\$ (237,300)</b> | <b>\$ (166,459)</b> | <b>\$ (154,370)</b>        |

|                                                                         |              |              |              |              |              |              |
|-------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Plan fiduciary net position as a percentage of the total OPEB liability | 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:**

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

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

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

|                                                                        | <b>2022-23</b>   | <b>2021-22</b>   | <b>2020-21</b>   | <b>2019-20</b>   | <b>2018-19</b>             |
|------------------------------------------------------------------------|------------------|------------------|------------------|------------------|----------------------------|
| Statutorily required contribution                                      | \$ 655,626       | \$ 609,756       | \$ 597,938       | \$ 522,637       | \$ 476,805                 |
| Contributions in relation to the<br>statutorily required contributions | <u>(655,626)</u> | <u>(609,756)</u> | <u>(597,938)</u> | <u>(522,637)</u> | <u>(476,805)</u>           |
| <b>Contribution deficiency (excess)</b>                                | <b>\$ -</b>                |
| Covered payroll                                                        | \$ 4,958,280     | \$ 4,813,865     | \$ 4,673,655     | \$ 4,537,529     | \$ 4,320,109               |
| Contributions as a percentage<br>of covered payroll                    | 13.22%           | 12.67%           | 12.79%           | 11.52%           | 11.04%                     |
|                                                                        | <b>2017-18</b>   | <b>2016-17</b>   | <b>2015-16</b>   | <b>2014-15</b>   | <b>2013-14<sup>1</sup></b> |
| Statutorily required contribution                                      | \$ 485,199       | \$ 469,070       | \$ 449,208       | \$ 449,025       | \$ 476,481                 |
| Contributions in relation to the<br>statutorily required contributions | <u>(485,199)</u> | <u>(469,070)</u> | <u>(449,208)</u> | <u>(449,025)</u> | <u>(476,481)</u>           |
| <b>Contribution deficiency (excess)</b>                                | <b>\$ -</b>                |
| Covered payroll                                                        | \$ 4,486,032     | \$ 4,539,864     | \$ 4,074,323     | \$ 4,108,769     | \$ 4,015,976               |
| Contributions as a percentage<br>of covered payroll                    | 10.82%           | 10.33%           | 11.03%           | 10.93%           | 11.86%                     |

**Notes to Schedule**

Valuation date: 6/30/2021

<sup>1</sup> 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**

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

|                                                                        | <b>2022-23</b>  | <b>2021-22</b>             | <b>2020-21</b>  | <b>2019-20</b>  | <b>2018-19</b>  |
|------------------------------------------------------------------------|-----------------|----------------------------|-----------------|-----------------|-----------------|
| Statutorily required contribution                                      | \$ 6,050        | \$ 10,662                  | \$ 20,012       | \$ 22,234       | \$ 19,617       |
| Contributions in relation to the<br>statutorily required contributions | <u>(6,050)</u>  | <u>(10,662)</u>            | <u>(20,012)</u> | <u>(22,234)</u> | <u>(19,617)</u> |
| <b>Contribution deficiency (excess)</b>                                | <b>\$ -</b>     | <b>\$ -</b>                | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ -</b>     |
| Covered payroll                                                        | \$ 4,958,280    | \$ 4,813,865               | \$ 4,673,655    | \$ 4,537,529    | \$ 4,320,109    |
| Contributions as a percentage<br>of covered payroll                    | 0.12%           | 0.22%                      | 0.43%           | 0.49%           | 0.45%           |
|                                                                        | <b>2017-18</b>  | <b>2016-17<sup>1</sup></b> |                 |                 |                 |
| Statutorily required contribution                                      | \$ 18,976       | \$ 23,923                  |                 |                 |                 |
| Contributions in relation to the<br>statutorily required contributions | <u>(18,976)</u> | <u>(23,923)</u>            |                 |                 |                 |
| <b>Contribution deficiency (excess)</b>                                | <b>\$ -</b>     | <b>\$ -</b>                |                 |                 |                 |
| Covered payroll                                                        | \$ 4,486,032    | \$ 4,539,864               |                 |                 |                 |
| Contributions as a percentage<br>of covered payroll                    | 0.42%           | 0.53%                      |                 |                 |                 |

**Notes to Schedule**

Valuation date: 6/30/2021

<sup>1</sup> 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**

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

|                                                                        | <b>2022-23</b> | <b>2021-22</b>             | <b>2020-21</b> | <b>2019-20</b> | <b>2018-19</b> |
|------------------------------------------------------------------------|----------------|----------------------------|----------------|----------------|----------------|
| Statutorily required contribution                                      | \$ 7,701       | \$ 9,647                   | \$ 9,237       | \$ 7,762       | \$ 6,825       |
| Contributions in relation to the<br>statutorily required contributions | <u>(7,701)</u> | <u>(9,647)</u>             | <u>(9,237)</u> | <u>(7,762)</u> | <u>(6,825)</u> |
| <b>Contribution deficiency (excess)</b>                                | <b>\$ -</b>    | <b>\$ -</b>                | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ -</b>    |
| Covered payroll                                                        | \$ 4,958,280   | \$ 4,813,865               | \$ 4,673,655   | \$ 4,537,529   | \$ 4,320,109   |
| Contributions as a percentage<br>of covered payroll                    | 0.16%          | 0.20%                      | 0.20%          | 0.17%          | 0.16%          |
|                                                                        | <b>2017-18</b> | <b>2016-17<sup>1</sup></b> |                |                |                |
| Statutorily required contribution                                      | \$ 7,071       | \$ 6,040                   |                |                |                |
| Contributions in relation to the<br>statutorily required contributions | <u>(7,071)</u> | <u>(6,040)</u>             |                |                |                |
| <b>Contribution deficiency (excess)</b>                                | <b>\$ -</b>    | <b>\$ -</b>                |                |                |                |
| Covered payroll                                                        | \$ 4,486,032   | \$ 4,539,864               |                |                |                |
| Contributions as a percentage<br>of covered payroll                    | 0.16%          | 0.13%                      |                |                |                |

**Notes to Schedule**

Valuation date: 6/30/2021

<sup>1</sup> 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**

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

|                                                                       | <b>2022-23</b> | <b>2021-22</b> | <b>2020-21</b> | <b>2019-20</b> | <b>2018-19</b> |
|-----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| 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)    |
| <b>Contribution deficiency (excess)</b>                               | <b>\$ -</b>    |
| 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%         |
|                                                                       | <b>2017-18</b> | <b>2016-17</b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| 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)      |
| <b>Contribution deficiency (excess)</b>                               | <b>\$ -</b>    |
| 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**

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

|                                                                       | <b>2022-23</b> | <b>2021-22</b> | <b>2020-21</b> | <b>2019-20</b> | <b>2018-19</b> |
|-----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| 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)    |
| <b>Contribution deficiency (excess)</b>                               | <b>\$ -</b>    |
| 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%         |
|                                                                       | <b>2017-18</b> | <b>2016-17</b> | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> |
| 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)      |
| <b>Contribution deficiency (excess)</b>                               | <b>\$ -</b>    |
| 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**

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

|                                                                       | <b>2022-23</b> | <b>2021-22</b> | <b>2020-21</b>             | <b>2019-20</b> | <b>2018-19</b> |
|-----------------------------------------------------------------------|----------------|----------------|----------------------------|----------------|----------------|
| Actuarially determined contribution                                   | \$ -           | \$ 3,921       | \$ -                       | \$ -           | \$ 4,885       |
| Contributions in relation to the actuarially determined contributions | \$ -           | (3,921)        | \$ -                       | \$ -           | (4,885)        |
| <b>Contribution deficiency (excess)</b>                               | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ -</b>                | <b>\$ -</b>    | <b>\$ -</b>    |
| 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%          |
|                                                                       |                | <b>2017-18</b> | <b>2016-17<sup>1</sup></b> |                |                |
| Actuarially determined contribution                                   | \$ 1,883       | \$ -           |                            |                |                |
| Contributions in relation to the actuarially determined contributions | (1,883)        | \$ -           |                            |                |                |
| <b>Contribution deficiency (excess)</b>                               | <b>\$ -</b>    | <b>\$ -</b>    |                            |                |                |
| 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**

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

|                                                                          | <b>2022-23</b>     | <b>2021-22</b>             | <b>2020-21</b>     | <b>2019-20</b>     | <b>2018-19</b>     |
|--------------------------------------------------------------------------|--------------------|----------------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution                                      | \$ 3,095           | \$ 3,323                   | \$ -               | \$ -               | \$ -               |
| Contributions in relation to the<br>actuarially determined contributions | <u>(3,095)</u>     | <u>(3,323)</u>             | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| <b>Contribution deficiency (excess)</b>                                  | <b><u>\$ -</u></b> | <b><u>\$ -</u></b>         | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> |
| Covered payroll                                                          | \$ 1,588,232       | \$ 1,541,973               | \$ 1,497,061       | \$ 1,453,457       | \$ 1,375,420       |
| Contributions as a percentage<br>of covered payroll                      | 0.01%              | 0.22%                      | 0.00%              | 0.00%              | 0.00%              |
|                                                                          | <b>2017-18</b>     | <b>2016-17<sup>1</sup></b> |                    |                    |                    |
| Actuarially determined contribution                                      | \$ (415)           | \$ -                       |                    |                    |                    |
| Contributions in relation to the<br>actuarially determined contributions | <u>415</u>         | <u>-</u>                   |                    |                    |                    |
| <b>Contribution deficiency (excess)</b>                                  | <b><u>\$ -</u></b> | <b><u>\$ -</u></b>         |                    |                    |                    |
| Covered payroll                                                          | \$ 1,505,231       | \$ 1,580,918               |                    |                    |                    |
| Contributions as a percentage<br>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**

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

|                                         | <b>2022-23</b>                    | <b>2021-22</b>     | <b>2020-21</b>     | <b>2019-20</b>     | <b>2018-19</b>     |
|-----------------------------------------|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| 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>     |
| <b>Contribution deficiency (excess)</b> | <u><u>\$ -</u></u>                | <u><u>\$ -</u></u> | <u><u>\$ -</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%              |
|                                         | <b><u>2017-18<sup>1</sup></u></b> |                    |                    |                    |                    |
| Statutorily required contribution       | \$ 999                            |                    |                    |                    |                    |
| Contributions in relation to            |                                   |                    |                    |                    |                    |
| the statutorily required contributions  | <u>(999)</u>                      |                    |                    |                    |                    |
| <b>Contribution deficiency (excess)</b> | <u><u>\$ -</u></u>                |                    |                    |                    |                    |
| Covered payroll                         | \$ 41,792                         |                    |                    |                    |                    |
| Contributions as a percentage           |                                   |                    |                    |                    |                    |
| of covered payroll                      | 2.39%                             |                    |                    |                    |                    |

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

**Notes to Schedule**

Valuation date: 6/30/2022

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

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

|                                         | <b>2022-23</b>                    | <b>2021-22</b>     | <b>2020-21</b>     | <b>2019-20</b>     | <b>2018-19</b>     |
|-----------------------------------------|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Statutorily required contribution       | \$ 32,661                         | \$ 55,644          | \$ 51,190          | \$ 39,082          | \$ 27,287          |
| Contributions in relation to            |                                   |                    |                    |                    |                    |
| the statutorily required contributions  | <u>(32,661)</u>                   | <u>(55,644)</u>    | <u>(51,190)</u>    | <u>(39,082)</u>    | <u>(27,287)</u>    |
| <b>Contribution deficiency (excess)</b> | <u><u>\$ -</u></u>                | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| 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%              |
|                                         | <b><u>2017-18<sup>1</sup></u></b> |                    |                    |                    |                    |
| Statutorily required contribution       | \$ 15,439                         |                    |                    |                    |                    |
| Contributions in relation to            |                                   |                    |                    |                    |                    |
| the statutorily required contributions  | <u>(15,439)</u>                   |                    |                    |                    |                    |
| <b>Contribution deficiency (excess)</b> | <u><u>\$ -</u></u>                |                    |                    |                    |                    |
| Covered payroll                         | \$ 236,240                        |                    |                    |                    |                    |
| Contributions as a percentage           |                                   |                    |                    |                    |                    |
| of covered payroll                      | 6.54%                             |                    |                    |                    |                    |

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

**Notes to Schedule**

Valuation date: 6/30/2022

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

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

|                                                                        | <b>2022-23</b> | <b>2021-22</b>             | <b>2020-21</b> | <b>2019-20</b> | <b>2018-19</b> | <b>2017-18<sup>1</sup></b> |
|------------------------------------------------------------------------|----------------|----------------------------|----------------|----------------|----------------|----------------------------|
| Statutorily required contribution                                      | \$ -           | \$ 530                     | \$ 3,311       | \$ 331         | \$ 206         | \$ 100                     |
| Contributions in relation to<br>the statutorily required contributions | - -            | (530)                      | (3,311)        | (331)          | (206)          | (100)                      |
| <b>Contribution deficiency (excess)</b>                                | <b>\$ -</b>    | <b>\$ -</b>                | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ -</b>                |
| Covered payroll                                                        | \$ 172,303     | \$ 167,285                 | \$ 162,412     | \$ 157,682     | \$ 88,593      | \$ 100,345                 |
| Contributions as a percentage<br>of covered payroll                    |                | 0.00%                      | 0.32%          | 2.04%          | 0.21%          | 0.23%                      |
|                                                                        |                |                            |                |                |                | 0.10%                      |
|                                                                        |                | <b>2017-18<sup>1</sup></b> |                |                |                |                            |
| Statutorily required contribution                                      | \$ 27          |                            |                |                |                |                            |
| Contributions in relation to<br>the statutorily required contributions | (27)           |                            |                |                |                |                            |
| <b>Contribution deficiency (excess)</b>                                | <b>\$ -</b>    |                            |                |                |                |                            |
| Covered payroll                                                        | \$ 41,792      |                            |                |                |                |                            |
| Contributions as a percentage<br>of covered payroll                    |                | 0.06%                      |                |                |                |                            |

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

**Notes to Schedule**

Valuation date: 6/30/2022

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

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

|                                         | <b>2022-23</b>                    | <b>2021-22</b>     | <b>2020-21</b>     | <b>2019-20</b>     | <b>2018-19</b>     |
|-----------------------------------------|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Statutorily required contribution       | \$ 425                            | \$ 788             | \$ 778             | \$ 843             | \$ 734             |
| Contributions in relation to            |                                   |                    |                    |                    |                    |
| the statutorily required contributions  | <u>(425)</u>                      | <u>(788)</u>       | <u>(778)</u>       | <u>(843)</u>       | <u>(734)</u>       |
| <b>Contribution deficiency (excess)</b> | <u><u>\$ -</u></u>                | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| 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%              |
|                                         | <b><u>2017-18<sup>1</sup></u></b> |                    |                    |                    |                    |
| Statutorily required contribution       | \$ 415                            |                    |                    |                    |                    |
| Contributions in relation to            |                                   |                    |                    |                    |                    |
| the statutorily required contributions  | <u>(415)</u>                      |                    |                    |                    |                    |
| <b>Contribution deficiency (excess)</b> | <u><u>\$ -</u></u>                |                    |                    |                    |                    |
| Covered payroll                         | \$ 236,240                        |                    |                    |                    |                    |
| Contributions as a percentage           |                                   |                    |                    |                    |                    |
| of covered payroll                      | 0.18%                             |                    |                    |                    |                    |

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

**Notes to Schedule**

Valuation date: 6/30/2022

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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**

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|                                            | Special Revenue Fund |                   |                       |                   |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                            | HURF<br>Fund         | Grants<br>Fund    | Police Grants<br>Fund | LTAF<br>Fund      |
| <b>ASSETS</b>                              |                      |                   |                       |                   |
| 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            | -                    | -                 | -                     | -                 |
| <b>Total assets</b>                        | <b>\$ 1,522,387</b>  | <b>\$ 656,000</b> | <b>\$ 123,763</b>     | <b>\$ 285,151</b> |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>   |                      |                   |                       |                   |
| <b>Liabilities:</b>                        |                      |                   |                       |                   |
| Accounts payable                           | \$ 60,979            | \$ 9,554          | \$ -                  | \$ 23,940         |
| Accrued wages and benefits                 | 13,554               | -                 | -                     | 18,977            |
| Deposits payable                           | -                    | -                 | -                     | -                 |
| Unearned revenue                           | -                    | -                 | -                     | -                 |
| Advances to other funds                    | -                    | -                 | -                     | -                 |
| <b>Total liabilities</b>                   | <b>74,533</b>        | <b>9,554</b>      | <b>-</b>              | <b>42,917</b>     |
| <b>Deferred Inflows of Resources:</b>      |                      |                   |                       |                   |
| Unavailable revenue                        | -                    | 1,731             | -                     | -                 |
| <b>Total deferred inflows of resources</b> | <b>-</b>             | <b>1,731</b>      | <b>-</b>              | <b>-</b>          |
| <b>Fund Balances:</b>                      |                      |                   |                       |                   |
| Restricted                                 | 1,447,854            | 644,715           | 123,763               | 242,234           |
| Committed                                  | -                    | -                 | -                     | -                 |
| <b>Total fund balances</b>                 | <b>1,447,854</b>     | <b>644,715</b>    | <b>123,763</b>        | <b>242,234</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 1,522,387</b>  | <b>\$ 656,000</b> | <b>\$ 123,763</b>     | <b>\$ 285,151</b> |

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

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

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

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|                                               | Special Revenue Fund |                   |                       |                   |
|-----------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                               | HURF<br>Fund         | Grants<br>Fund    | Police Grants<br>Fund | LTAF<br>Fund      |
| <b>REVENUES:</b>                              |                      |                   |                       |                   |
| 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             |
| <b>Total revenues</b>                         | <b>1,575,728</b>     | <b>625,393</b>    | <b>3,139</b>          | <b>868,733</b>    |
| <b>EXPENDITURES:</b>                          |                      |                   |                       |                   |
| 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            |
| <b>Total expenditures</b>                     | <b>1,372,744</b>     | <b>607,694</b>    | <b>3,537</b>          | <b>996,451</b>    |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>202,984</b>       | <b>17,699</b>     | <b>(398)</b>          | <b>(127,718)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                      |                   |                       |                   |
| Transfers in                                  | -                    | 170,975           | -                     | 2,028             |
| Transfers out                                 | (101,018)            | -                 | -                     | -                 |
| <b>Total other financing sources (uses)</b>   | <b>(101,018)</b>     | <b>170,975</b>    | <b>-</b>              | <b>2,028</b>      |
| <b>Net changes in fund balances</b>           | <b>101,966</b>       | <b>188,674</b>    | <b>(398)</b>          | <b>(125,690)</b>  |
| <b>FUND BALANCES:</b>                         |                      |                   |                       |                   |
| Beginning of year                             | 1,345,888            | 456,041           | 124,161               | 367,924           |
| End of year                                   | <b>\$ 1,447,854</b>  | <b>\$ 644,715</b> | <b>\$ 123,763</b>     | <b>\$ 242,234</b> |

**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**

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|                                             | Special Revenue Fund |                     |                            | Total Non-major Governmental Funds |  |
|---------------------------------------------|----------------------|---------------------|----------------------------|------------------------------------|--|
|                                             | Golf Course MPC Fund | Public Housing Fund | City Capital Projects Fund |                                    |  |
| <b>REVENUES:</b>                            |                      |                     |                            |                                    |  |
| 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                            |  |
| <b>Total revenues</b>                       | <b>250,680</b>       | <b>477,923</b>      | <b>237,513</b>             | <b>4,039,109</b>                   |  |
| <b>EXPENDITURES:</b>                        |                      |                     |                            |                                    |  |
| 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                          |  |
| <b>Total expenditures</b>                   | <b>325,688</b>       | <b>798,175</b>      | <b>1,923,499</b>           | <b>6,027,788</b>                   |  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(75,008)</b>      | <b>(320,252)</b>    | <b>(1,685,986)</b>         | <b>(1,988,679)</b>                 |  |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                      |                     |                            |                                    |  |
| Transfers in                                | -                    | 52,134              | 1,903,006                  | 2,128,143                          |  |
| Transfers out                               | -                    | -                   | -                          | (101,018)                          |  |
| <b>Total other financing sources (uses)</b> | <b>-</b>             | <b>52,134</b>       | <b>1,903,006</b>           | <b>2,027,125</b>                   |  |
| <b>Net changes in fund balances</b>         | <b>(75,008)</b>      | <b>(268,118)</b>    | <b>217,020</b>             | <b>38,446</b>                      |  |
| <b>FUND BALANCES:</b>                       |                      |                     |                            |                                    |  |
| 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**

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

**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**

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

**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**

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

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

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

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

|                                              | <b>Budgeted Amounts</b> |                  | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget</b> |
|----------------------------------------------|-------------------------|------------------|---------------------------|---------------------------------------|
|                                              | <b>Original</b>         | <b>Final</b>     |                           |                                       |
| <b>REVENUES:</b>                             |                         |                  |                           |                                       |
| 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)                              |
| <b>Total revenues</b>                        | <b>1,210,690</b>        | <b>1,210,690</b> | <b>868,733</b>            | <b>(341,957)</b>                      |
| <b>EXPENDITURES:</b>                         |                         |                  |                           |                                       |
| Current:                                     |                         |                  |                           |                                       |
| Transportation                               | 914,752                 | 914,752          | 934,090                   | (19,338)                              |
| Capital outlay                               | 295,935                 | 295,935          | 62,361                    | 233,574                               |
| <b>Total expenditures</b>                    | <b>1,210,687</b>        | <b>1,210,687</b> | <b>996,451</b>            | <b>214,236</b>                        |
| <b>REVENUE OVER<br/>(UNDER) EXPENDITURES</b> | <b>3</b>                | <b>3</b>         | <b>(127,718)</b>          | <b>(127,721)</b>                      |
| <b>OTHER FINANCING SOURCES (USES):</b>       |                         |                  |                           |                                       |
| Transfers in                                 | -                       | -                | 2,028                     | 2,028                                 |
| <b>Total other financing sources (uses)</b>  | <b>-</b>                | <b>-</b>         | <b>2,028</b>              | <b>2,028</b>                          |
| <b>Net change in fund balances</b>           | <b>\$ 3</b>             | <b>\$ 3</b>      | <b>(125,690)</b>          | <b>\$ (125,693)</b>                   |
| <b>FUND BALANCE:</b>                         |                         |                  |                           |                                       |
| Beginning of year                            |                         |                  | 367,924                   |                                       |
| End of year                                  |                         |                  | <b>\$ 242,234</b>         |                                       |

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

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

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**

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

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

|                                             | <b>Fiscal Year</b>          |                             |                              |                              |                              |
|---------------------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
|                                             | <b>2023</b>                 | <b>2022</b>                 | <b>2021</b>                  | <b>2020</b>                  | <b>2019</b>                  |
| <b>Governmental activities</b>              |                             |                             |                              |                              |                              |
| 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)                      | <u>(17,288,182)</u>         | <u>(23,484,892)</u>         | <u>(27,208,889)</u>          | <u>(24,538,145)</u>          | <u>(25,161,686)</u>          |
| Total governmental activities net position  | <u><u>\$ 8,791,056</u></u>  | <u><u>\$ 1,498,815</u></u>  | <u><u>\$ (1,776,170)</u></u> | <u><u>\$ (4,138,649)</u></u> | <u><u>\$ (4,508,035)</u></u> |
| <b>Business-type activities</b>             |                             |                             |                              |                              |                              |
| 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                                | <u>8,338,228</u>            | <u>7,976,999</u>            | <u>7,825,242</u>             | <u>6,241,651</u>             | <u>5,418,265</u>             |
| Total business-type activities net position | <u><u>\$ 39,087,636</u></u> | <u><u>\$ 39,363,496</u></u> | <u><u>\$ 39,791,531</u></u>  | <u><u>\$ 35,331,182</u></u>  | <u><u>\$ 31,503,597</u></u>  |
| <b>Primary government</b>                   |                             |                             |                              |                              |                              |
| 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)                      | <u>(8,949,954)</u>          | <u>(15,507,893)</u>         | <u>(19,383,647)</u>          | <u>(18,296,494)</u>          | <u>(19,743,421)</u>          |
| Total primary government net position       | <u><u>\$ 47,878,692</u></u> | <u><u>\$ 40,862,311</u></u> | <u><u>\$ 38,015,361</u></u>  | <u><u>\$ 31,192,533</u></u>  | <u><u>\$ 26,995,562</u></u>  |

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

|                                             | <b>Fiscal Year</b>           |                              |                              |                              |                             |
|---------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|
|                                             | <b>2018</b>                  | <b>2017</b>                  | <b>2016</b>                  | <b>2015</b>                  | <b>2014</b>                 |
| <b>Governmental activities</b>              |                              |                              |                              |                              |                             |
| 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                                | <u>(23,079,733)</u>          | <u>(21,402,039)</u>          | <u>(20,445,957)</u>          | <u>(20,445,957)</u>          | <u>5,512,891</u>            |
| Total governmental activities net position  | <u><u>\$ (4,718,239)</u></u> | <u><u>\$ (2,909,216)</u></u> | <u><u>\$ (4,153,860)</u></u> | <u><u>\$ (4,153,860)</u></u> | <u><u>\$ 20,030,006</u></u> |
| <b>Business-type activities</b>             |                              |                              |                              |                              |                             |
| 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                                | <u>6,195,530</u>             | <u>5,712,000</u>             | <u>3,157,152</u>             | <u>3,157,152</u>             | <u>4,508,051</u>            |
| Total business-type activities net position | <u><u>\$ 24,868,891</u></u>  | <u><u>\$ 22,076,268</u></u>  | <u><u>\$ 20,141,383</u></u>  | <u><u>\$ 20,141,383</u></u>  | <u><u>\$ 21,567,862</u></u> |
| <b>Primary government</b>                   |                              |                              |                              |                              |                             |
| 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                                | <u>(16,884,203)</u>          | <u>(15,690,039)</u>          | <u>(17,288,805)</u>          | <u>(17,288,805)</u>          | <u>10,020,942</u>           |
| Total primary government net position       | <u><u>\$ 20,150,652</u></u>  | <u><u>\$ 19,167,052</u></u>  | <u><u>\$ 15,987,523</u></u>  | <u><u>\$ 15,987,523</u></u>  | <u><u>\$ 41,597,868</u></u> |

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

|                                                  | <b>Fiscal Year</b>          |                             |                             |                             |                             |
|--------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                  | <b>2023</b>                 | <b>2022</b>                 | <b>2021</b>                 | <b>2020</b>                 | <b>2019</b>                 |
| <b>Expenses</b>                                  |                             |                             |                             |                             |                             |
| 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>            |
| <b>Total primary government expenses</b>         | <b><u>\$ 28,784,801</u></b> | <b><u>\$ 27,292,470</u></b> | <b><u>\$ 28,099,322</u></b> | <b><u>\$ 25,361,362</u></b> | <b><u>\$ 23,402,666</u></b> |
| <b>Program Revenues</b>                          |                             |                             |                             |                             |                             |
| 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>           |
| <b>Total primary government program revenues</b> | <b><u>\$ 16,082,290</u></b> | <b><u>\$ 13,685,070</u></b> | <b><u>\$ 19,295,039</u></b> | <b><u>\$ 15,691,993</u></b> | <b><u>\$ 18,675,955</u></b> |
| <b>Net (Expenses)/Revenue</b>                    |                             |                             |                             |                             |                             |
| 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>\$ (12,702,511)</u>      | <u>\$ (13,607,400)</u>      | <u>\$ (8,804,283)</u>       | <u>\$ (9,669,369)</u>       | <u>\$ (4,726,711)</u>       |

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

|                                                  | <b>Fiscal Year</b>          |                             |                             |                             |                             |
|--------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                  | <b>2018</b>                 | <b>2017</b>                 | <b>2016</b>                 | <b>2015</b>                 | <b>2014</b>                 |
| <b>Expenses</b>                                  |                             |                             |                             |                             |                             |
| 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>            |
| <b>Total primary government expenses</b>         | <b><u>\$ 24,854,871</u></b> | <b><u>\$ 24,237,413</u></b> | <b><u>\$ 23,148,286</u></b> | <b><u>\$ 22,998,271</u></b> | <b><u>\$ 22,840,332</u></b> |
| <b>Program Revenues</b>                          |                             |                             |                             |                             |                             |
| 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>            |
| <b>Total primary government program revenues</b> | <b><u>\$ 14,939,822</u></b> | <b><u>\$ 13,107,337</u></b> | <b><u>\$ 15,664,864</u></b> | <b><u>\$ 12,133,663</u></b> | <b><u>\$ 12,424,546</u></b> |
| <b>Net (Expense) Revenue</b>                     |                             |                             |                             |                             |                             |
| 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>\$ (9,915,049)</u>       | <u>\$ (11,130,076)</u>      | <u>\$ (7,483,422)</u>       | <u>\$ (10,864,608)</u>      | <u>\$ (10,415,786)</u>      |

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

|                                       | <b>Fiscal Year</b>          |                             |                             |                             |                             |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                       | <b>2023</b>                 | <b>2022</b>                 | <b>2021</b>                 | <b>2020</b>                 | <b>2019</b>                 |
| <b>General Revenue and</b>            |                             |                             |                             |                             |                             |
| <b>Other Changes in Net Position</b>  |                             |                             |                             |                             |                             |
| 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         | <u>19,647,206</u>           | <u>16,357,199</u>           | <u>15,740,189</u>           | <u>13,885,417</u>           | <u>11,605,935</u>           |
| 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        | <u>71,686</u>               | <u>97,151</u>               | <u>(116,243)</u>            | <u>(19,077)</u>             | <u>(34,314)</u>             |
| Total primary government              | <u><u>\$ 19,718,892</u></u> | <u><u>\$ 16,454,350</u></u> | <u><u>\$ 15,623,946</u></u> | <u><u>\$ 13,866,340</u></u> | <u><u>\$ 11,571,621</u></u> |
| <b>Change in Net Position</b>         |                             |                             |                             |                             |                             |
| 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              | <u><u>\$ 7,016,381</u></u>  | <u><u>\$ 2,846,950</u></u>  | <u><u>\$ 6,819,663</u></u>  | <u><u>\$ 4,196,971</u></u>  | <u><u>\$ 1,902,252</u></u>  |

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

|                                       | <b>Fiscal Year</b>   |                      |                      |                      |                       |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
|                                       | <b>2018</b>          | <b>2016</b>          | <b>2016</b>          | <b>2015</b>          | <b>2014</b>           |
| <b>General Revenue and</b>            |                      |                      |                      |                      |                       |
| <b>Other Changes in Net Position</b>  |                      |                      |                      |                      |                       |
| 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         | <u>11,012,480</u>    | <u>11,323,950</u>    | <u>11,323,950</u>    | <u>11,568,136</u>    | <u>5,952,278</u>      |
| 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        | <u>(113,831)</u>     | <u>(212,313)</u>     | <u>(212,313)</u>     | <u>(227,084)</u>     | <u>(247,066)</u>      |
| Total primary government              | <u>\$ 10,898,649</u> | <u>\$ 11,111,637</u> | <u>\$ 11,111,637</u> | <u>\$ 11,341,052</u> | <u>\$ 5,705,212</u>   |
| <b>Change in Net Position</b>         |                      |                      |                      |                      |                       |
| 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              | <u>\$ 6,171,938</u>  | <u>\$ (18,439)</u>   | <u>\$ (18,439)</u>   | <u>\$ 3,857,630</u>  | <u>\$ (5,159,396)</u> |

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

|                                           | <b>Fiscal Year</b>   |                      |                      |                     |                     |
|-------------------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
|                                           | <b>2023</b>          | <b>2022</b>          | <b>2021</b>          | <b>2020</b>         | <b>2019</b>         |
| <b>General Fund</b>                       |                      |                      |                      |                     |                     |
| 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           |
| <b>Total general fund</b>                 | <b>\$ 22,772,849</b> | <b>\$ 16,906,103</b> | <b>\$ 13,972,534</b> | <b>\$ 7,167,453</b> | <b>\$ 5,629,113</b> |
| <b>All Other Governmental Funds</b>       |                      |                      |                      |                     |                     |
| 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)            |
| <b>Total all other governmental funds</b> | <b>\$ 2,826,498</b>  | <b>\$ 2,786,812</b>  | <b>\$ 2,639,861</b>  | <b>\$ 2,450,735</b> | <b>\$ 2,262,257</b> |

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

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|                                           | <b>Fiscal Year</b>         |                            |                            |                            |                            |
|-------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                           | <b>2018</b>                | <b>2017</b>                | <b>2016</b>                | <b>2015</b>                | <b>2014</b>                |
| <b>General Fund</b>                       |                            |                            |                            |                            |                            |
| Nonspendable                              | \$ 951,828                 | \$ 858,288                 | \$ 734,543                 | \$ 723,641                 | \$ 720,416                 |
| Restricted                                | 159,571                    | 158,488                    | 157,580                    | 156,889                    | -                          |
| Committed                                 | -                          | -                          | -                          | -                          | -                          |
| Assigned                                  | -                          | -                          | -                          | -                          | -                          |
| Unassigned                                | <u>5,678,698</u>           | <u>5,680,849</u>           | <u>6,512,749</u>           | <u>5,613,427</u>           | <u>4,790,887</u>           |
| <b>Total general fund</b>                 | <b><u>\$ 6,790,097</u></b> | <b><u>\$ 6,697,625</u></b> | <b><u>\$ 7,404,872</u></b> | <b><u>\$ 6,493,957</u></b> | <b><u>\$ 5,511,303</u></b> |
| <b>All Other Governmental Funds</b>       |                            |                            |                            |                            |                            |
| 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)                      | <u>(18,010)</u>            | <u>(14,568)</u>            | <u>-</u>                   | <u>-</u>                   | <u>-</u>                   |
| <b>Total all other governmental funds</b> | <b><u>\$ 3,242,669</u></b> | <b><u>\$ 2,385,178</u></b> | <b><u>\$ 2,594,826</u></b> | <b><u>\$ 2,219,108</u></b> | <b><u>\$ 2,571,725</u></b> |

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

|                                                         | <b>Fiscal Year</b>  |                     |                     |                     |                       |
|---------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
|                                                         | <b>2023</b>         | <b>2022</b>         | <b>2021</b>         | <b>2020</b>         | <b>2019</b>           |
| <b>Revenues:</b>                                        |                     |                     |                     |                     |                       |
| 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               |
| <b>Total revenues</b>                                   | <b>29,866,780</b>   | <b>24,288,275</b>   | <b>24,871,554</b>   | <b>21,292,250</b>   | <b>18,882,315</b>     |
| <b>Expenditures:</b>                                    |                     |                     |                     |                     |                       |
| 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               |
| <b>Total expenditures</b>                               | <b>24,177,959</b>   | <b>21,416,825</b>   | <b>57,103,720</b>   | <b>20,478,263</b>   | <b>22,286,638</b>     |
| <b>Excess of revenues over (under) expenditures</b>     | <b>5,688,821</b>    | <b>2,871,450</b>    | <b>(32,232,166)</b> | <b>813,987</b>      | <b>(3,404,323)</b>    |
| <b>Other Financing Sources (Uses)</b>                   |                     |                     |                     |                     |                       |
| 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               |
| <b>Total other financing sources (uses)</b>             | <b>217,611</b>      | <b>209,070</b>      | <b>39,226,373</b>   | <b>912,831</b>      | <b>1,262,927</b>      |
| <b>Net change in fund balances</b>                      | <b>\$ 5,906,432</b> | <b>\$ 3,080,520</b> | <b>\$ 6,994,207</b> | <b>\$ 1,726,818</b> | <b>\$ (2,141,396)</b> |
| 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)**

|                                                         | <b>Fiscal Year</b> |                     |                     |                   |                     |
|---------------------------------------------------------|--------------------|---------------------|---------------------|-------------------|---------------------|
|                                                         | <b>2018</b>        | <b>2017</b>         | <b>2016</b>         | <b>2015</b>       | <b>2014</b>         |
| <b>Revenues:</b>                                        |                    |                     |                     |                   |                     |
| 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             |
| <b>Total revenues</b>                                   | <b>18,181,188</b>  | <b>18,393,420</b>   | <b>18,382,336</b>   | <b>17,981,986</b> | <b>18,263,343</b>   |
| <b>Expenditures:</b>                                    |                    |                     |                     |                   |                     |
| 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             |
| <b>Total expenditures</b>                               | <b>18,810,607</b>  | <b>19,536,928</b>   | <b>17,622,603</b>   | <b>17,617,745</b> | <b>18,734,182</b>   |
| <b>Excess of revenues over (under) expenditures</b>     | <b>(629,419)</b>   | <b>(1,143,508)</b>  | <b>759,733</b>      | <b>364,241</b>    | <b>(470,839)</b>    |
| <b>Other Financing Sources (Uses)</b>                   |                    |                     |                     |                   |                     |
| 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             |
| <b>Total other financing sources (uses)</b>             | <b>1,579,382</b>   | <b>443,162</b>      | <b>526,900</b>      | <b>265,796</b>    | <b>2,207,705</b>    |
| <b>Net change in fund balances</b>                      | <b>\$ 949,963</b>  | <b>\$ (700,346)</b> | <b>\$ 1,286,633</b> | <b>\$ 630,037</b> | <b>\$ 1,736,866</b> |
| 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)**

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| <b>Fiscal Year</b> |    | <b>Sales<br/>Taxes</b> |    | <b>Property<br/>Taxes</b> |  | <b>Franchise<br/>Taxes</b> |    | <b>Total</b> |
|--------------------|----|------------------------|----|---------------------------|--|----------------------------|----|--------------|
| 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**

|                                | <b>Fiscal Year</b>           |                              |                              |                              |                              |
|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                | <b>2023</b>                  | <b>2022</b>                  | <b>2021</b>                  | <b>2020</b>                  | <b>2019</b>                  |
| 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                          | <u>177,715</u>               | <u>114,162</u>               | <u>145,684</u>               | <u>113,383</u>               | <u>184,000</u>               |
| <b>Total</b>                   | <b><u>\$ 284,341,675</u></b> | <b><u>\$ 266,384,537</u></b> | <b><u>\$ 235,779,616</u></b> | <b><u>\$ 196,012,810</u></b> | <b><u>\$ 186,537,428</u></b> |
| <b>City sales tax rate</b>     | <b>3.80%</b>                 | <b>3.80%</b>                 | <b>3.80%</b>                 | <b>3.80%</b>                 | <b>2.80%</b>                 |

Source:

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

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

|                                | <b>Fiscal Year</b>    |                       |                       |                       |                       |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                | <b>2018</b>           | <b>2017</b>           | <b>2016</b>           | <b>2015</b>           | <b>2014</b>           |
| 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               |
| <b>Total</b>                   | <b>\$ 188,040,062</b> | <b>\$ 177,812,793</b> | <b>\$ 189,761,791</b> | <b>\$ 200,314,810</b> | <b>\$ 195,198,232</b> |
| <b>City sales tax rate</b>     | <b>2.80%</b>          | <b>2.80%</b>          | <b>2.80%</b>          | <b>2.80%</b>          | <b>2.80%</b>          |

City of Douglas  
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)**

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| Fiscal Year | City of Douglas | Cochise County | Rate Total |
|-------------|-----------------|----------------|------------|
| 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)**

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| Fiscal<br>Year | Assessed Value      |       |                     |       |                                      |                              |                     |                            | Assessed Value<br>as a Percentage<br>of<br>Actual Value |  |
|----------------|---------------------|-------|---------------------|-------|--------------------------------------|------------------------------|---------------------|----------------------------|---------------------------------------------------------|--|
|                | Personal            |       |                     |       |                                      |                              |                     |                            |                                                         |  |
|                | Real Property       |       | Property            |       | Total                                |                              | Estimated           |                            |                                                         |  |
|                | Assessed/<br>Market | Value | Assessed/<br>Market | Value | Less: Tax<br>Exempt Real<br>Property | Taxable<br>Assessed<br>Value | Total<br>Direct Tax | Actual<br>Taxable<br>Value |                                                         |  |
| Year           | Market<br>Value     |       | Market<br>Value     |       | Property                             | Value                        | Rate                | 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 |        |            |
|-------------|-----------------|----------------|-------------------|----------------------------------------|-------------------|-----------------|--------|------------|
|             | City of Douglas | Cochise County | Community College | Cochise County Unified School District | Total Direct Rate | School District | County | Rate Total |
| 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<br>Assessed Value   | Rank | Percentage of<br>Total City<br>Taxable Assessed<br>Value | Taxable<br>Assessed Value  | Rank | Percentage of<br>Total City<br>Taxable Assessed<br>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><u>\$ 10,453,533</u></u> |      | <u><u>17.09%</u></u>                                     | <u><u>\$ 7,895,264</u></u> |      | <u><u>14.79%</u></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**

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| Fiscal Year | Current        |                 | Percentage of Delinquent |                 | Ratio of Total Tax    |                               | Ratio of Outstanding Delinquent |                   |
|-------------|----------------|-----------------|--------------------------|-----------------|-----------------------|-------------------------------|---------------------------------|-------------------|
|             | Total Tax Levy | Tax Collections | Current Taxes Collected  | Tax Collections | Total Tax Collections | Collections to Total Tax Levy | Delinquent Taxes                | Taxes to Tax Levy |
| 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 |               | Loans Payable            | Finance Purchase Agreements | Total        | Total Primary Government | Percentage of Personal Income | Per Capita |  |
|             |                         |               | Total                                           | Loans Payable |                          |                             |              |                          |                               |            |  |
| 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)**

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| <b>Governmental Unit</b>                  | <b>Debt Outstanding</b> | <b>Estimated Percentage Applicable</b> | <b>Estimated Share of Direct and Overlapping Debt</b> |
|-------------------------------------------|-------------------------|----------------------------------------|-------------------------------------------------------|
| <b>Debt repaid with property taxes</b>    |                         |                                        |                                                       |
| Cochise County Community College District | \$ 16,345,000           | 5.840%                                 | \$ 954,568                                            |
| Douglas Unified School District No. 27    | 3,920,000               | 74.746%                                | <u>2,930,047</u>                                      |
| <b>Subtotal overlapping debt</b>          |                         |                                        | 3,884,615                                             |
| <b>City Direct Debt</b>                   | 41,269,694              | 100.000%                               | 46,157,979                                            |
| <b>Total direct and overlapping debt</b>  |                         |                                        | <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)**

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**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> |

|                                                                                 | <b>2023</b>                 | <b>2022</b>                 | <b>2021</b>                 | <b>2020</b>                 | <b>2019</b>                 |
|---------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 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<br>as a percentage of 20% debt limit | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%                       |
|                                                                                 | <b>2023</b>                 | <b>2022</b>                 | <b>2021</b>                 | <b>2020</b>                 | <b>2019</b>                 |
| 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<br>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)**

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**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> |

|                                                                                 | <b>2018</b>                 | <b>2017</b>                | <b>2016</b>                | <b>2015</b>                 | <b>2014</b>                 |
|---------------------------------------------------------------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| 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<br>as a percentage of 20% debt limit | 0.00%                       | 0.00%                      | 0.00%                      | 0.00%                       | 0.00%                       |
|                                                                                 | <b>2018</b>                 | <b>2017</b>                | <b>2016</b>                | <b>2015</b>                 | <b>2014</b>                 |
| 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<br>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:<br>Operating Expenses | Net Available Revenue | Debt              |            | Debt Service Interest | Debt Service Total | Annual |       |
|------------------------------|------------------|-----------------------------|-----------------------|-------------------|------------|-----------------------|--------------------|--------|-------|
|                              |                  |                             |                       | Service Principal | Interest   |                       |                    | Total  |       |
| <b><u>Revenue Bonds*</u></b> |                  |                             |                       |                   |            |                       |                    |        |       |
| 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 |
| <b><u>GADA Loan**</u></b>    |                  |                             |                       |                   |            |                       |                    |        |       |
| 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 | Debt Service Total | Annual |                          |
|--------------------------------|------------------|--------------------------|---------------|-----------------------|------------------------|------------|-----------------------|--------------------|--------|--------------------------|
|                                |                  |                          |               |                       |                        |            |                       |                    |        | Estimated Times Coverage |
| <b><u>Call Center Loan</u></b> |                  |                          |               |                       |                        |            |                       |                    |        |                          |
| 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                 |                    |        |                          |
| <b><u>WIFA Loans</u></b>       |                  |                          |               |                       |                        |            |                       |                    |        |                          |
| 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**

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| Calendar Year | Population | Personal Income | Per Capita Personal Income (4) | Median Age | Unemployment Rate |
|---------------|------------|-----------------|--------------------------------|------------|-------------------|
| 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                               |                     |      |                                     |
|------------------------------------|---------------------|------|-------------------------------------|------------------------------------|---------------------|------|-------------------------------------|
| Employer                           | Employees           | Rank | Percentage of Total Area Employment | Employer                           | Employees           | Rank | Percentage of Total Area Employment |
| Arizona Department of Corrections  | 615                 | 1    | 12.48%                              | Arizona Department of Corrections  | 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><u>2,680</u></u> |      | <u><u>54.37%</u></u>                | Total                              | <u><u>2,263</u></u> |      | <u><u>35.38%</u></u>                |
| Total employment                   | <u><u>4929</u></u>  |      |                                     | Total employment                   | <u><u>6693</u></u>  |      |                                     |

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

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

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

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

|                             | <b>Full-Time Equivalent Employees</b> |               |               |               |               |               |               |               |               |               |
|-----------------------------|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                             | 2023                                  | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          |
| <u>Function</u>             |                                       |               |               |               |               |               |               |               |               |               |
| <b>General Government</b>   |                                       |               |               |               |               |               |               |               |               |               |
| 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    | <u>20.00</u>                          | <u>22.00</u>  | <u>19.00</u>  | <u>18.00</u>  | <u>20.00</u>  | <u>21.00</u>  | <u>20.50</u>  | <u>20.00</u>  | <u>23.00</u>  | <u>23.00</u>  |
| <b>Housing</b>              | -                                     | 3.00          | 4.00          | 4.00          | 3.00          | 3.00          | 3.50          | 3.50          | 3.50          | 6.50          |
| <b>Police</b>               |                                       |               |               |               |               |               |               |               |               |               |
| 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                | <u>40.00</u>                          | <u>44.00</u>  | <u>41.00</u>  | <u>43.00</u>  | <u>44.00</u>  | <u>44.00</u>  | <u>47.50</u>  | <u>42.00</u>  | <u>44.00</u>  | <u>42.50</u>  |
| <b>Fire</b>                 |                                       |               |               |               |               |               |               |               |               |               |
| 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                  | <u>29.00</u>                          | <u>30.00</u>  | <u>30.00</u>  | <u>36.00</u>  | <u>31.00</u>  | <u>29.00</u>  | <u>30.00</u>  | <u>29.00</u>  | <u>27.00</u>  | <u>25.00</u>  |
| <b>Public Works</b>         |                                       |               |               |               |               |               |               |               |               |               |
| 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          | <u>46.00</u>                          | <u>40.00</u>  | <u>44.00</u>  | <u>47.00</u>  | <u>41.00</u>  | <u>49.50</u>  | <u>43.50</u>  | <u>38.00</u>  | <u>41.00</u>  | <u>43.00</u>  |
| <b>Parks and Recreation</b> |                                       |               |               |               |               |               |               |               |               |               |
| 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          | 8.00          | 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  | <u>57.00</u>                          | <u>56.00</u>  | <u>69.00</u>  | <u>55.84</u>  | <u>53.00</u>  | <u>51.50</u>  | <u>48.00</u>  | <u>46.50</u>  | <u>44.50</u>  | <u>48.00</u>  |
| <b>Total</b>                | <u>192.00</u>                         | <u>195.00</u> | <u>207.00</u> | <u>203.84</u> | <u>192.00</u> | <u>198.00</u> | <u>193.00</u> | <u>179.00</u> | <u>183.00</u> | <u>188.00</u> |

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

| <u>Function</u>                              | <b>Fiscal Year Ended June 30,</b> |             |             |             |             |
|----------------------------------------------|-----------------------------------|-------------|-------------|-------------|-------------|
|                                              | <b>2023</b>                       | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| 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<br>(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<br>(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**

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| <u>Function</u>                              | <b>Fiscal Year Ended June 30,</b> |             |             |             |             |
|----------------------------------------------|-----------------------------------|-------------|-------------|-------------|-------------|
|                                              | <b>2018</b>                       | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
| 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<br>(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<br>(thousands of gallons) | 2,000,000                         | 2,000,000   | 2,000,000   | 2,000,000   | 2,000,000   |

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

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

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

| <u>Function</u>                                          | <b>Fiscal Year Ended June 30,</b> |             |             |             |             |
|----------------------------------------------------------|-----------------------------------|-------------|-------------|-------------|-------------|
|                                                          | <b>2023</b>                       | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| 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<br>(thousands of gallons)      | 3,321,000                         | 2,500,000   | 2,800,000   | 3,000,000   | 3,000,000   |
| Peak daily consumption<br>(thousands of gallons)         | 4,384,000                         | 4,300,000   | 4,800,000   | 5,300,000   | 5,400,000   |
| Wastewater                                               |                                   |             |             |             |             |
| Average daily sewage treatment<br>(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**

| <u>Function</u>                                          | <b>Fiscal Year Ended June 30,</b> |             |             |             |             |
|----------------------------------------------------------|-----------------------------------|-------------|-------------|-------------|-------------|
|                                                          | <b>2018</b>                       | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
| 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<br>(thousands of gallons)      | 3,050,474                         | 3,054,914   | 2,725,146   | 2,971,544   | 3,321,000   |
| Peak daily consumption<br>(thousands of gallons)         | 4,041,935                         | 4,050,528   | 3,366,799   | 3,984,848   | 4,384,000   |
| Wastewater                                               |                                   |             |             |             |             |
| Average daily sewage treatment<br>(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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