



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

THIS PAGE LEFT BLANK

CITY OF DOUGLAS, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

Donald C. Huish
Mayor

Margaret Morales

Mitch Lindemann

Danya Acosta

Ray Shelton

Michael Baldenegro
Councilmembers

Jose Grijalva

Ana Urquijo
City Manager

Prepared by: Finance Department

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Table of Contents

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION (UNAUDITED)</u>	
Letter of Transmittal – City Management	i
Certificate of Achievement for Excellence in Financial Reporting - GFOA	vi
Organization Chart	vii
List of Principal Officials	viii
<u>FINANCIAL SECTION</u>	
Independent Auditors’ Report	1
Management’s Discussion and Analysis (Required Supplementary Information) (Unaudited)	7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	24
Statement of Activities	26
Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet	34
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balances	38
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Activities	40
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position	44
Statement of Revenues, Expenses, and Changes in Net Position	47
Statement of Cash Flows	48
Index to Notes to the Basic Financial Statements	51
Notes to the Basic Financial Statements	55
Required Supplementary Information (Unaudited):	
Budgetary Information	103
Budgetary Comparison Schedule – General Fund	104
Budgetary Comparison Schedule – Grants Special Revenue Fund	106
Schedules of the Proportionate Share of the Net Pension/OPEB Asset (Liability)	107
Schedules of Changes in the Net Pension/OPEB Asset (Liability) and Related Ratios	114
Schedules of Contributions	118

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Supplementary Information:	
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet	132
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	134
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
City Capital Projects Fund	136
Debt Service Fund	137
HURF Special Revenue Fund	138
Police Grants Special Revenue Fund	139
LTAF Special Revenue Fund	140
<u>STATISTICAL SECTION (Unaudited)</u>	
Index to Statistical Section	143
Financial Trends:	
Net Position by Component	144
Changes in Net Position	146
Fund Balances of Governmental Funds	150
Changes in Fund Balances of Governmental Funds	152
Revenue Capacity:	
Governmental Activities Tax Revenues by Source	155
Taxable Sales by Category	156
Direct and Overlapping Sales Tax Rates	159
Assessed Value and Estimated Actual Value of Taxable Property	160
Direct and Overlapping Property Tax Rates	161
Top Ten Principal Property Tax Payers	162
Property Tax Levies and Collections	163
Debt Capacity:	
Ratios Outstanding Debt by Type	164
Direct and Overlapping Governmental Activities Debt	167
Legal Debt Margin Information	168
Pledged Revenue Coverage	170
Demographic and Economic Information:	
Demographic and Economic Statistics	172
Principal Employers	173

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Table of Contents (Continued)

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited), Continued</u>	
Operating Information:	
Full-Time Equivalent Employees by Function.....	175
Capital Asset Statistics by Function/Program	176
Operating Indicators by Function.....	178

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.



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

April 11, 2025

Mayor and Councilmembers
Citizens of the City of Douglas, Arizona

Requirements & Statements of Fact

The Arizona Auditor General's Office mandates that all local government entities submit a complete set of financial statements that adhere to generally accepted accounting principles (GAAP). These financial statements must undergo an audit conducted in accordance with generally accepted auditing standards by a licensed certified public accounting firm. The deadline for submission is December 31 each year, with an option for an automatic extension until March 31.

In compliance with this requirement, we hereby present the comprehensive annual financial report for the City of Douglas, Arizona, (the "City") for the fiscal year ending June 30, 2024. As management, we affirm that, to the best of our knowledge and belief, this financial report is both complete and accurate in all material aspects.

Budget process

The budget process for the City prioritizes a balanced budget approach, ensuring financial stability and effective resource allocation. It begins with department directors submitting their initial budget requests, which are meticulously reviewed by the Budget Committee consisting of key stakeholders such as the City Manager, Deputy City Manager, Finance Director/City Treasurer, HR Manager, and IT Manager. Following this review, the proposed budget undergoes further scrutiny by the Finance Committee, which provides additional recommendations. By early June, an initial tentative budget is approved, setting the stage for final adoption by early July. This timeline allows compliance with ARS regulations and incorporates crucial public input and hearings, ensuring transparency and community involvement in the budgetary decisions of the city.

The legal level of budgetary control in the City ensures that management cannot overspend the approved budget without prior approval from the Mayor and Council. This control applies to both overall expenditures and the transfer of funds between different budget categories. Any reallocation of monies within the various funds, including operating and capital budgets, must adhere to established financial policies and receive the necessary authorization. This framework maintains fiscal discipline, prevents unauthorized spending, and ensures that all financial decisions align with the city's priorities and legal requirements.

Lastly, all funds in the City are annually appropriated to ensure fiscal responsibility, legal compliance, and efficient resource allocation. This includes the **General Fund**, **Enterprise Funds** (Water, Sewer, and Sanitation), **Special Revenue Funds** (HURF, Debt Service, Transit, and Capital Projects), and **Internal Service Funds** (Self-Funded Insurance). Annual appropriation allows the city to set clear spending limits, ensuring that public funds are used for their intended purposes and preventing overspending. It also aligns with state regulations and financial policies, promoting transparency, accountability, and effective financial planning to meet the city's operational and capital needs.

Profile of the City

The City, located in southeastern Arizona, lies 117 miles southeast of Tucson, directly on the U.S.-Mexico border. With a population of approximately 16,534, it serves as a key commercial hub for a broader market of nearly 150,000 people. Just across the border, the neighboring city of Agua Prieta, Sonora, Mexico, has a population of around 125,000, contributing to the region's interconnected economy and daily cross-border activity.

As a border community, Douglas plays a crucial role in international trade, with billions of dollars in imports and exports passing through its border crossing each year. The city has a strong economic foundation in logistics, retail, and manufacturing, supporting both local businesses and international commerce. Additionally, Douglas is home to Cochise College, a vital educational institution providing workforce training and higher education opportunities. With its strategic location and deep-rooted binational ties, Douglas continues to position itself as a thriving community that bridges cultures and economies on both sides of the border.

In 2024, the economies and cultures of our two cities remained closely connected. Northbound traffic included approximately 4.5 million people, comprising 28,640 trucks, 2.8 million cars, and 854,322 pedestrians. Trade activity remained steady, with imports and exports totaling around \$5 billion. Just as the Sonoran and Chiricahua Deserts support a variety of ecosystems, Douglas embodies a rich cultural heritage. This is evident in its diverse architecture and historical landmarks, such as the Gadsden Hotel, renowned for its grand lobby and storied past, including the famous marble staircase that survived a runaway horse incident. Additionally, Douglas holds historical significance as home to the first International Airport of the Americas.

Government Structure

The City operates under a council-manager form of government, consisting of a Mayor and six Councilmembers. These officials are elected by residents to serve four-year terms. The Mayor is chosen through an at-large election, meaning all registered voters in the city can participate in selecting the mayoral candidate. In contrast, Councilmembers are elected by voters within their respective wards. Each member of the governing body, including the Mayor, holds equal voting authority to propose, enact, or modify local laws, ordinances, and resolutions. Additionally, the Mayor appoints a Mayor Pro Tempore, or Vice Mayor, to fulfill mayoral duties when necessary.

The City Manager, appointed by the City Council, is responsible for overseeing daily municipal operations and ensuring that government functions align with the policies set by the Council. Acting as the chief administrative officer (CAO), the City Manager manages citywide initiatives, facilitates communication between the Council and the community, and oversees city personnel. This includes the hiring, training, and dismissal of employees, with the exception of key positions such as the City Magistrate, City Clerk, City Treasurer, and City Attorney, which are directly appointed by the Mayor and Council.

Through this structure, the City maintains an organized and efficient government that balances elected leadership with professional administration. The system allows for collaborative decision-making while ensuring that policies and services are effectively implemented to meet the needs of the community.

Economic Condition and Outlook

The City's economy is predominantly driven by international trade with Mexico. The strong connection between Douglas and its neighboring city, Agua Prieta, Sonora, Mexico, is evident through collaborative efforts by both local governments to expand the existing port and develop a new commercial port of entry. This Two-Port Solution aims to streamline trade and border crossings by designating the existing Raul H. Castro Port of Entry for passenger vehicles and pedestrian traffic while establishing a separate commercial port to handle freight. This strategic initiative is expected to reduce congestion, improve efficiency, and position Douglas as a key gateway for international trade, further strengthening the region's economic landscape.

Major employers in Douglas include governmental entities such as U.S. Customs and Border Protection, the Arizona Department of Corrections Rehabilitation and Reentry, Douglas Unified School District, Cochise College, and the City. In the private sector, significant employers encompass retail establishments like Walmart, as well as fast-food chains such as McDonald's and others. The Douglas Economic Development Office remains committed to expanding the city's commercial sector by actively working to attract new businesses, including a much-needed grocery store and additional retail options. By fostering a business-friendly environment and leveraging infrastructure improvements, the city aims to enhance local shopping opportunities, boost job creation, and improve the overall quality of life for residents. As infrastructure improvements progress, the Two-Port Solution is projected to attract new businesses, logistics firms, and manufacturing operations, further accelerating economic growth.

As of December 2024, the Sierra Vista-Douglas Metropolitan Statistical Area (MSA) reported an unemployment rate of 4.1%, a slight decrease from 4.8% in December 2023. This rate is marginally higher than the national average of 4.0% and the Arizona state average of 3.8% for the same period. The modest improvement in the local unemployment rate reflects ongoing efforts to bolster economic development and employment opportunities within the region. With the Two-Port Solution on the horizon and the city's continued efforts to attract new retail and commercial investments, Douglas is well-positioned to enhance its role in global commerce, attract investment, and facilitate a more efficient flow of goods between the U.S. and Mexico.

Major Initiatives and Activities

In early 2022, the Mayor, Council members, and municipal staff collaborated on crafting a Vision Map that outlines Douglas' future trajectory over the next decade. This initiative coincides with the confirmation of funding for a new commercial port of entry (POE), scheduled for completion by 2028. Dubbed Vision 2032, this strategic roadmap aligns with the Mayor and Council's strategic objectives for shaping Douglas by 2032. The Mayor, Council members, City Manager, and staff collectively engaged in this planning effort, delineating six core policy priorities: enhancing infrastructure, revitalizing downtown areas, managing growth and annexations, fostering economic development, promoting job creation and amenities, improving community facilities, special events, and tourism, and upgrading streets and roads.

Here are the major capital improvements initiatives that align with Vision 2032 for FY2024:

- 8th Street pool modernization project
- 5th street resurfacing project
- Aquatic Center and 8th street pool bathroom modernization
- New scoreboards at baseball/softball stadium
- Tennis court resurfacing project
- General plan update
- Recreation Van acquisition for Rec on the Go
- Acquisition of brand-new Structural firefighting PPE (Personal Protective Equipment)
- City Hall Improvements: Cooling Tower replacement
- Continued cemetery beautification projects

Upcoming Year

The City remains dedicated to advancing the Two-Port Solution project, working in coordination with federal and state agencies, including the General Services Administration (GSA), to ensure the successful development of the new commercial Port of Entry (POE). Key infrastructure planning efforts are underway, including a comprehensive study on the connector road design and ongoing collaboration with utility providers such as APS, Southwest Gas, and Cox to establish essential water and sewer systems. These initiatives are crucial to supporting the POE project and laying the groundwork for future economic expansion. Additionally, the City is preparing for the implementation of the RAISE grant, which will fund critical commercial street improvements to enhance connectivity and support business growth.

Downtown revitalization remains a priority along with a strong focus on attracting new retailers, particularly a grocery store, to serve the community. The City's 2023 acquisition of the former Food City building represents a major step in this effort, as officials actively seek a new grocer to fill this vital need. Further economic development is being driven by the finalization of a land sale involving over 300 acres near the airport, set to accommodate hangar homes and manufacturing facilities. To support these developments, the City is preparing for the arrival of an asphalt plant, which will accelerate street improvement projects and ensure the necessary infrastructure is in place to sustain long-term growth. Through these strategic initiatives, Douglas continues to strengthen its economic foundation and enhance the quality of life for residents and businesses alike.

FURTHER EXPLANATION ABOUT THE AUDIT AND THIS REPORT

This report outlines management's assertions regarding the financial position of the City, Arizona. As such, management assumes full responsibility for the accuracy and reliability of all information contained within.

To uphold the integrity of these financial disclosures, the City has established a robust internal control framework designed to protect government assets from loss, theft, or misuse. Additionally, this framework supports the accurate preparation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP). While recognizing the balance between cost and benefit, these internal controls are designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements.

The financial statements have been independently audited by The Pun Group LLP, a firm of licensed certified public accountants. The purpose of this audit was to determine whether the City's financial statements for the Fiscal Year Ended June 30, 2024, are free from material misstatements. The audit process involved a thorough examination of supporting evidence, an assessment of accounting principles, and an evaluation of significant management estimates and overall financial presentation.

Based on the audit findings, the independent auditors have issued an unmodified opinion, affirming that the City's financial statements for the Fiscal Year Ended June 30, 2024, are presented in accordance with GAAP. The auditors' report is included as the first section of the financial portion of this document.

In compliance with GAAP, management is required to provide a narrative introduction, overview, and analysis to accompany the financial statements, known as the Management's Discussion and Analysis (MD&A). This transmittal letter serves as a supplement to the MD&A and should be reviewed alongside it. The MD&A for the City is included immediately following the independent auditors' reports.

Additionally, the City is subject to an annual single audit as required by the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133. This audit evaluates compliance with federal funding regulations. The single audit report, which includes the schedule of federal awards, audit findings and recommendations, and assessments of the City's internal control framework, is available for public review at the City offices.

This report covers all funds associated with the City, which provides essential services including police and fire protection, emergency medical response, transit services, water, sewer, and sanitation utilities, as well as the maintenance and construction of highways, streets, cemeteries, the airport, and other infrastructure. Additionally, the City supports recreational programs, parks, libraries, visitor centers, and cultural events.

The City also reports on certain component units, including the Douglas Housing Authority as a blended governmental unit and Rancho La Perilla Apartments as a business-type discretely presented component unit. However, the sale of the property was completed on January 31, 2024. Moving forward, the City will report the golf course as a blended component unit, as a separate municipal property corporation has been established to manage its operations.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the City the Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ending June 30, 2023. This prestigious recognition is granted to government entities that produce a financial report that is well-organized, easily understandable, and compliant with generally accepted accounting principles and applicable legal standards.

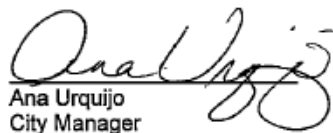
The Certificate of Achievement remains valid for one year. We are confident that our current comprehensive annual financial report continues to meet the program's rigorous criteria. As a result, we have submitted it to the GFOA for review and consideration for another certificate, reaffirming our commitment to transparency and excellence in financial reporting.

Acknowledgement

We sincerely appreciate the efforts of every member of the Finance Department who played a role in preparing this report. We also extend our gratitude to the City Finance Committee for their valuable support. Additionally, we thank our independent auditors, The Pun Group LLP, for their guidance and collaboration throughout this process.

Finally, we express our deep appreciation to the Mayor of Douglas and the City Councilmembers for their steadfast commitment to financial transparency. Their dedication to maintaining excellence in financial reporting ensures that the residents of Douglas remain well-informed about the city's fiscal operations.

Respectfully submitted,



Ana Urquijo
City Manager



Alejandro Martinez
Finance Director/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Douglas
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

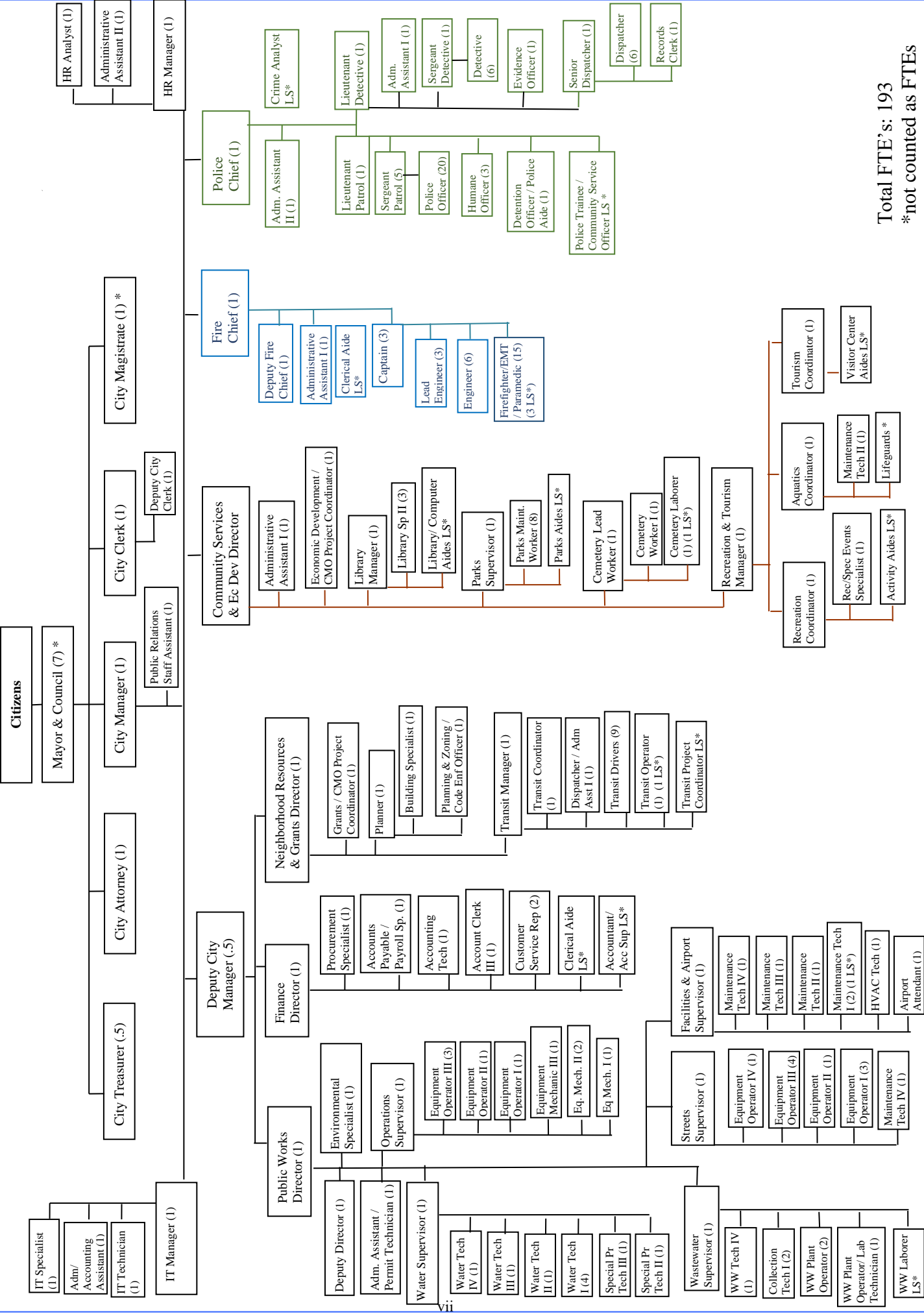
June 30, 2023

Christopher P. Morrell

Executive Director/CEO

City of Douglas Organizational Chart

Fiscal Year 2022-2023 – Proposed (Effective March 10, 2023 if approved)



Total FTE's: 193
*not counted as FTEs

**CITY OF DOUGLAS, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2024**

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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Douglas Community Housing Corporation – Rancho La Perilla Apartments (the "Component Unit"), which represent 100% of the assets, net position, and revenues, respectively, of the of the aggregate discretely presented component unit as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Component Unit, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

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

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 April 11, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Phoenix, Arizona
April 11, 2025

This page intentionally left blank.

City of Douglas, Arizona

Management's Discussion and Analysis (Unaudited)
(Required Supplementary Information)
For the Fiscal Year Ended June 30, 2024

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Management's Discussion and Analysis (Unaudited)
(Required Supplementary Information)
For the Year Ended June 30, 2024

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, 2024 (FY 2023-2024). 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, 2024, by \$52.6 million, this compared to \$47.9 million at fiscal year ended June 30, 2023. This is an overall increase in net position of \$4.7 million of prior year's net position. Assets and deferred outflows of resources for governmental activities exceeded liabilities and deferred inflows of resources by \$12.8 million, this compared to \$8.8 million at fiscal year ended June 30, 2023. Assets and deferred outflows of resources for business-type activities exceeded liabilities and deferred inflows of resources by \$39.7 million compared to \$39.1 million at June 30, 2024.

The increase in the City's net position by \$4.7 million indicates a positive financial trend, suggesting that revenues exceeded expenses, leading to a stronger financial standing. The significant growth in governmental activities, from \$8.8 million to \$12.8 million, suggests improved revenue streams, better budget management, or increased funding sources such as grants or taxes. However, the relatively smaller increase in business-type activities (from \$39.1 million to \$39.7 million) could indicate slower growth in revenue-generating operations like utilities or enterprise services. This overall improvement is beneficial because it enhances the City's ability to invest in infrastructure, services, and public programs. It may be driven by economic growth, effective financial management, or increased tax revenues, but sustained monitoring is needed to ensure long-term stability.

Changes in Net Position – In FY 2023-2024, the City's net position grew by \$4.8 million, a more modest increase compared to the \$7.0 million rise in FY 2022-2023. The net position of governmental activities increased by \$4.0 million, which was lower than the \$7.3 million increase recorded in the previous fiscal year. Meanwhile, business-type activities saw a \$0.7 million increase, rebounding from a \$0.3 million decline in FY 2022-2023. The slower growth in net position may be primarily due to higher operational costs, increased expenditures on public services and capital projects, and a moderation in revenue growth compared to the prior year. Additionally, external economic factors, such as inflationary pressures and fluctuations in intergovernmental funding, contributed to the smaller overall increase.

- ♦ *Fund Highlights*

Governmental Funds – At the close of FY 2023-2024, the City's total governmental funds reported a fund balance of \$24.4 million, reflecting a \$1.2 million decrease from the FY 2022-2023 balance of \$25.6 million. This decline was primarily driven by increased operational costs, higher expenditures on public services, and one-time capital outlays. Additionally, a slight decline in revenue collections, rising inflationary pressures, and adjustments in state or federal funding contributed to the reduction in the fund balance.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

Financial Highlights – Primary Government (Continued)

General Fund – As of June 30, 2024, the general fund balance stood at \$21.2 million, reflecting a slight decrease of \$1.5 million. This change was primarily due to planned investments in community projects, increased operational costs, and strategic allocations to support essential services. Additionally, slight fluctuations in revenue and adjustments in state and federal funding played a role in the decrease. Despite this, the City maintains a strong financial position, ensuring continued fiscal stability and the ability to meet future obligations.

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 provides a summarized overview of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference representing the net position. Changes in net position over time can offer valuable insight into the City's financial health, indicating whether it is strengthening or facing challenges. This financial statement integrates governmental funds' current financial resources with capital assets and long-term obligations, offering a comprehensive view of the City's overall financial standing.

Statement of Activities and Changes in Net Position – This statement provides an overview of how the government's net position evolved over the fiscal year. It captures all changes as they occur, regardless of when cash transactions take place. As a result, revenues and expenses are recorded even if the related cash flows will occur in future fiscal periods, such as earned but uncollected taxes or accrued vacation leave that has not yet been used.

The government-wide financial statements differentiate between City functions that are primarily funded by taxes and intergovernmental revenues (governmental activities) and those that aim to cover most or all of their costs through user fees and charges (business-type activities). The City's governmental activities encompass general government, public safety (including police, fire, and emergency medical services), highways and streets, culture and recreation, and redevelopment and housing. In contrast, the business-type activities include services such as water, sewer, and solid waste management.

The government wide financial statements cover both the City (referred to as the primary government) and a legally district non profit corporation classified as a proprietary component unit. This unit is the Douglas Community Housing Corporation (DCHC), which manages the Rancho La Perilla apartment complex. In January 2024, the complex was sold to the private sector, ceasing the Corporation's control over it. DCHC continued to exist with plans for dissolution in the near future.

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

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

Fund Financial Statements

A fund is a collection of related accounts used to manage and track resources that are set aside for specific activities or objectives. Like other state and local governments, the City uses fund accounting to ensure compliance with finance-related legal requirements. The City's funds are categorized into two types: Governmental funds and proprietary funds. The City does not have any fiduciary funds.

The fund financial statements provide detailed information about the City's most significant funds, referred to as Major Funds. The concept of Major Funds and the criteria for determining them were established by GASB Statement No. 34 (GASB 34), replacing the practice of combining similar funds and presenting them in total. Instead, each Major Fund is presented individually, while Non-Major Funds are aggregated and shown in a single column.

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

Since governmental funds have a narrower focus than government-wide financial statements, it is helpful to compare the data for governmental funds with similar information in the government-wide statements. This comparison can offer insights into the long-term effects of the government's short-term financing decisions. Reconciliations of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances with the government-wide financial statements are provided on pages 37 and 40.

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 major funds. Financial activity for the remaining funds is aggregated into a single presentation. Individual data for these non-major governmental funds can be found in the combining statements in supplementary information.

The City adopts an annual appropriated budget for its General Fund by department. A budgetary comparison statement is included for the General Fund to demonstrate compliance with the adopted budget. A budget is also adopted by fund for all Special Revenue Funds, except for 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 report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to manage water services, sewer services, and sanitation services.

Internal Service Funds are used to accumulate and allocate costs among various City functions. The City uses an internal service fund to account for insurance services. Since these services mainly benefit governmental rather than business-type functions, they are included in governmental activities in the government-wide financial statements, with a portion of the change in net position allocated to business-type activities.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements offer separate information for the Sewer, Water, and Solid Waste funds, which are major funds for the City. The internal service fund is presented in the proprietary fund financial statements as a separate column. Basic proprietary fund financial statements can be found on pages 44-49.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

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 55-99.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. This includes the budgetary comparison schedule for the General Fund, as well as details regarding the City's obligation to provide pension and other postemployment benefits to employees. This supplementary information is located on pages 103-128.

Government-Wide Financial Analysis

Comparative data for both governmental activities and business-type activities is presented on the following pages, 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 \$52.6 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, 2024, and June 30, 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current & Other Assets	\$ 37,005,858	\$ 29,685,426	\$ 12,018,685	\$ 11,930,634	\$ 49,024,543	\$ 41,616,060
Capital Assets	25,567,750	22,202,014	37,257,994	37,031,733	62,825,744	59,233,747
Total Assets	62,573,608	51,887,440	49,276,679	48,962,367	111,850,287	100,849,807
Deferred Outflows	5,849,749	7,295,890	223,018	284,269	6,072,767	7,580,159
Liabilities						
Current Liabilities	13,523,354	4,476,717	1,569,272	1,444,322	15,092,626	5,921,039
Long-term Liabilities	40,622,750	43,998,876	7,957,221	8,570,787	48,579,971	52,569,663
Total Liabilities	54,146,104	48,475,593	9,526,493	10,015,109	63,672,597	58,490,702
Deferred Inflows	1,427,171	1,916,681	183,492	143,891	1,610,663	2,060,572
Net Position						
Net Investment in						
Capital Assets	24,812,166	19,420,873	30,238,161	29,499,895	55,050,327	48,920,768
Restricted	6,988,917	6,658,365	1,418,616	1,249,513	8,407,533	7,907,878
Unrestricted (Deficit)	(18,951,001)	(17,288,182)	8,132,935	8,338,228	(10,818,066)	(8,949,954)
Total Net Position (Deficit)	\$ 12,850,082	\$ 8,791,056	\$ 39,789,712	\$ 39,087,636	\$ 52,639,794	\$ 47,878,692

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

Analysis of Net Position

The City's total net position (government and business-type activities) increased by \$4.8 million, or 10% during the fiscal year.

Net investment in capital assets represents the largest portion of the City's net position, reflecting its investment in capital assets such as land, buildings, infrastructure, and equipment, after accounting for any associated debt. These capital assets are utilized to deliver services to the City's residents, meaning they are not available for future expenditures. While the City's investment in capital assets is reported net of related debt, the funds required to repay this debt must come from other sources, as the assets themselves cannot be liquidated to cover these liabilities. The increase in net investment from FY 2023 to FY 2024 was \$6.1 million, contributing to a growth in the City's overall financial position.

As of June 30, 2024, the City of Douglas, Arizona reported a net investment in capital assets totaling \$55.1 million. Additionally, \$7.4 million of the resources are subject to external restrictions on their use. The City's unrestricted net position shows a deficit of \$9.8 million, primarily due to the recognition of the City's net pension and OPEB liabilities. The City's net position increased approximately \$4.7 million over the prior fiscal year while Net investment in capital assets increased by \$5.4M.

The Restricted Net Position of \$8.4 million reflects resources that are subject to external limitations on their usage, whether imposed by external parties or through enabling legislation. This represents an increase of \$499,655, or 6.3%, compared to the end of FY 2022-2023. These restricted resources are earmarked for specific purposes and cannot be utilized for general operations, highlighting the financial constraints imposed by these external restrictions.

The Unrestricted (Deficit) Net Position of \$10.8 million represents the portion of the City's net position that is not subject to any external restrictions and can be used for general purposes. However, the City currently has a deficit in this category, indicating that liabilities, such as net pension and OPEB obligations, exceed available unrestricted resources. The deficit increased by \$1,868,112, or 20.9%, compared to the previous year. This change is primarily driven by the growing recognition of long-term liabilities, such as pension and healthcare obligations for retired employees, which have an impact on the City's financial flexibility and available resources for future needs.

Current and Other Assets. The 18% increase in Current and Other Assets, totaling \$7.4 million, is primarily due to factors such as higher cash reserves, an increase in accounts receivable from improved sales or extended credit, and a buildup in inventory to meet future demand. Additionally, higher prepaid expenses, short-term investments, and potential acquisitions, along with changes in accounting estimates or foreign exchange fluctuations, may have contributed to the rise.

Current and Other Liabilities rose by \$9.1 million, or 155%, primarily due to an increase in short-term obligations such as accounts payable, accrued expenses, or deferred revenues. In contrast, Long-term Liabilities decreased by \$4 million, or 7.6%, mainly due to the repayment of long-term debt or the reclassification of certain liabilities to current liabilities.

Deferred Outflows and Inflows of Resources decreased by \$1.5 million, or 20%, while Deferred Inflows of Resources dropped by \$0.5 million, or 26%, compared to the previous fiscal year. The primary factor driving these changes is related to adjustments in actuarially determined Pension and Other Post-Employment Benefits (OPEB) amounts. Other contributing factors may include changes in the timing of deferred revenue recognition, variations in market conditions affecting pension plan assets, and adjustments to actuarial assumptions or funding strategies.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

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, 2024, and June 30, 2023:

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,656,853	\$ 2,721,034	\$ 5,799,985	\$ 5,537,281	\$ 8,456,838	\$ 8,258,315
Operating grants and contributions	4,839,169	7,741,364	965,810	12,921	5,804,979	7,754,285
Capital grants and contributions	-	-	-	69,690	-	69,690
Total program revenues	7,496,022	10,462,398	6,765,795	5,619,892	14,261,817	16,082,290
General revenues:						
Sales taxes	11,281,934	10,275,477	-	-	11,281,934	10,275,477
Property taxes	660,189	667,667	-	-	660,189	667,667
Motor vehicle in-lieu taxes	990,253	991,483	-	-	990,253	991,483
Franchise taxes	121,518	136,193	-	-	121,518	136,193
Transient occupancy taxes	380,784	360,260	-	-	380,784	360,260
Total taxes	13,434,678	12,431,080	-	-	13,434,678	12,431,080
State share revenue	6,472,045	5,573,519	-	-	6,472,045	5,573,519
Investment income (loss)	1,702,860	1,010,322	554,997	191,559	2,257,857	1,201,881
Miscellaneous	1,062,246	414,674	200,810	97,738	1,263,056	512,412
Total general revenues and transfers	22,671,829	19,429,595	755,807	289,297	23,427,636	19,718,892
Total revenues	30,167,851	29,891,993	7,521,602	5,909,189	37,689,453	35,801,182
Expenses:						
General government	7,596,911	4,721,887	-	-	7,596,911	4,721,887
Public safety	10,479,014	9,852,591	-	-	10,479,014	9,852,591
Highways and streets	3,398,872	2,704,075	-	-	3,398,872	2,704,075
Transportation	1,050,543	1,013,296	-	-	1,050,543	1,013,296
Culture and recreation	2,910,039	2,785,489	-	-	2,910,039	2,785,489
Redevelopment and housing	-	798,175	-	-	-	798,175
Interest and fiscal charges	888,327	941,850	-	-	888,327	941,850
Water	-	-	2,608,239	2,318,597	2,608,239	2,318,597
Sewer	-	-	2,588,849	2,164,550	2,588,849	2,164,550
Solid waste	-	-	1,407,557	1,484,291	1,407,557	1,484,291
Total expenses	26,323,706	22,817,363	6,604,645	5,967,438	32,928,351	28,784,801
Change in net position	3,844,145	7,074,630	916,957	(58,249)	4,761,102	7,016,381
Transfers	214,881	217,611	(214,881)	(217,611)	-	-
Increase in net position	4,059,026	7,292,241	702,076	(275,860)	4,761,102	7,016,381
Net position (deficit), beginning of year	8,791,056	1,498,815	39,087,636	39,363,496	47,878,692	40,862,311
Net position (deficit), end of year	\$ 12,850,082	\$ 8,791,056	\$ 39,789,712	\$ 39,087,636	\$ 52,639,794	\$ 47,878,692

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

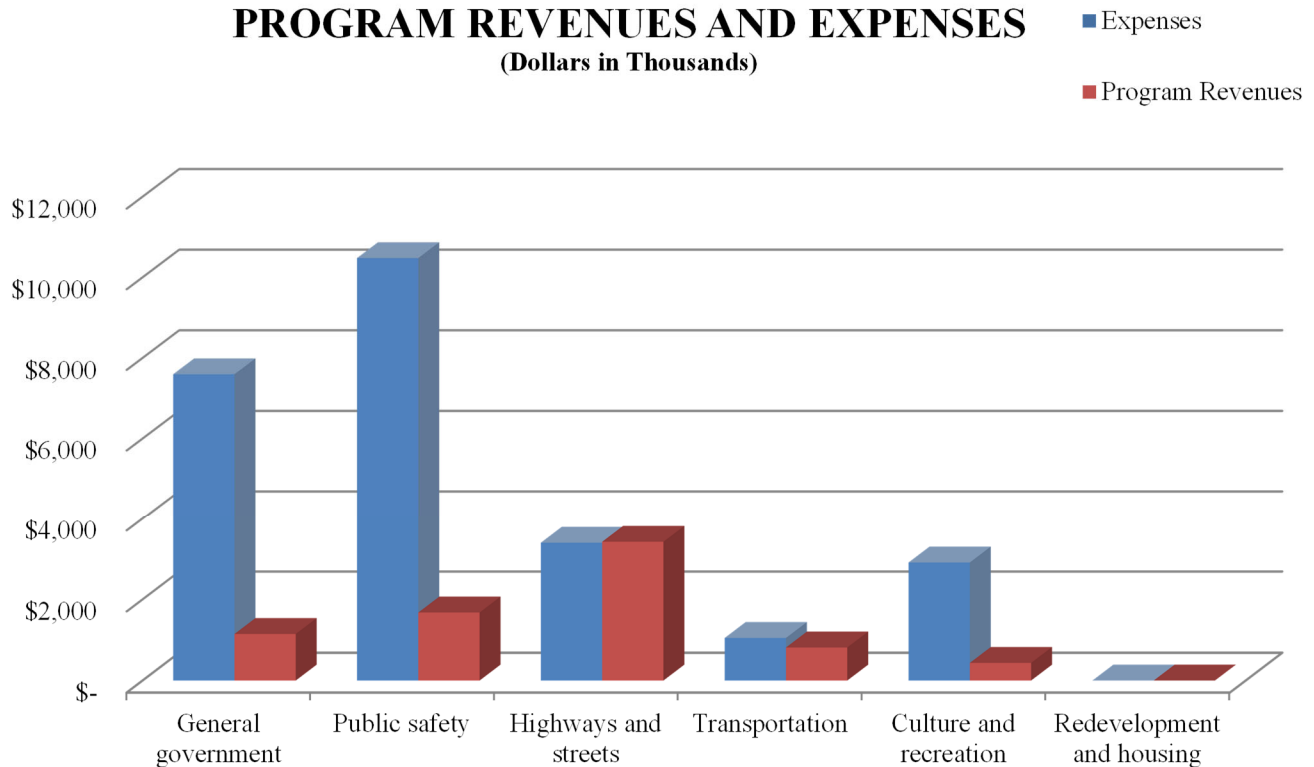
Analysis of Changes in Net Position

Governmental Activities – Governmental Activities increased the City's net position by \$4.1 million, or 21.8% for the year ended June 30, 2024. Key factors of the overall increase in net position are as follows:

- Increase in local taxes compared to last year in the amount of \$1,006,457 due to increased local sales and economic activity.
- Increase in state shared revenues of \$898,526.
- Increase in expected investment earnings by \$692,538.
- Revenues in the General Fund exceeding expenditures by \$3.8 million.

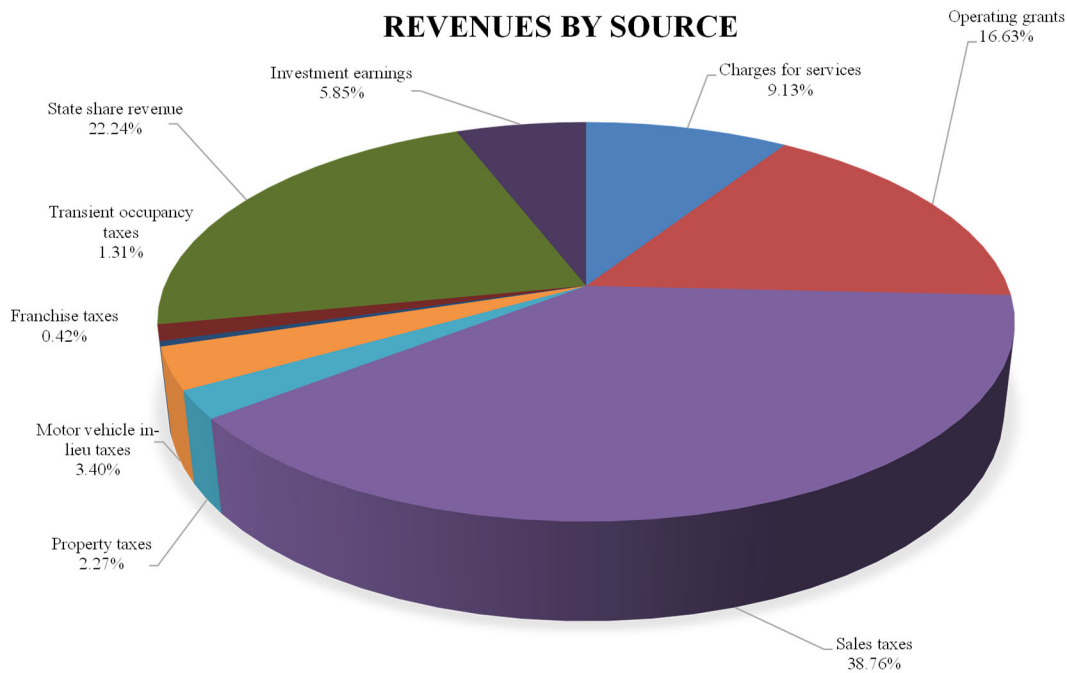
The chart below shows the City's governmental expenses and revenues by program. Public Safety, which includes police, fire, and emergency medical services, represents the largest expense at 41%, followed by General Government at 30%, Highway/Streets at 13%, Culture/Recreation at 11%, and Transportation at 4%. Public Safety is primarily funded by General Government revenues. Program revenues, as depicted, consist of charges for services and grants.

PROGRAM REVENUES AND EXPENSES
(Dollars in Thousands)

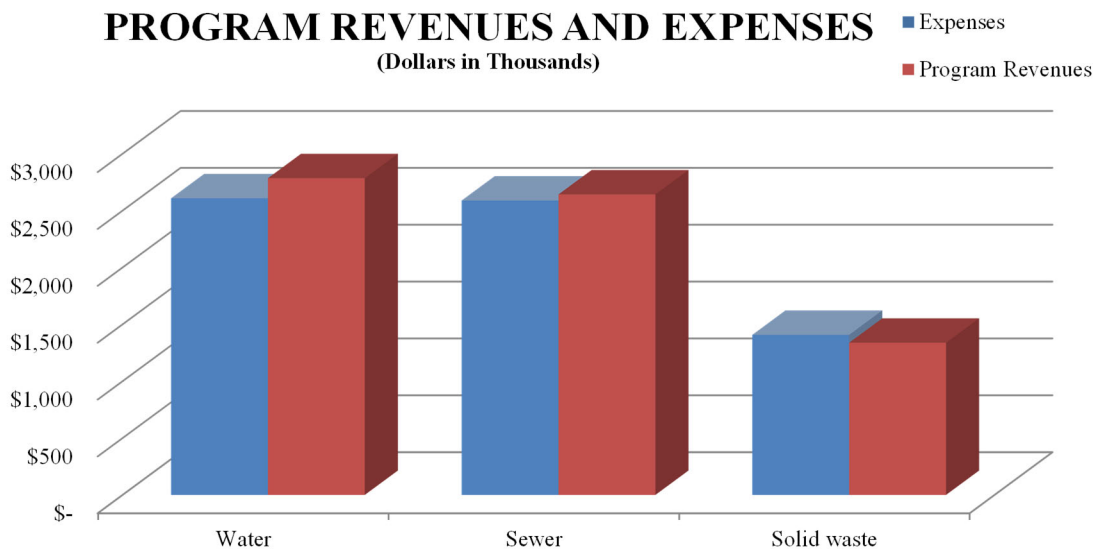


City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

The chart below displays the City's governmental revenues by source. General revenues, including property taxes, state-shared revenues, and sales taxes, are not allocated by program but are used to fund the City's overall program activities. For governmental activities, sales tax revenues constitute the largest funding source at 38.8%, followed by state-shared revenues at 22.2% and operating grants at 16.7%, as shown in the chart below:



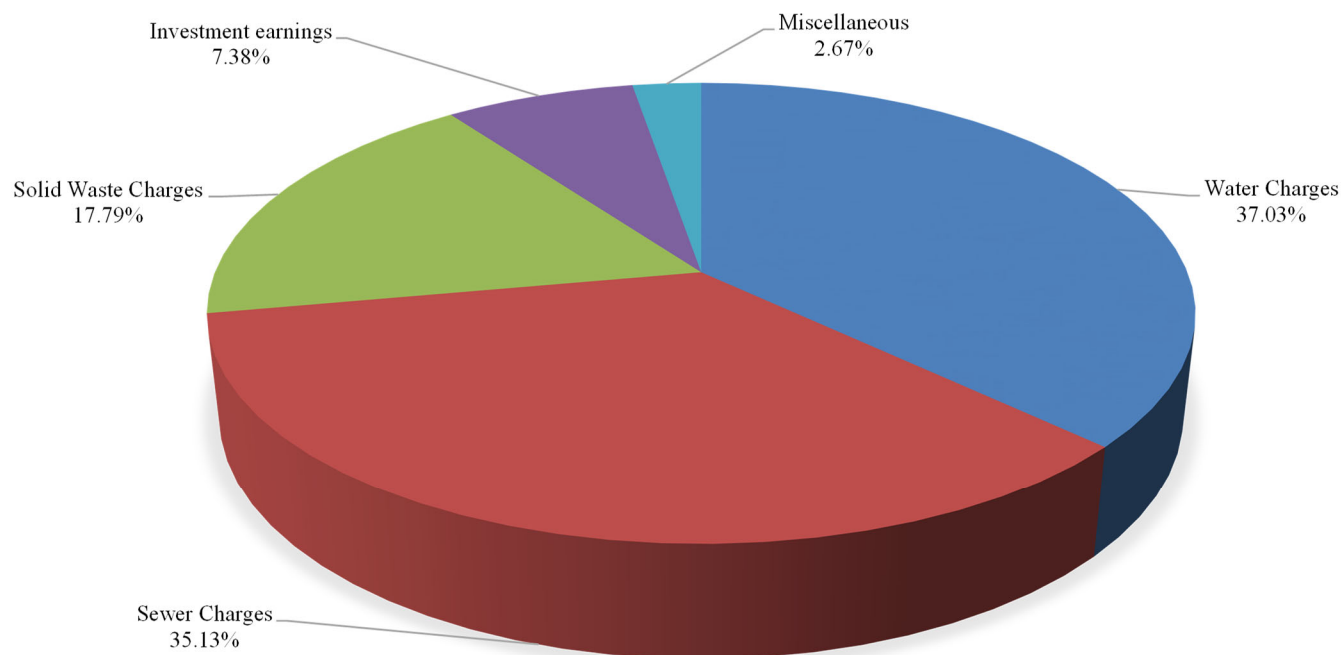
Business-Type Activities – Business-type activities contributed to an increase of \$702,076 in the City's net position. This growth was primarily driven by higher revenues from utility services, increased customer demand, or rate adjustments, which resulted in improved financial performance for these activities. Additionally, cost management measures or the completion of capital projects may have further bolstered the net position.



City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

As illustrated in the chart below, the City's most significant business-type activities are the water and sewer utilities. The Sewer Fund generated \$2.6 million in revenue, while the Water Fund brought in \$2.7 million, with Solid Waste contributing around \$1.3 million. Overall, the business-type activities saw an increase in net position of \$702,076 million, largely driven by higher revenues from both water and sewer charges, as well as gains from investment earnings.

REVENUE BY SOURCE



FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

As mentioned earlier, the City utilizes fund accounting to maintain and show adherence to finance-related legal obligations. It is important to note that, unlike the Government-wide financial statements presented earlier, the following fund financial statements do not follow a full accrual basis of accounting.

Governmental Funds

The primary focus of the City's governmental funds is to provide insights into short-term inflows, outflows, and the available balances of spendable resources. This information is valuable for evaluating the City's financial needs. Specifically, the unassigned fund balance can be an important indicator of the net resources a government has available for expenditure at the close of the fiscal year. The City reports several types of governmental funds, including 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 \$24.4M a decrease of \$1.2M from prior year or 4.7%.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, total revenues for governmental funds amounted to around \$30.1 million, reflecting a 1% increase compared to the previous fiscal year. This modest growth is primarily attributed to higher local sales tax revenue, increased state-shared revenue, and improved investment earnings.

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 92% of the total General Fund expenditures of \$19.3 million.

The fund balance of the City's General Fund decreased \$1.5 million. This change was primarily due to planned investments in community projects, increased operational costs, and strategic allocations to support essential services. Additionally, slight fluctuations in revenue and adjustments in state and federal funding played a role in the decrease. Despite this, the City maintains a strong financial position, ensuring continued fiscal stability and the ability to meet future obligations.

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.

Proprietary Funds

At the end of the fiscal year, the net position of the Enterprise Funds and the Internal Service Fund totaled \$39.6 million and \$1.4 million, respectively. The \$0.7 million increase in the net position of the Enterprise Funds from the prior fiscal year was mainly driven by higher usage fee revenues. Meanwhile, the Internal Service Fund saw a net position increase of \$0.2 million, as the charges billed to departments exceeded the actual claims paid during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

General Fund revenues fell short of the budgeted amount by \$7.7 million, while expenditures exceeded the budget by \$217,545. Contributing factors included weaker-than-expected non-sales tax revenues, such as grants, potentially due to economic sluggishness or delays in receipt, even though sales tax tied to trade activity remained steady. The modest expenditure excess of \$217,545 in the General Fund indicates a contained overrun, stemming from targeted departmental challenges—such as increased staffing, diminished vacancy savings, and operational demands like overtime and project expenses—rather than broad financial instability.

The legal level of budgetary control for the General Fund is set at the departmental level. However, the City Council oversees the General Fund as a whole, and the City Manager has the authority to transfer funds between departments within the General Fund. The City also maintains reserves to cover any expenditures that exceed the total General Fund budget. These reserves are monitored by both the 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, 2024

Capital Assets

As of June 30, 2024, the City's capital assets for both governmental and business-type activities total \$62.8 million, after accounting for accumulated depreciation and amortization. These capital assets encompass land and improvements, infrastructure, buildings and improvements, machinery and equipment, vehicles, and construction in progress.

	Capital Assets (Net)					
	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and Land Improvements	\$ 1,991,840	\$ 2,120,490	\$ -	\$ -	\$ 1,991,840	\$ 2,120,490
Streets and Storm Drains	10,664,472	7,422,862	-	-	10,664,472	7,422,862
Buildings and Improvements	5,745,325	5,866,313	17,312,690	17,139,407	23,058,015	23,005,720
Water System	-	-	5,450,042	5,889,828	5,450,042	5,889,828
Wastewater System	-	-	11,963,841	12,546,422	11,963,841	12,546,422
Machinery, Equipment and Vehicles	3,550,488	3,506,104	1,400,778	905,600	4,951,266	4,411,704
Construction In Progress	3,615,625	3,286,245	1,130,643	550,476	4,746,268	3,836,721
Total	\$ 25,567,750	\$ 22,202,014	\$ 37,257,994	\$ 37,031,733	\$ 62,825,744	\$ 59,233,747

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

Governmental Activities

- HVAC Renovation Aquatic Center - \$272,751
- Cooling Tower City Hall - \$604,019
- 8th Street Pool Remodel - \$856,687
- Police Humane Building Purchase - \$560,587
- Laydown Machine Streets - \$215,490
- Runway Mill and Overlay - \$2,052,117
- 5th Street Mill and Overlay - \$555,718

Business-type Activities

- 5 new trucks for Water and Wastewater divisions - \$185,415
- Generator - \$116,313
- Dump Truck - \$80,464
- Skid Loader - \$59,085
- Loader - \$200,334
- CAT Backhoe - \$165,921

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, 2024

Debt Administration

At the end of the fiscal year, the City of Douglas, Arizona had total long-term obligations outstanding of \$42 million. The current year decrease was the result City satisfying some of its debt obligation this past fiscal year.

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, 2024 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	
	2024	2023	2024	2023	2024	2023
Financed purchase agreement	\$ 755,584	\$ 903,021	\$ 330,020	\$ 191,234	\$ 1,085,604	\$ 1,094,255
Lease payable	-	3,120	-	-	-	3,120
Bonds payable	34,260,000	35,845,000	-	-	34,260,000	35,845,000
Loans payable	-	1,875,000	6,689,813	7,340,604	6,689,813	9,215,604
Total	\$ 35,015,584	\$ 38,626,141	\$ 7,019,833	\$ 7,531,838	\$ 42,035,417	\$ 46,157,979

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

Economic Factors and Next Year's Budget

During the development of the fiscal year 2024-2025 budget, the City's officials considered several key factors, including:

- The City implemented the third year of its plan to bring employee positions in line with market standards, resulting in a \$328,000 impact on the General Fund.
- One Administrative Assistant position within the Neighborhood Services and Grants Department now supports the Annexation function as a limited-status role. Funding for this position was originally allocated in the Capital budget for annexation-related needs, but it has now been divided between capital and salaries. Additionally, temporary funds have been included to hire part-time annexation aides to assist once the annexation process begins.
- The IT Department has a part-time Data Analyst position budgeted as limited status, which will now be converted into a full-time position.
- The Water Fund is projected to use \$965,859 of its fund balance in this budget, which will be allocated towards capital projects.
- The Wastewater Fund will also utilize \$781,890 for capital needs.

City of Douglas
Management's Discussion and Analysis (Unaudited) (Continued)
(Required Supplementary Information)
For the Year Ended June 30, 2024

- The Sanitation Fund will draw \$21,065 from its fund balance for capital expenses, including funding for a rate study, as rates have not been updated since 2011.
- Highway User Revenue Funds (HURF), which are designated for street maintenance, lighting, signage, sidewalks, and other infrastructure, will include a \$700,000 transfer from the General Fund to support additional street improvements.
- The proposed budget includes the acquisition of a new asphalt plant to replace the outdated one. The new plant will expand production capacity and provide asphalt for City projects and resale to other entities. This purchase is expected to be financed through a 10-to-11-year loan of approximately \$3.5 million, which will also cover the purchase of a zipper machine and loader to assist with street preparation.
- Mayor and Council instructed staff to sell La Perilla Apartments, located near the golf course. The sale was completed as expected in FY23-24, and the \$1.3 million in proceeds will be used for major capital improvements to the golf course. Additionally, the General Fund subsidy to the golf course will be increased to cover the costs of a new Golf Superintendent position approved in the previous fiscal year. Before the end of the fiscal year, staff will present a new management agreement for the Public Facility Municipal Property Corporation (MPC). The proposed agreement will have the City collect all revenues and pay all expenses, except for payroll and payroll-related costs, which will remain with the MPC.

REQUESTS FOR INFORMATION

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

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

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Basic Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Government-Wide Financial Statements

City of Douglas
Statement of Net Position
June 30, 2024

	Primary Government			Component Unit
	Governmental	Business-Type		Douglas
	Activities	Activities	Total	Community
				Housing Corp.
ASSETS				
Current assets:				
Cash and investments	\$ 30,522,704	\$ 8,961,645	\$ 39,484,349	\$ -
Receivables:				
Accounts	269,729	478,454	748,183	-
Taxes	1,680,829	-	1,680,829	-
Intergovernmental	899,534	194,622	1,094,156	-
Inventories	44,993	-	44,993	-
Prepaid items	104,027	-	104,027	-
Internal balances	(972,995)	972,995	-	-
Lease receivable - current	597	-	597	-
Total current assets	32,549,418	10,607,716	43,157,134	-
Noncurrent assets:				
Restricted cash and investments	3,176,074	1,358,700	4,534,774	-
Lease receivable - noncurrent	431,930	-	431,930	-
Aggregate net pension asset	49,468	-	49,468	-
Aggregate net OPEB asset	798,968	52,269	851,237	-
Capital assets:				
Nondepreciable	4,680,935	1,130,643	5,811,578	-
Depreciable/amortizable, net	20,886,815	36,127,351	57,014,166	-
Total capital assets, net	25,567,750	37,257,994	62,825,744	-
Total noncurrent assets	30,024,190	38,668,963	68,693,153	-
Total assets	62,573,608	49,276,679	111,850,287	-
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	5,795,184	212,807	6,007,991	-
OPEB-related deferred outflows	54,565	10,211	64,776	-
Total deferred outflows of resources	5,849,749	223,018	6,072,767	-

City of Douglas
Statement of Net Position (Continued)
June 30, 2024

	Primary Government			Component Unit
	Governmental	Business-Type		Douglas
	Activities	Activities	Total	Community
				Housing Corp.
LIABILITIES				
Current liabilities:				
Accounts payable	736,844	413,953	1,150,797	-
Accrued wages and benefits	988,170	149,093	1,137,263	-
Insurance claims payable	104,777	-	104,777	-
Interest payable	194,802	70,063	264,865	-
Deposits payable	-	114,101	114,101	-
Unearned revenue	8,260,932	-	8,260,932	-
Compensated absences - due within one year	1,343,047	77,062	1,420,109	-
Long-term debt - due within one year	1,894,782	745,000	2,639,782	-
Total current liabilities	13,523,354	1,569,272	15,092,626	-
Long-term liabilities:				
Compensated absences - due in more than one year	447,682	77,062	524,744	-
Long-term debt - due in more than one year	33,120,802	6,274,833	39,395,635	-
Aggregate net pension liability - due in more than one year	7,050,187	1,604,042	8,654,229	-
Aggregate net OPEB liability - due in more than one year	4,079	1,284	5,363	-
Total long-term liabilities	40,622,750	7,957,221	48,579,971	-
Total liabilities	54,146,104	9,526,493	63,672,597	-
DEFERRED INFLOWS OF RESOURCES				
Lease-related deferred inflows	390,888	-	390,888	-
Pension-related deferred inflows	905,323	157,138	1,062,461	-
OPEB-related deferred inflows	130,960	26,354	157,314	-
Total deferred inflows of resources	1,427,171	183,492	1,610,663	-
NET POSITION				
Net investment in capital assets	24,812,166	30,238,161	55,050,327	-
Restricted for:				
PSPRS contingency reserve	3,176,073	-	3,176,073	-
Firefighters injured in line of duty	159,789	-	159,789	-
Federal and state grant programs	814,024	-	814,024	-
Law enforcement operations	67,982	-	67,982	-
Local transportation	271,964	-	271,964	-
Highways and streets by A.R.S. 28-6533	1,650,649	-	1,650,649	-
Aggregate net pension asset	49,468	-	49,468	-
Aggregate net OPEB asset	798,968	52,269	851,237	-
Debt service	-	695,703	695,703	-
Repair and replacement	-	556,543	556,543	-
Other restricted deposits	-	114,101	114,101	-
Total restricted	6,988,917	1,418,616	8,407,533	-
Unrestricted (deficit)	(18,951,001)	8,132,935	(10,818,066)	-
Total net position	<u>\$ 12,850,082</u>	<u>\$ 39,789,712</u>	<u>\$ 52,639,794</u>	<u>\$ -</u>

City of Douglas
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 7,596,911	\$ 1,130,185	\$ 17,780	\$ -	\$ 1,147,965
Public safety	10,479,014	1,125,696	551,164	-	1,676,860
Highways and streets	3,398,872	-	3,421,134	-	3,421,134
Transportation	1,050,543	29,521	785,591	-	815,112
Culture and recreation	2,910,039	371,451	63,500	-	434,951
Interest and fiscal charges	888,327	-	-	-	-
Total governmental activities	26,323,706	2,656,853	4,839,169	-	7,496,022
Business-Type activities:					
Water	2,608,239	2,166,510	618,457	-	2,784,967
Sewer	2,588,849	2,295,117	347,353	-	2,642,470
Solid waste	1,407,557	1,338,358	-	-	1,338,358
Total business-type activities	6,604,645	5,799,985	965,810	-	6,765,795
Total primary government	\$ 32,928,351	\$ 8,456,838	\$ 5,804,979	\$ -	\$ 14,261,817
Component unit:					
Douglas Community Housing Corporation	\$ 549,384	\$ 430,058	\$ -	\$ -	\$ 430,058
Total component unit	\$ 549,384	\$ 430,058	\$ -	\$ -	\$ 430,058

City of Douglas
Statement of Activities (Continued)
For the Year Ended June 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	Douglas Community Housing Corp.
Primary government:				
Governmental activities:				
General government	\$ (6,448,946)	\$ -	\$ (6,448,946)	\$ -
Public safety	(8,802,154)	-	(8,802,154)	-
Highways and streets	22,262	-	22,262	-
Transportation	(235,431)	-	(235,431)	-
Culture and recreation	(2,475,088)	-	(2,475,088)	-
Interest and fiscal charges	(888,327)	-	(888,327)	-
Total governmental activities	(18,827,684)	-	(18,827,684)	-
Business-Type activities:				
Water	-	176,728	176,728	-
Sewer	-	53,621	53,621	-
Solid waste	-	(69,199)	(69,199)	-
Total business-type activities	-	161,150	161,150	-
Total primary government	(18,827,684)	161,150	(18,666,534)	-
Component unit:				
Douglas Community Housing Corporation	-	-	-	(119,326)
Total component unit	-	-	-	(119,326)
General revenues:				
Taxes:				
Sales taxes	11,281,934	-	11,281,934	-
Property taxes	660,189	-	660,189	-
Motor vehicle in-lieu taxes	990,253	-	990,253	-
Transient occupancy taxes	121,518	-	121,518	-
Franchise taxes	380,784	-	380,784	-
Total taxes	13,434,678	-	13,434,678	-
State share revenue	6,472,045	-	6,472,045	-
Investment income	1,702,860	554,997	2,257,857	145
Miscellaneous	1,062,246	200,810	1,263,056	-
Transfers	214,881	(214,881)	-	-
Total general revenues and transfers	22,886,710	540,926	23,427,636	145
SPECIAL ITEM (Note 16):				
Sale of La Perilla Apartments - Dissolution of Operations	-	-	-	1,837,563
Total special item	-	-	-	1,837,563
Change in net position	4,059,026	702,076	4,761,102	1,718,382
Net position (deficit) - beginning of year	8,791,056	39,087,636	47,878,692	(1,718,382)
Net position - end of year	\$ 12,850,082	\$ 39,789,712	\$ 52,639,794	\$ -

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Fund Financial Statements

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

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Governmental Fund Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

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 the City, these services include general government, public safety, highways and streets, and culture and recreation.

Grants 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.

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 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, 2024

	Major Funds		
	General Fund	Grants Fund	City Capital Projects Fund
ASSETS			
Cash and investments	\$ 17,788,753	\$ 8,935,192	\$ -
Receivables:			
Accounts	223,239	4,000	-
Taxes	1,680,829	-	-
Intergovernmental	207,699	61,478	100,399
Lease receivable	432,527	-	-
Due from other funds	171,952	-	-
Inventories	44,993	-	-
Prepaid items	104,027	-	-
Advances to other funds	24,225	-	-
Restricted cash and investments	3,176,074	-	-
Total assets	<u>\$ 23,854,318</u>	<u>\$ 9,000,670</u>	<u>\$ 100,399</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 385,410	\$ 16,646	\$ 289,301
Accrued wages and benefits	914,099	-	-
Due to other funds	-	-	123,241
Unearned revenue	90,932	8,170,000	-
Advances from other funds	778,526	-	-
Total liabilities	<u>2,168,967</u>	<u>8,186,646</u>	<u>412,542</u>
Deferred Inflows of Resources:			
Lease-related deferred inflows	390,888	-	-
Unavailable revenue	54,735	1,731	-
Total deferred inflows of resources	<u>445,623</u>	<u>1,731</u>	<u>-</u>
Fund Balances:			
Nonspendable	173,245	-	-
Restricted	3,335,862	812,293	-
Unassigned (deficit)	17,730,621	-	(312,143)
Total fund balances (deficit)	<u>21,239,728</u>	<u>812,293</u>	<u>(312,143)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,854,318</u>	<u>\$ 9,000,670</u>	<u>\$ 100,399</u>

City of Douglas
Balance Sheet (Continued)
Governmental Funds
June 30, 2024

	Major Funds		
	City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 625,384	\$ 1,635,416	\$ 28,984,745
Receivables:			
Accounts	-	42,490	269,729
Taxes	-	-	1,680,829
Intergovernmental	-	529,958	899,534
Lease receivable	-	-	432,527
Due from other funds	-	-	171,952
Inventories	-	-	44,993
Prepaid items	-	-	104,027
Advances to other funds	-	-	24,225
Restricted cash and investments	-	-	3,176,074
Total assets	<u>\$ 625,384</u>	<u>\$ 2,207,864</u>	<u>\$ 35,788,635</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 45,128	\$ 736,485
Accrued wages and benefits	-	74,071	988,170
Due to other funds	-	48,711	171,952
Unearned revenue	-	-	8,260,932
Advances from other funds	-	24,225	802,751
Total liabilities	<u>-</u>	<u>192,135</u>	<u>10,960,290</u>
Deferred Inflows of Resources:			
Lease-related deferred inflows	-	-	390,888
Unavailable revenue	-	-	56,466
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>447,354</u>
Fund Balances:			
Nonspendable	-	-	173,245
Restricted	625,384	2,015,729	6,789,268
Unassigned (deficit)	-	-	17,418,478
Total fund balances (deficit)	<u>625,384</u>	<u>2,015,729</u>	<u>24,380,991</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 625,384</u>	<u>\$ 2,207,864</u>	<u>\$ 35,788,635</u>

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024

Total Fund Balances - Total Governmental Funds	\$ 24,380,991
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>25,567,750</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Compensated absences - due within one year	(1,343,047)
Compensated absences - due in more than one year	(447,682)
Long-term debt - due within one year	(1,894,782)
Long-term debt - due in more than one year	<u>(33,120,802)</u>
	<u>(36,806,313)</u>
Aggregate net Pension asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>49,468</u>
Aggregate net OPEB asset in the governmental activities were not financial resources and therefore were not reported in governmental funds.	<u>798,968</u>
Actuarially determined deferred outflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	5,795,184
OPEB-related deferred outflows	<u>54,565</u>
	<u>5,849,749</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>(7,050,187)</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>(4,079)</u>
Actuarially determined deferred inflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	(905,323)
OPEB-related deferred outflows	<u>(130,960)</u>
	<u>(1,036,283)</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>(194,802)</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>56,466</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.	1,432,823
Less: amount attributable to the Business-Type Activities	<u>(194,469)</u>
Net Position of Governmental Activities	<u>\$ 12,850,082</u>

City of Douglas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds		
	General Fund	Grants Fund	City Capital Projects Fund
REVENUES:			
Taxes:			
Sales taxes	\$ 11,281,934	\$ -	\$ -
Property taxes	664,786	-	-
Franchise taxes	380,784	-	-
Transient occupancy taxes	121,518	-	-
Intergovernmental	9,794,364	155,125	-
Fines and forfeitures	9,550	-	-
Licenses and permits	267,962	-	-
Charges for services	1,450,332	-	-
Rentals and leases	489,634	-	-
Investment income	1,250,272	348,386	28,386
Miscellaneous	704,052	3,992	304,674
	<u>26,415,188</u>	<u>507,503</u>	<u>333,060</u>
EXPENDITURES:			
General government	5,203,334	176,545	-
Public safety	7,791,516	120,665	-
Highways and streets	743,657	-	-
Transportation	-	-	-
Culture and recreation	2,140,782	-	-
Capital outlay	3,301,063	55,018	3,993,351
Debt service:			
Principal	98,483	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>19,278,835</u>	<u>352,228</u>	<u>3,993,351</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>7,136,353</u>	<u>155,275</u>	<u>(3,660,291)</u>
OTHER FINANCING SOURCES (USES):			
Obligations incurred on capital leases	250,479	-	-
Transfers in	219,490	12,303	3,014,887
Transfers out	(9,139,443)	-	-
Total other financing sources (uses)	<u>(8,669,474)</u>	<u>12,303</u>	<u>3,014,887</u>
Net changes in fund balances	<u>(1,533,121)</u>	<u>167,578</u>	<u>(645,404)</u>
FUND BALANCES (DEFICIT):			
Beginning of year	<u>22,772,849</u>	<u>-</u>	<u>-</u>
Change with financial reporting entity (non-major and major fund reclassification)	<u>-</u>	<u>644,715</u>	<u>333,261</u>
Beginning of year, as restated (Note 15)	<u>22,772,849</u>	<u>644,715</u>	<u>333,261</u>
End of year	<u><u>\$ 21,239,728</u></u>	<u><u>\$ 812,293</u></u>	<u><u>\$ (312,143)</u></u>

City of Douglas
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2024

	<u>Major Funds</u>		
	<u>City Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes:			
Sales taxes	\$ -	\$ -	\$ 11,281,934
Property taxes	-	-	664,786
Franchise taxes	-	-	380,784
Transient occupancy taxes	-	-	121,518
Intergovernmental	-	2,493,292	12,442,781
Fines and forfeitures	-	-	9,550
Licenses and permits	-	-	267,962
Charges for services	-	286,272	1,736,604
Rentals and leases	-	-	489,634
Investment income	-	3,414	1,630,458
Miscellaneous	-	61,849	1,074,567
	<u>-</u>	<u>2,844,827</u>	<u>30,100,578</u>
EXPENDITURES:			
General government	-	-	5,379,879
Public safety	-	59,195	7,971,376
Highways and streets	-	901,956	1,645,613
Transportation	-	948,276	948,276
Culture and recreation	-	271,468	2,412,250
Capital outlay	-	1,321,799	8,671,231
Debt service:			
Principal	3,762,553	-	3,861,036
Interest and fiscal charges	894,633	-	894,633
Total expenditures	<u>4,657,186</u>	<u>3,502,694</u>	<u>31,784,294</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,657,186)</u>	<u>(657,867)</u>	<u>(1,683,716)</u>
OTHER FINANCING SOURCES (USES):			
Obligations incurred on capital leases	-	-	250,479
Transfers in	5,281,330	929,194	9,457,204
Transfers out	-	(102,880)	(9,242,323)
Total other financing sources (uses)	<u>5,281,330</u>	<u>826,314</u>	<u>465,360</u>
Net changes in fund balances	<u>624,144</u>	<u>168,447</u>	<u>(1,218,356)</u>
FUND BALANCES (DEFICIT):			
Beginning of year	<u>1,240</u>	<u>2,825,258</u>	<u>25,599,347</u>
Change with financial reporting entity (non-major and major fund reclassification)	<u>-</u>	<u>(977,976)</u>	<u>-</u>
Beginning of year, as restated (Note 15)	<u>1,240</u>	<u>1,847,282</u>	<u>25,599,347</u>
End of year	<u>\$ 625,384</u>	<u>\$ 2,015,729</u>	<u>\$ 24,380,991</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, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ (1,218,356)
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. (\$1,828,990 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	6,842,241
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.	(3,317,232)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, transfers, and disposals) decreased Net Position.	(159,273)
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	3,861,036
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.	6,306
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.	(1,883,409)
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.	97,814
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	(145,831)
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.	(4,597)
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.	247,344
Less: amount attributable to the Business-Type Activities	(16,538)
Change in Net Position of Governmental Activities	\$ 4,059,026

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Proprietary Fund Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

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, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Major Funds		Non-Major Fund	
	Water	Sewer	Solid Waste	
ASSETS				
Current assets:				
Cash and cash investments	\$ 3,461,252	\$ 4,360,951	\$ 1,139,442	\$ 8,961,645
Receivables:				
Accounts	203,807	169,549	105,098	478,454
Intergovernmental	105,418	89,204	-	194,622
Total current assets	3,770,477	4,619,704	1,244,540	9,634,721
Noncurrent assets:				
Advances to other funds	432,481	215,650	130,395	778,526
Restricted cash and cash equivalents	307,754	1,025,569	25,377	1,358,700
Aggregate net OPEB asset	19,450	19,539	13,280	52,269
Capital assets:				
Non-depreciable	1,120,347	-	10,296	1,130,643
Depreciable, net	6,043,283	29,816,312	267,756	36,127,351
Total capital assets	7,163,630	29,816,312	278,052	37,257,994
Total noncurrent assets	7,923,315	31,077,070	447,104	39,447,489
Total assets	11,693,792	35,696,774	1,691,644	49,082,210
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	79,187	79,552	54,068	212,807
OPEB-related deferred outflows	3,799	3,818	2,594	10,211
Total deferred outflows of resources	82,986	83,370	56,662	223,018

City of Douglas
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds		Non-Major Fund		
	Water	Sewer	Solid Waste	Total	
LIABILITIES					
Current liabilities:					
Accounts payable	303,508	26,514	83,931	413,953	359
Accrued payroll and related liabilities	63,101	50,286	35,706	149,093	-
Insurance claims payable	-	-	-	-	104,777
Interest payable	10,359	59,704	-	70,063	-
Deposits payable	46,668	34,409	33,024	114,101	-
Compensated absences - due within one year	29,003	35,335	12,724	77,062	-
Long-term debt - due within one year	167,394	577,606	-	745,000	-
Total current liabilities	620,033	783,854	165,385	1,569,272	105,136
Noncurrent liabilities:					
Compensated absences - due in more than one year	29,003	35,335	12,724	77,062	-
Long term debt - due in more than one year	866,007	5,408,826	-	6,274,833	-
Aggregate net pension liability	596,874	599,629	407,539	1,604,042	-
Aggregate net OPEB liability	478	480	326	1,284	-
Total noncurrent liabilities	1,492,362	6,044,270	420,589	7,957,221	-
Total liabilities	2,112,395	6,828,124	585,974	9,526,493	105,136
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred outflows	58,472	58,742	39,924	157,138	-
OPEB-related deferred outflows	9,806	9,851	6,697	26,354	-
Total deferred inflows of resources	68,278	68,593	46,621	183,492	-
NET POSITION					
Net investment in capital assets	6,130,229	23,829,880	278,052	30,238,161	-
Restricted for:					
Net OPEB asset	19,450	19,539	13,280	52,269	-
Debt service	261,086	434,617	-	695,703	-
Repair and replacement	-	556,543	-	556,543	-
Other restricted deposits	46,668	34,409	33,024	114,101	-
Total restricted	327,204	1,045,108	46,304	1,418,616	-
Unrestricted	3,138,672	4,008,439	791,355	7,938,466	1,432,823
Total net position	\$ 9,596,105	\$ 28,883,427	\$ 1,115,711	39,595,243	\$ 1,432,823
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				194,469	
Net position of business-type activities				\$ 39,789,712	

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds		Non-Major Fund	Total	
	Water	Sewer	Solid Waste		
OPERATING REVENUES:					
Charges for services	\$ 2,166,510	\$ 2,295,117	\$ 1,338,358	\$ 5,799,985	\$
Other revenue	49,077	104,246	47,487	200,810	1,574,045
Total operating revenues	<u>2,215,587</u>	<u>2,399,363</u>	<u>1,385,845</u>	<u>6,000,795</u>	<u>1,574,045</u>
OPERATING EXPENSES:					
Salaries and benefits	736,484	842,208	433,134	2,011,826	-
Materials, supplies and operational expenses	1,288,216	1,068,215	810,360	3,166,791	-
Insurance claims, premiums, and administration	67,992	59,407	60,608	188,007	1,398,571
Depreciation	489,792	482,667	109,395	1,081,854	-
Total operating expenses	<u>2,582,484</u>	<u>2,452,497</u>	<u>1,413,497</u>	<u>6,448,478</u>	<u>1,398,571</u>
OPERATING INCOME (LOSS)	<u>(366,897)</u>	<u>(53,134)</u>	<u>(27,652)</u>	<u>(447,683)</u>	<u>175,474</u>
NONOPERATING REVENUES (EXPENSES):					
Impact fees	28,000	43,650	-	71,650	-
Investment income	209,170	284,187	61,640	554,997	71,870
Interest expense	(31,475)	(141,230)	-	(172,705)	-
Intergovernmental	590,457	303,703	-	894,160	-
Total nonoperating revenues (expenses)	<u>796,152</u>	<u>490,310</u>	<u>61,640</u>	<u>1,348,102</u>	<u>71,870</u>
INCOME BEFORE TRANSFERS	<u>429,255</u>	<u>437,176</u>	<u>33,988</u>	<u>900,419</u>	<u>247,344</u>
TRANSFERS:					
Transfers out	(86,274)	(72,759)	(55,848)	(214,881)	-
Total transfers	<u>(86,274)</u>	<u>(72,759)</u>	<u>(55,848)</u>	<u>(214,881)</u>	<u>-</u>
Changes in net position	342,981	364,417	(21,860)	685,538	247,344
NET POSITION:					
Beginning of year	<u>9,253,124</u>	<u>28,519,010</u>	<u>1,137,571</u>		<u>1,185,479</u>
End of year	<u>\$ 9,596,105</u>	<u>\$ 28,883,427</u>	<u>\$ 1,115,711</u>		<u>\$ 1,432,823</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>16,538</u>	
Change in net position of business-type activities				<u>\$ 702,076</u>	

City of Douglas
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Major Funds		Non-Major Fund		
	Water	Sewer	Solid Waste		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and others	\$ 2,196,527	\$ 2,358,496	\$ 1,349,532	\$ 5,904,555	\$ -
Cash received from interfund services provided	-	-	-	-	-
Cash payments to suppliers for goods and services	(1,278,785)	(1,154,207)	(883,524)	(3,316,516)	(1,437,195)
Cash payments to employees for services	(807,907)	(668,937)	(454,378)	(1,931,222)	-
Other operating revenues and expenses	49,077	104,246	47,487	200,810	1,574,045
Net cash provided by operating activities	158,912	639,598	59,117	857,627	136,850
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received from repayment of advances	103,968	51,843	31,347	187,158	-
Transfers out	(86,274)	(72,759)	(55,848)	(214,881)	-
Net cash (used in) noncapital financing activities	17,694	(20,916)	(24,501)	(27,723)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Impact fees received	28,000	43,650	-	71,650	-
Capital grants received	488,960	214,499	-	703,459	-
Acquisition of capital assets	(865,604)	(241,132)	(15,964)	(1,122,700)	-
Principal paid on capital-related debt	(143,538)	(553,883)	-	(697,421)	-
Interest paid on capital-related debt	(46,504)	(129,083)	-	(175,587)	-
Net cash (used in) capital and related financing activities	(538,686)	(665,949)	(15,964)	(1,220,599)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	209,170	284,187	61,640	554,997	71,870
Net cash provided by investing activities	209,170	284,187	61,640	554,997	71,870
Net increase (decrease) in cash and cash equivalents	(152,910)	236,920	80,292	164,302	208,720
CASH AND CASH EQUIVALENTS:					
Beginning of year	3,919,066	5,152,449	1,084,527	10,156,042	1,329,239
End of year	<u>\$ 3,766,156</u>	<u>\$ 5,389,369</u>	<u>\$ 1,164,819</u>	<u>\$ 10,320,344</u>	<u>\$ 1,537,959</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:					
Cash and cash investments	\$ 3,461,252	\$ 4,360,951	\$ 1,139,442	\$ 8,961,645	\$ 1,537,959
Restricted cash and investments	307,754	1,025,569	25,377	1,358,700	-
Total cash and cash equivalents	<u>\$ 3,769,006</u>	<u>\$ 5,386,520</u>	<u>\$ 1,164,819</u>	<u>\$ 10,320,345</u>	<u>\$ 1,537,959</u>

See accompanying Notes to the Basic Financial Statements.

City of Douglas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (366,897)	\$ (53,134)	\$ (27,652)	\$ (447,683)	\$ 175,474
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	489,792	482,667	109,395	1,081,854	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Accounts receivable	17,394	63,379	11,174	91,947	-
Aggregate net OPEB asset	4,391	(2,990)	2,985	4,386	-
Pension-related deferred outflows	37,769	1,633	25,724	65,126	-
OPEB-related deferred outflows	(1,134)	(1,967)	(774)	(3,875)	-
Accounts payable	77,423	(26,585)	(12,556)	38,282	142
Accrued payroll and related liabilities	36,186	33,129	22,101	91,416	-
Insurance claims payable	-	-	-	-	(38,766)
Deposits payable	12,623	-	-	12,623	-
Compensated absences	(45,843)	8,171	(1,513)	(39,185)	-
Aggregate net pension liability	(110,601)	108,528	(75,130)	(77,203)	-
Aggregate net OPEB liability	80	204	54	338	-
Pension-related deferred inflows	13,229	27,336	9,057	49,622	-
OPEB-related deferred outflows	(5,500)	(773)	(3,748)	(10,021)	-
Total adjustments	525,809	692,732	86,769	1,305,310	(38,624)
Net cash provided by operating activities	\$ 158,912	\$ 639,598	\$ 59,117	\$ 857,627	\$ 136,850

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Notes to the Basic Financial Statements

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Index to Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies	55
A. Financial Reporting Entity	55
B. Basis of Accounting and Measurement Focus	56
C. Cash, Cash Equivalents and Investments	59
D. Restricted Cash and Investments	60
E. Receivables	60
F. Fair Value Measurement	61
G. Leases	61
H. Capital Assets	62
I. Long-Term Debt	63
J. Compensated Absences	63
K. Pension Plans and Other Postemployment Benefits (OPEB)	64
L. Net Position	64
M. Fund Balances	65
N. Use of Estimates	65
O. Implementation of New GASB Pronouncements for the Year Ended June 30, 2024	66
P. Upcoming Government Accounting Standards Implementations	66
Note 2 – Cash and Investments	67
A. Cash Deposits	67
B. Investments	67
C. External Investment Pool	68
D. Risk Disclosures	68
E. Restricted Cash and Investments	69
Note 3 – Intergovernmental Receivables	69
Note 4 – Lease Receivable	70
A. Governmental Activities	70
Note 5 – Interfund Balances and Transactions	71
A. Transfers	71
B. Due To and Due From Other Funds	71
C. Long-Term Advances	71
Note 6 – Capital Assets	72
A. Governmental Activities	72
B. Business-Type Activities	73
C. Component Unit	74
Note 7 – Long-Term Debt	74
A. Summary	74
B. Governmental Activities	75
C. Business-Type Activities	77
D. Component Unit	78
Note 8 – Compensated Absences	79

City of Douglas
Index to Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Pension Plans and Other Postemployment Benefits.....	79
A. Summary–Pension and OPEB	79
B. Arizona State Retirement System (“ASRS”) Plans	83
C. Arizona Public Safety Retirement System (“PSPRS”) Plans	89
Note 10 – Risk Management.....	95
Note 11 – Classification of Fund Balances	96
Note 12 – Net Investment in Capital Assets	97
Note 13 – Other Required Disclosures.....	97
A. Deficit Fund Balance/Net Position	97
B. Expenditures Exceeding Appropriations	97
Note 14 – Commitments and Contingencies	98
A. Litigation.....	98
B. Grants.....	98
C. Construction Commitments	98
Note 15 – Changes to or within the Financial Reporting Entity	98
Note 16 – Special Item.....	99

City of Douglas
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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, 2024

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.

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. The City entered into an agreement to sell all its real property and personal property of the Rancho La Perilla Apartments for \$4,934,000 to a management company as of January 30, 2024. As part of the sale the outstanding payables and long-term debt balances were paid off at closing. The closing date was January 31, 2024.

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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

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:

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

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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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.

Grants 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.

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 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.

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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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.

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

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

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

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

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

D. Restricted Cash and Investments

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

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

E. Receivables

All trade and property taxes receivables are shown net of an allowance for uncollectible accounts. All revenues of governmental activities were considered collectible and therefore there was no provision. The business-type activities reported an allowance of \$53,162.

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Fair Value Measurement

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

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

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

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

G. 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.

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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Leases (Continued)

Lessee (Continued)

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.

H. 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:

<u>Asset Category</u>	<u>Estimated Useful Life (Years)</u>
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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

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

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

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

I. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

J. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Pensions Plans and Other Postemployment Benefits (OPEB)

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

The following timeframes are used for pension/OPEB reporting:

<u>ASRS</u>	
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023
 <u>PSPRS</u>	
Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

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

L. Net Position

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

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation 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.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Fund Balances

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

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

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

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

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

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that can report a deficit unassigned fund balance amount. In other governmental funds, it is not appropriate to report a deficit unassigned fund balance amount. However, in a governmental fund other than the general fund, expenditures incurred for a specific purpose might exceed the amounts in the fund that are restricted, committed, and assigned to that purpose and a negative residual balance for that purpose may result. If that occurs, amounts assigned to other purposes in that fund should be reduced to eliminate the deficit. If the remaining deficit eliminates all other assigned amounts in the fund, or if there are no amounts assigned to other purposes, the negative residual amount is classified as unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed. When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

N. Use of Estimates

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Implementation of New GASB Pronouncements for the Year Ended June 30, 2024

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

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

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government 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. Additionally, this Statement 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.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Application of this statement is effective for the City’s fiscal year ending June 30, 2026.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for the City’s fiscal year ending June 30, 2026.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 30,522,704	\$ 8,961,645	\$ 39,484,349
Restricted cash and investments	3,176,074	1,358,700	4,534,774
Total	\$ 33,698,778	\$ 10,320,345	\$ 44,019,123

Cash, cash equivalents, and investments, excluding investments with fiscal agents, consisted of the following at June 30, 2024:

Cash and cash equivalents:	
Petty cash	\$ 5,400
Demand deposits	1,352,871
Restricted demand deposits	588,967
Investments:	
Local Government Investment Pool - Pool 5	38,077,016
Restricted Local Government Investment Pool - Pool 500	3,994,869
Total	\$ 44,019,123

The City's investments at June 30, 2024, categorized within the fair value hierarchy as described in Note 1F are as follows:

Investment Type	Total Fair Value	Measurement Inputs
External Investment Pools measured at Fair Value		
Local Government Investment Pool - Pool 5	\$ 38,077,016	Uncategorized
Local Government Investment Pool - Pool 500	3,994,869	Uncategorized
Total investment pools measured at fair value	42,071,885	
Total investments	\$ 42,071,885	

A. Cash Deposits

The carrying value of the City's demand deposits at June 30, 2024 was \$1,941,838 and the bank balance was \$2,011,194. Of the bank balance, \$1,039,421 was covered by federal depository insurance, and \$971,773 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:

- County Treasurer's Investment Pool
- Collateralized Repurchase Agreements

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

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

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 \$42,071,885 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, 2024, the City’s investments had the following maturities:

	Amount	Weighted Average Maturities (in Years)	
		1 year or less	1 - 5 years
Investments:			
Local Government Investment Pool - Pool 5	\$ 38,077,016	\$ 38,077,016	\$ -
Local Government Investment Pool - Pool 500	3,994,869	-	3,994,869
Total	\$ 42,071,885	\$ 38,077,016	\$ 3,994,869

Credit Risk

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

	Amount	Credit Quality Ratings	
		Moody's	Standard & Poor's
Investments:			
Local Government Investment Pool - Pool 5	\$ 38,077,016	AAA	Not applicable
Local Government Investment Pool - Pool 500	3,994,869	AA-2	Not applicable
Total	\$ 42,071,885		

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024.

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, 2024, consisted of the following:

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Loan debt service reserve requirement	\$ 3,176,074	\$ 1,244,599	\$ 4,420,673
Restricted customer deposits	-	114,101	114,101
Total	\$ 3,176,074	\$ 1,358,700	\$ 4,534,774

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	Grants Special Revenue Fund	City Capital Projects Fund	Non-Major Governmental Funds	Governmental Funds Subtotal
Due from federal government	\$ 81,266	\$ -	\$ -	\$ -	\$ 81,266
Due from state government	126,433	61,478	77,462	521,444	786,817
Due from local government	-	-	22,937	8,514	31,451
Total	\$ 207,699	\$ 61,478	\$ 100,399	\$ 529,958	\$ 899,534

	Water Fund	Sewer Fund	Enterprise Funds Subtotal	Total
Due from federal government	\$ 32,383	\$ 38,930	\$ 71,313	\$ 152,579
Due from state government	73,035	50,274	123,309	910,126
Due from local government	-	-	-	31,451
Total	\$ 105,418	\$ 89,204	\$ 194,622	\$ 1,094,156

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Intergovernmental Receivables (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable:		
(General Fund)	\$ 54,735	\$ -
Unavailable grant revenue:		
(Grants Special Revenue Fund)	1,731	-
Unearned revenue:		
(General Fund)	-	90,932
(Grants Special Revenue Fund)	-	8,170,000
	<u>\$ 56,466</u>	<u>\$ 8,260,932</u>

Note 4 – Lease Receivable

A. Governmental Activities

A portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2024, the City recognized \$6,503 in lease revenue and \$13,183 in interest revenue. The City reported deferred inflows related to leases in the amount of \$390,888 that are amortized over the life of the lease on the straight-line method.

A summary of changes in lease receivable for the fiscal year ended June 30, 2024 is as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Classification</u>	
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>	<u>Due within</u>	<u>Due in More</u>
					<u>One Year</u>	<u>Than One Year</u>
Leases receivable	\$ 732,450	\$ -	\$ (299,923)	\$ 432,527	\$ 597	\$ 431,930

As of June 30, 2024, the required payments for these leases, including interest, are:

<u>Year Ending</u>			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,869	5,331	7,200
2030-2034	46,443	2,557	49,000
2035-2039	80,324	21,376	101,700
2040-2044	106,453	15,587	122,040
2045-2049	138,456	7,992	146,448
2050-2051	53,811	619	54,430
Total	<u>\$ 432,527</u>	<u>\$ 74,991</u>	<u>\$ 507,518</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 5 – Interfund Balances and Transactions

A. Transfers

For the year ended June 30, 2024, the City had the following transfers:

Transfers In	Transfers Out	Amount	Purpose
General Fund	HURF Special Revenue Fund	\$ 33,573	Administrative cost
General Fund	Water Enterprise Fund	64,721	Administrative cost
General Fund	Sewer Enterprise Fund	68,004	Administrative cost
General Fund	Solid Waste Enterprise Fund	53,192	Administrative cost
	Subtotal	219,490	
City Debt Service Fund	General Fund	5,183,059	Debt service
City Debt Service Fund	HURF Special Revenue Fund	69,307	Debt service
City Debt Service Fund	Water Enterprise Fund	21,553	Debt service
City Debt Service Fund	Sewer Enterprise Fund	4,755	Debt service
City Debt Service Fund	Solid Waste Enterprise Fund	2,656	Debt service
	Subtotal	5,281,330	
Grants Special Revenue Fund	General Fund	12,303	Capital projects
City Capital Projects Fund	General Fund	3,014,887	Capital projects
HURF Special Revenue Fund	General Fund	700,000	Capital projects
LTAF Special Revenue Fund	General Fund	229,194	Capital projects
	Total	\$ 9,457,204	

B. Due To and Due From Other Funds

Due from and to other funds as of June 30, 2024, for short-term borrowing pending subsequent grant, tax, or fee reimbursement, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	City Capital Projects Fund	\$ 123,241	Overdrawn Cash
General Fund	City Debt Service Fund	-	Overdrawn Cash
General Fund	LTAF Fund	48,711	Overdrawn Cash
	Total	\$ 171,952	

C. Long-Term Advances

At June 30, 2024, the balances of long-term advances were as follows:

Advances To	Advances From	Amount
General Fund	Water Enterprise Fund	\$ 432,481
General Fund	Sewer Enterprise Fund	215,650
General Fund	Solid Waste Enterprise Fund	130,395
	Total	\$ 778,526
Golf Course MPC Special Revenue Fund	General Fund	24,225
	Total	\$ 24,225

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 5 – Interfund Balances and Transactions

C. Long-Term Advances (Continued)

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, 2024, the outstanding balance of the agreement was \$778,526.

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, 2024, the outstanding balance of the advance was \$24,225.

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2024
Nondepreciable assets:					
Land	\$ 1,065,310	\$ -	\$ -	\$ -	\$ 1,065,310
Construction in progress	3,286,245	515,584	(156,204)	(30,000)	3,615,625
Total nondepreciable assets	4,351,555	515,584	(156,204)	(30,000)	4,680,935
Depreciable/amortizable assets					
Land improvements	5,637,562	-	-	-	5,637,562
Streets and storm drains	25,050,680	4,820,608	-	30,000	29,901,288
Buildings and improvements	16,529,307	560,980	-	-	17,090,287
Machinery and equipment	16,339,407	486,996	-	-	16,826,403
Vehicles	8,030,582	458,073	-	-	8,488,655
Lease assets - buildings and improvements	76,749	-	(76,749)	-	-
Subtotal	71,664,287	6,326,657	(76,749)	30,000	77,944,195
Less accumulated depreciation/amortization					
Land improvements	(4,582,382)	(128,650)	-	-	(4,711,032)
Streets and storm drains	(17,627,818)	(1,608,998)	-	-	(19,236,816)
Buildings and improvements	(10,666,063)	(678,899)	-	-	(11,344,962)
Machinery and equipment	(13,964,335)	(568,821)	-	-	(14,533,156)
Vehicles	(6,899,550)	(331,864)	-	-	(7,231,414)
Lease assets - buildings and improvements	(73,680)	-	73,680	-	-
Subtotal	(53,813,828)	(3,317,232)	73,680	-	(57,057,380)
Total depreciable/amortizable assets, net	17,850,459	3,009,425	(3,069)	30,000	20,886,815
Total	\$ 22,202,014	\$ 3,525,009	\$ (159,273)	\$ -	\$ 25,567,750

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 6 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Governmental activities depreciation and amortization expenses for capital assets for the year ended June 30, 2024 are as follows:

General government	\$ 406,631
Public safety	603,844
Highways and streets	1,732,227
Transportation	81,235
Culture and recreation	493,295
Total depreciation/amortization expense	\$ 3,317,232

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2024
Nondepreciable assets:					
Construction in progress	\$ 550,476	\$ 580,167	\$ -	\$ -	\$ 1,130,643
Total nondepreciable assets	550,476	580,167	-	-	1,130,643
Depreciable assets					
Water distribution system	18,466,321	-	-	-	18,466,321
Wastewater systems	21,381,663	-	-	-	21,381,663
Building and improvements	22,124,026	-	-	-	22,124,026
Vehicles, machinery and equipment	5,150,151	727,948	-	-	5,878,099
Subtotal	67,122,161	727,948	-	-	67,850,109
Less accumulated depreciation					
Water distribution system	(12,576,493)	(439,786)	-	-	(13,016,279)
Wastewater systems	(8,835,241)	(409,298)	-	(173,283)	(9,417,822)
Building and improvements	(4,984,619)	-	-	173,283	(4,811,336)
Vehicles, machinery and equipment	(4,244,551)	(232,770)	-	-	(4,477,321)
Subtotal	(30,640,904)	(1,081,854)	-	-	(31,722,758)
Total depreciable assets, net	36,481,257	(353,906)	-	-	36,127,351
Total	\$ 37,031,733	\$ 226,261	\$ -	\$ -	\$ 37,257,994

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2024 are as follows:

Water	\$ 489,792
Sewer	482,667
Solid Waste	109,395
Total depreciation expense	\$ 1,081,854

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024, is as follows:

	Balance July 1, 2023	Additions	Special Item Dissolution of Operations	Balance June 30, 2024
Nondepreciable assets:				
Land	\$ 265,000	\$ -	\$ (265,000)	\$ -
Total nondepreciable assets	265,000	-	(265,000)	-
Depreciable assets				
Buildings and improvements	5,207,564	-	(5,207,564)	-
Furniture and equipment	26,278	-	(26,278)	-
Subtotal	5,233,842	-	(5,233,842)	-
Less accumulated depreciation				
Buildings and improvements	(2,905,779)	(76,130)	2,981,909	-
Furniture and equipment	(26,024)	(254)	26,278	-
Subtotal	(2,931,803)	(76,384)	3,008,187	-
Total depreciable assets, net	2,302,039	(76,384)	(2,225,655)	-
Total	\$ 2,567,039	\$ (76,384)	\$ (2,490,655)	\$ -

Depreciation expense for the component unit for the year ended June 30, 2024 was \$76,384.

Note 7 – Long-Term Debt

A. Summary

	Final Maturity	Remaining Interest Rate	Remaining Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2024
Governmental Activities					
Public borrowings:					
2021 Pledged Revenue Bonds	1/1/2039	0.27 - 2.92%	\$1,555,000 - \$2,795,000	\$ 38,885,000	\$ 34,260,000
Direct borrowings:					
Finance purchase agreements	3/30/2028	2.56 - 6.03%	\$98,971 - \$451,498	2,902,773	755,584
Total Governmental Activities				<u>\$ 41,787,773</u>	<u>\$ 35,015,584</u>
Business-Type Activities					
Direct borrowings:					
Finance purchase agreements	8/15/2027	4.50 - 6.42%	\$10,927	\$ 306,971	\$ 330,020
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2029	2.00%	\$96,076 - \$104,417	2,677,286	400,831
Water Infrastructure Finance Authority of Arizona Issued 2018-2019 (WIFA)	7/1/2033	1.81%	\$48,096 - \$51,669	1,500,000	522,034
Water Infrastructure Finance Authority of Arizona Issued 2009-2010 (WIFA)	7/1/2027	2.81%	\$243,471 - \$262,660	1,500,000	1,529,694
Water Infrastructure Finance Authority of Arizona Issued 2015-2016 (WIFA)	7/1/2034	2.00%	\$44,007 - \$56,267	900,000	549,024
Water Infrastructure Finance Authority of Arizona Issued 2016-2017 (WIFA)	7/1/2037	1.89%	\$232,783 - \$291,427	5,500,000	3,688,230
Total Business-Type Activities				<u>\$ 12,384,257</u>	<u>\$ 7,019,833</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Long-Term Debt (Continued)

B. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Classification	
					Due Within One Year	Due In More Than One Year
Finance purchase agreements	\$ 903,021	\$ 250,479	\$ (397,916)	\$ 755,584	\$ 274,782	\$ 480,802
Lease liability	3,120	-	(3,120)	-	-	-
2021 Pledged Revenue Bonds	35,845,000	-	(1,585,000)	34,260,000	1,620,000	32,640,000
Call Center loan payable	1,875,000	-	(1,875,000)	-	-	-
Total long-term debt	\$ 38,626,141	\$ 250,479	\$ (3,861,036)	\$ 35,015,584	\$ 1,894,782	\$ 33,120,802

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 finance purchase agreements carry annual interest rates from 3.00 to 5.12 percent with principal and interest payments due bi-annually or monthly.

The annual debt service requirements for the finance purchase agreements outstanding at June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 274,782	\$ 30,786	\$ 305,568
2026	152,393	23,828	176,221
2027	159,433	19,926	179,359
2028	135,280	8,693	143,973
2029	33,696	1,675	35,371
Total	\$ 755,584	\$ 84,908	\$ 840,492

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

Construction in progress	\$ 909,137
Buildings and improvements	895,329
Machinery and equipment	621,029
Vehicles	515,042
Less: accumulated depreciation	(928,416)
Total	\$ 2,012,121

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

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, 2024 were \$34,260,000. 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.

2021 Pledged Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,185,000	652,360	2,837,360
2030-2034	11,635,000	2,540,728	14,175,728
2035-2039	13,215,000	963,398	14,178,398
Total	\$ 34,260,000	\$ 7,062,508	\$ 41,322,508

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 loans were paid in full as of the year ended June 30, 2024.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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 lease payable was paid in full as of the year ended June 30, 2024.

C. Business-Type Activities

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Classification	
					Due Within One Year	Due In More Than One Year
Water Fund:						
Finance purchase agreements	\$ -	\$ 113,386	\$ (2,850)	\$ 110,536	\$ 23,222	\$ 87,314
2010 WIFA loan	494,277	-	(93,446)	400,831	96,076	304,755
2019 WIFA loan	569,276	-	(47,242)	522,034	48,096	473,938
Total water fund	1,063,553	113,386	(143,538)	1,033,401	167,394	866,007
Sewer Fund:						
Finance purchase agreements	191,234	72,030	(43,780)	219,484	57,346	162,138
2010 WIFA loan	1,768,393	-	(238,699)	1,529,694	243,471	1,286,223
2016 WIFA loan	591,963	-	(42,939)	549,024	44,007	505,017
2017 WIFA loan	3,916,695	-	(228,465)	3,688,230	232,782	3,455,448
Total sewer fund	6,468,285	72,030	(553,883)	5,986,432	577,606	5,408,826
Total business-type activities	\$ 7,531,838	\$ 185,416	\$ (697,421)	\$ 7,019,833	\$ 745,000	\$ 6,274,833

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. The finance purchase agreements carry annual interest rates from 3.00 to 5.12 percent with principal and interest payments due bi-annually or monthly.

The annual debt service requirements for the finance purchase agreements outstanding at June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 222,234	\$ 7,124	\$ 229,358
2026	43,678	4,890	48,568
2027	42,037	2,739	44,776
2028	22,071	559	22,630
Total	\$ 330,020	\$ 15,312	\$ 345,332

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:

Vehicles, machinery and equipment	\$ 385,749
Less: accumulated depreciation	(46,889)
Total	\$ 338,860

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Long-Term Debt (Continued)

C. Business-Type Activities (Continued)

Water Infrastructure Financing Authority Loans

The City has five loans through the Water Infrastructure Financing Authority of Arizona (WIFA). The loans are payable from water and sewer charges for services through the fiscal year 2034. The City draws the loan as funds are utilized and pays interest on the outstanding principal balance. The loan agreement requires that the City maintain a 1.2 times coverage ratio of net water and sewer system revenues to current year debt service payments. The City has met its coverage requirements. The total principal and interest remaining to be paid on the loans are \$7,441,864. Principal and interest paid for the current year and total pledged revenues were \$792,290 and \$2,011,595, respectively.

The annual requirements to amortize the bonds outstanding at June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 664,432	\$ 127,710	\$ 792,142
2026	678,370	113,624	791,994
2027	692,607	99,234	791,841
2028	707,150	84,534	791,684
2029	614,650	71,029	685,679
2030-2034	2,124,237	211,245	2,335,482
2035-2039	1,208,367	44,675	1,253,042
Total	<u>\$ 6,689,813</u>	<u>\$ 752,051</u>	<u>\$ 7,441,864</u>

D. Component Unit

Summary of changes in long-term liabilities for the component unit for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Special Item Dissolution of Operations	Balance June 30, 2024
HUD mortgage note payable	\$ 3,823,860	\$ -	\$ (3,823,860)	\$ -
Total long-term debt	<u>\$ 3,823,860</u>	<u>\$ -</u>	<u>\$ (3,823,860)</u>	<u>\$ -</u>

HUD Mortgage Note Payable

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 was paid in full upon the closing of the sale of the La Perilla Apartments.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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 \$1,944,853 at June 30, 2024. Summary of changes in compensated absences for the year ended June 30, 2024 is as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Classification</u>	
					<u>Due within One Year</u>	<u>Due in More Than One Year</u>
Compensated absences:						
Governmental Activities	\$ 1,644,898	\$ 1,010,192	\$ (864,361)	\$ 1,790,729	\$ 1,343,047	\$ 447,682
Business-Type Activities	193,309	64,935	(104,120)	154,124	77,062	77,062
Total compensated absences	<u>\$ 1,838,207</u>	<u>\$ 1,075,127</u>	<u>\$ (968,481)</u>	<u>\$ 1,944,853</u>	<u>\$ 1,420,109</u>	<u>\$ 524,744</u>

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

Note 9 – Pension Plans and Other Postemployment Benefits

A. Summary – Pension and OPEB

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Pension-related deferred outflows of resources:			
Pension contributions made after measurement date:			
ASRS	\$ 606,045	\$ 176,562	\$ 782,607
PSPRS - Police Plan - Tier 1 & 2	179,528	-	179,528
PSPRS - Fire Plan - Tier 1 & 2	123,217	-	123,217
PSPRS - Police Plan - Tier 3	52,323	-	52,323
PSPRS - Fire Plan - Tier 3	73,275	-	73,275
Total pension contributions made after measurement date	<u>1,034,388</u>	<u>176,562</u>	<u>1,210,950</u>
Projected earnings on pension plan investments in excess of actual earnings:			
PSPRS - Police Plan - Tier 1 & 2	1,672,857	-	1,672,857
PSPRS - Fire Plan - Tier 1 & 2	1,117,030	-	1,117,030
Total projected earnings on pension plan investments in excess of actual earnings	<u>2,789,887</u>	<u>-</u>	<u>2,789,887</u>
Change in assumptions:			
PSPRS - Police Plan - Tier 1 & 2	138,930	-	138,930
PSPRS - Fire Plan - Tier 1 & 2	278,868	-	278,868
PSPRS - Police Plan - Tier 3	151	-	151
PSPRS - Fire Plan - Tier 3	196	-	196
Total change in assumption	<u>418,145</u>	<u>-</u>	<u>418,145</u>
Difference between expected and actual experience			
ASRS	115,201	36,245	151,446
PSPRS - Police Plan - Tier 1 & 2	76,697	-	76,697
PSPRS - Fire Plan - Tier 1 & 2	1,107,662	-	1,107,662
PSPRS - Police Plan - Tier 3	78,457	-	78,457
PSPRS - Fire Plan - Tier 3	101,599	-	101,599
Total difference between expected and actual experience	<u>1,479,616</u>	<u>36,245</u>	<u>1,515,861</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Pension Plans and Other Postemployment Benefits

A. Summary – Pension and OPEB (Continued)

	Governmental Activities	Business-Type Activities	Total
Pension-related deferred outflows of resources (continued):			
Change in proportion and differences between employer contributions and proportionate share of contributions			
PSPRS - Police Plan - Tier 3	6,574	-	6,574
PSPRS - Fire Plan - Tier 3	66,574	-	66,574
Total change in proportion and differences between employer contributions and proportionate share of contributions	73,148	-	73,148
Total pension-related deferred outflows of resources			
ASRS	721,246	212,807	934,053
PSPRS - Police Plan - Tier 1 & 2	2,068,012	-	2,068,012
PSPRS - Fire Plan - Tier 1 & 2	2,626,777	-	2,626,777
PSPRS - Police Plan - Tier 3	137,505	-	137,505
PSPRS - Fire Plan - Tier 3	241,644	-	241,644
Total pension-related deferred outflows of resources	\$ 5,795,184	\$ 212,807	\$ 6,007,991
OPEB-related deferred outflows of resources:			
OPEB contributions made after measurement date:			
ASRS - Health Benefit Supplement Plan	\$ 5,541	\$ 1,615	\$ 7,156
ASRS - Long-Term Disability Plan	7,557	2,201	9,758
PSPRS - Fire Plan - Tier 3	1,012	-	1,012
Total OPEB contributions made after measurement date	14,833	3,816	18,649
Projected earnings on OPEB plan investments in excess of actual earnings:			
PSPRS - Police Plan - Tier 1 & 2	6,044	-	6,044
PSPRS - Fire Plan - Tier 1 & 2	5,000	-	5,000
Total projected earnings on OPEB plan investments in excess of actual earnings	11,044	-	11,044
Change in assumptions:			
ASRS - Long-Term Disability Plan	1,076	339	1,415
PSPRS - Police Plan - Tier 1 & 2	1,944	-	1,944
PSPRS - Fire Plan - Tier 1 & 2	3,537	-	3,537
PSPRS - Police Plan - Tier 3	74	-	74
PSPRS - Fire Plan - Tier 3	96	-	96
Total change in assumption	6,727	339	7,066
Difference between expected and actual experience			
ASRS - Health Benefit Supplement Plan	7,010	2,206	9,216
ASRS - Long-Term Disability Plan	3,683	1,159	4,842
PSPRS - Police Plan - Tier 3	229	-	229
PSPRS - Fire Plan - Tier 3	297	-	297
Total difference between expected and actual experience	11,219	3,365	14,584
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Health Benefit Supplement Plan	7,090	2,231	9,321
ASRS - Long-Term Disability Plan	1,463	460	1,923
PSPRS - Police Plan - Tier 3	250	-	250
PSPRS - Fire Plan - Tier 3	1,939	-	1,939
Total change in proportion and differences between employer contributions and proportionate share of contributions	10,742	2,691	13,433

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

A. Summary – Pension and OPEB (Continued)

	Governmental Activities	Business-Type Activities	Total
OPEB-related deferred outflows of resources (continued):			
Total OPEB-related deferred outflows of resources			
ASRS - Health Benefit Supplement Plan	19,641	6,052	25,693
ASRS - Long-Term Disability Plan	13,779	4,159	17,938
PSPRS - Police Plan - Tier 1 & 2	7,988	-	7,988
PSPRS - Fire Plan - Tier 1 & 2	8,537	-	8,537
PSPRS - Police Plan - Tier 3	1,276	-	1,276
PSPRS - Fire Plan - Tier 3	3,344	-	3,344
Total OPEB-related deferred outflows of resources	<u>\$ 54,565</u>	<u>\$ 10,211</u>	<u>\$ 64,776</u>
Net pension asset			
PSPRS - Police Plan - Tier 3	\$ 21,555	\$ -	\$ 21,555
PSPRS - Fire Plan - Tier 3	27,913	-	27,913
Total net pension asset	<u>49,468</u>	<u>-</u>	<u>49,468</u>
Net pension liability			
ASRS	\$ 5,098,312	\$ 1,604,042	\$ 6,702,354
PSPRS - Police Plan - Tier 1 & 2	504,019	-	504,019
PSPRS - Fire Plan - Tier 1 & 2	1,447,856	-	1,447,856
Total net pension liability	<u>\$ 7,050,187</u>	<u>\$ 1,604,042</u>	<u>\$ 8,654,229</u>
Net OPEB asset			
ASRS - Health Benefit Supplement Plan	\$ 166,132	\$ 52,269	\$ 218,401
PSPRS - Police Plan - Tier 1 & 2	296,346	-	296,346
PSPRS - Fire Plan - Tier 1 & 2	325,410	-	325,410
PSPRS - Police Plan - Tier 3	4,828	-	4,828
PSPRS - Fire Plan - Tier 3	6,252	-	6,252
Total Net OPEB asset	<u>\$ 798,968</u>	<u>\$ 52,269</u>	<u>\$ 851,237</u>
Net OPEB liability			
ASRS - Long-Term Disability Plan	\$ 4,079	\$ 1,284	\$ 5,363
Total Net OPEB liability	<u>\$ 4,079</u>	<u>\$ 1,284</u>	<u>\$ 5,363</u>
Pension-related deferred inflows of resources:			
Projected earnings on pension plan investments in excess of actual earnings:			
ASRS	\$ 180,383	\$ 56,752	\$ 237,135
PSPRS - Police Plan - Tier 3	909	-	909
PSPRS - Fire Plan - Tier 3	1,177	-	1,177
Total projected earnings on pension plan investments in excess of actual earnings	<u>182,469</u>	<u>56,752</u>	<u>239,221</u>
Change in assumptions:			
PSPRS - Police Plan - Tier 3	3,145	-	3,145
PSPRS - Fire Plan - Tier 3	4,072	-	4,072
Total change in assumption	<u>7,217</u>	<u>-</u>	<u>7,217</u>
Difference between expected and actual experience			
PSPRS - Police Plan - Tier 1 & 2	73,174	-	73,174
PSPRS - Fire Plan - Tier 1 & 2	313,486	-	313,486
Total difference between expected and actual experience	<u>386,660</u>	<u>-</u>	<u>386,660</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

A. Summary – Pension and OPEB (Continued)

	Governmental Activities	Business-Type Activities	Total
Pension-related deferred inflows of resources (continued):			
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS	319,068	100,386	419,454
PSPRS - Police Plan - Tier 3	9,909	-	9,909
Total change in proportion and differences between employer contributions and proportionate share of contributions	328,977	100,386	429,363
Total pension-related deferred inflows of resources			
ASRS	499,451	157,138	656,589
PSPRS - Police Plan - Tier 1 & 2	73,174	-	73,174
PSPRS - Fire Plan - Tier 1 & 2	313,486	-	313,486
PSPRS - Police Plan - Tier 3	13,963	-	13,963
PSPRS - Fire Plan - Tier 3	5,249	-	5,249
Total pension-related deferred inflows of resources	\$ 905,323	\$ 157,138	\$ 1,062,461
OPEB-related deferred inflows of resources:			
Projected earnings on pension plan investments in excess of actual earnings:			
ASRS - Health Benefit Supplement Plan	\$ 7,297	\$ 2,296	\$ 9,593
ASRS - Long-Term Disability Plan	326	103	429
PSPRS - Police Plan - Tier 3	50	-	50
PSPRS - Fire Plan - Tier 3	65	-	65
Total projected earnings on pension plan investments in excess of actual earnings	7,738	2,399	10,137
Change in assumptions:			
ASRS - Health Benefit Supplement Plan	3,306	1,040	4,346
ASRS - Long-Term Disability Plan	5,939	1,868	7,807
PSPRS - Police Plan - Tier 3	1	-	1
PSPRS - Fire Plan - Tier 3	1	-	1
Total change in assumption	9,247	2,908	12,155
Difference between expected and actual experience			
ASRS - Health Benefit Supplement Plan	61,955	19,492	81,447
ASRS - Long-Term Disability Plan	2,296	723	3,019
PSPRS - Police Plan - Tier 1 & 2	12,091	-	12,091
PSPRS - Fire Plan - Tier 1 & 2	33,908	-	33,908
PSPRS - Police Plan - Tier 3	240	-	240
PSPRS - Fire Plan - Tier 3	311	-	311
Total difference between expected and actual experience	110,801	20,215	131,016
Change in proportion and differences between employer contributions and proportionate share of contributions			
ASRS - Health Benefit Supplement Plan	645	203	848
ASRS - Long-Term Disability Plan	1,998	629	2,627
PSPRS - Police Plan - Tier 3	531	-	531
Total change in proportion and differences between employer contributions and proportionate share of contributions	3,174	832	4,006

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

A. Summary – Pension and OPEB (Continued)

	Governmental Activities	Business-Type Activities	Total
OPEB-related deferred inflows of resources (continued):			
Total OPEB-related deferred inflows of resources			
ASRS - Health Benefit Supplement Plan	73,203	23,031	96,234
ASRS - Long-Term Disability Plan	10,559	3,323	13,882
PSPRS - Police Plan - Tier 1 & 2	12,091	-	12,091
PSPRS - Fire Plan - Tier 1 & 2	33,908	-	33,908
PSPRS - Police Plan - Tier 3	822	-	822
PSPRS - Fire Plan - Tier 3	377	-	377
Total OPEB-related deferred inflows of resources	<u>\$ 130,960</u>	<u>\$ 26,354</u>	<u>\$ 157,314</u>
Pension expenses/(income):			
ASRS	\$ 564,889	\$ 177,726	\$ 742,615
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	32,392	-	32,392
PSPRS - Fire Plan - Tier 3	49,143	-	49,143
Total net pension expenses/(income)	<u>\$ 2,513,764</u>	<u>\$ 177,726</u>	<u>\$ 2,691,490</u>
OPEB expenses/(income):			
ASRS - Health Benefit Supplement Plan	\$ (18,367)	\$ (5,779)	\$ (24,146)
ASRS - Long-Term Disability Plan	3,838	1,208	5,046
PSPRS - Police Plan - Tier 1 & 2	(33,143)	-	(33,143)
PSPRS - Fire Plan - Tier 1 & 2	(36,197)	-	(36,197)
PSPRS - Police Plan - Tier 3	(559)	-	(559)
PSPRS - Fire Plan - Tier 3	(544)	-	(544)
Total net OPEB expenses/(income)	<u>\$ (84,972)</u>	<u>\$ (4,571)</u>	<u>\$ (89,543)</u>

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

Plan Description

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

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

Benefits Provided

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

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

*With actuarially reduced benefits

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

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

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

Employees Covered

At June 30, 2024 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, 2024

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, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members’ annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members’ annual covered payroll. The City’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2024, were:

	Contributions - employer
Pension Plan	\$ 782,607
Health Benefit Supplement Plan	7,156
Long-Term Disability Plan	9,758
Total	<u>\$ 799,521</u>

During fiscal year 2024, the City paid for ASRS pension and OPEB contributions as follows: 76.0 percent from the Governmental Funds, 8.9 percent from the Water Fund, 9.0 percent from the Sewer Fund, and 6.1 percent from the Solid Waste Fund.

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

At June 30, 2024, the City’s reported proportionate share of pension and OPEB liability/(asset)’s for the City was:

	Net pension/OPEB (asset) liability
Pension Plan	\$ 6,702,354
Health Benefit Supplement Plan	(218,401)
Long-Term Disability Plan	5,363
Total	<u>\$ 6,489,316</u>

The net asset and net liabilities were measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023. 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, 2023. The City’s proportions measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

	Pension Plan	Health Benefit Supplement Plan	Long-Term Disability Plan
Proportion June 30, 2022	0.04428%	0.04364%	0.04401%
Proportion June 30, 2023	0.04142%	0.04045%	0.04093%
Change - Increase (Decrease)	<u>-0.00286%</u>	<u>-0.00319%</u>	<u>-0.00308%</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

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

As of June 30, 2024, the City reported net pension and OPEB liability/(asset) for its proportionate shares of the net pension and OPEB liability/(asset) of the ASRS Plans as follows:

	Plan's Net Pension and OPEB Liability/(Asset)		
	Pension Plan	Health Benefit Supplement Plan	Long-Term Disability Plan
Balance at: 6/30/22 (Valuation date)	\$ 7,227,479	\$ (243,554)	\$ 4,065
Balance at: 6/30/23 (Measurement date)	6,702,354	(218,401)	5,363
Net Changes during 2022-2023	<u>\$ (525,125)</u>	<u>\$ 25,153</u>	<u>\$ 1,298</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, 2024:

	Pension/OPEB expenses (income)
Pension Plan	\$ 742,615
Health Benefit Supplement Plan	(24,146)
Long-Term Disability Plan	5,046
Total	<u>\$ 723,515</u>

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the ASRS Plans from the following sources:

	Pension Plan		Health Benefit Supplement Plan		Long-Term Disability Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to measurement date	\$ 782,607	\$ -	\$ 7,156	\$ -	\$ 9,758	\$ -
Difference between projected and actual earning on pension plan investments	-	(237,135)	-	(9,593)	-	(429)
Changes in assumptions	-	-	-	(4,346)	1,415	(7,807)
Difference between actual and expected experience	151,446	-	9,216	(81,447)	4,842	(3,019)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(419,454)	9,321	(848)	1,923	(2,627)
Total	<u>\$ 934,053</u>	<u>\$ (656,589)</u>	<u>\$ 25,693</u>	<u>\$ (96,234)</u>	<u>\$ 17,938</u>	<u>\$ (13,882)</u>

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2025. 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
2025	\$ (324,422)	\$ (34,527)	\$ (733)
2026	(406,815)	(38,110)	(1,618)
2027	255,562	(2,930)	9
2028	(29,468)	(3,221)	(1,389)
2029	-	1,091	(1,387)
Thereafter	-	-	(584)
	<u>\$ (505,143)</u>	<u>\$ (77,697)</u>	<u>\$ (5,702)</u>

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

For the measurement period ended June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. Both the June 30, 2022 and the June 30, 2023 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, 2022
Actuarial roll forward date	June 30, 2023
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, 2022, 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, 2024

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	Long-Term Expected Portfolio Real Rate of Return
Equity	44.00%	3.50%
Credit	23.00%	5.90%
Real Estate	17.00%	5.90%
Private Equity	10.00%	6.70%
Interest Rate Sensitive	6.00%	1.50%
Total	100.00%	

Discount Rate

At June 30, 2023, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

	Aggregate Net Pension and OPEB Liability/(Asset)		
	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Pension Plan	\$ 10,039,143	\$ 6,702,354	\$ 3,920,063
Health Benefit Supplement Plan	\$ (152,652)	\$ (218,401)	\$ (274,272)
Long-Term Disability Plan	\$ 7,843	\$ 5,363	\$ 2,924
Total	\$ 9,894,334	\$ 6,489,316	\$ 3,648,715

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2024, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

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

Plan Description

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

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

Benefits Provided

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

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

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

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

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

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

Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for each Plan:

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

Contributions

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Police Plan (Tier 1 & 2)	Fire Plan (Tier 1 & 2)	Police Plan (Tier 3)	Fire Plan (Tier 3)
	(Tier 1) 7.65%			
Active members - pension	(Tier 2 - hired after 7/2011) 11.65%		10.41%	
City of Douglas, 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, 2024, the City’s contributions made for each Plan was as follows:

	Police Plan (Tier 1 & 2)		Fire Plan (Tier 1 & 2)		Police Plan (Tier 3)		Fire Plan (Tier 3)	
	Pension	Health	Pension	Health	Pension	Health	Pension	Health
Contributions - employer	\$ 179,528	\$ -	\$ 123,217	\$ -	\$ 52,323	\$ 723	\$ 73,275	\$ 1,012

During fiscal year 2024, 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, 2024

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, 2023, 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, 2023, and the change from its proportions measured as of June 30, 2022, were:

	Police Pension Plan (Tier 3)	Police OPEB Plan (Tier 3)	Fire Pension Plan (Tier 3)	Fire OPEB Plan (Tier 3)
Proportion June 30, 2022	0.2802170%	0.2805250%	0.4069370%	0.4073850%
Proportion June 30, 2023	0.2573090%	0.2574420%	0.3332050%	0.3333780%
	-0.0229080%	-0.0230830%	-0.0737320%	-0.0740070%

Actuarial Assumptions

The total pension and liabilities/(assets) in the June 30, 2023 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, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

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	Long-Term Expected Portfolio Real Rate of Return
U.S. public equity	24.00%	3.98%
International public equity	16.00%	4.49%
Global private equity	20.00%	7.28%
Other assets (capital appreciation)	7.00%	4.49%
Core bonds	6.00%	1.90%
Private credit	20.00%	6.19%
Diversifying strategies	5.00%	3.68%
Cash - Mellon	2.00%	0.69%
	100.00%	4.62%

¹An expected inflation of 2.25% used for this period

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

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

Discount Rate

At June 30, 2024, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

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

Police Plan (Tier 1 & 2) - 009						
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2022	\$ 29,029,236	\$ 28,552,385	\$ 476,851	\$ 382,528	\$ 662,797	\$ (280,269)
Changes in the year:						
Service cost	324,859	-	324,859	7,761	-	7,761
Interest on the total pension liabilities	2,054,753	-	2,054,753	26,711	-	26,711
Differences between expected and actual experience	54,329	-	54,329	(2,077)	-	(2,077)
Benefit payments, including refunds of members contributions	(1,631,708)	(1,631,708)	-	(38,606)	(38,606)	-
Contributions - employer	-	150,041	(150,041)	-	-	-
Contributions - employee	-	125,444	(125,444)	-	-	-
Net investment income	-	2,144,136	(2,144,136)	-	48,782	(48,782)
Administrative expenses	-	(12,848)	12,848	-	(310)	310
Net changes	802,233	775,065	27,168	(6,211)	9,866	(16,077)
Balance at June 30, 2023 (Measurement Date)	\$ 29,831,469	\$ 29,327,450	\$ 504,019	\$ 376,317	\$ 672,663	\$ (296,346)

Fire Plan (Tier 1 & 2) - 008						
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2022	\$ 19,888,669	\$ 19,412,278	\$ (476,391)	\$ 238,558	\$ 541,253	\$ (302,695)
Changes in the year:						
Service cost	241,028	-	241,028	4,979	-	4,979
Interest on the total pension liabilities	1,405,183	-	1,405,183	17,092	-	17,092
Differences between expected and actual experience	1,044,359	-	1,044,359	(4,145)	-	(4,145)
Benefit payments, including refunds of members contributions	(1,226,542)	(1,226,542)	-	(12,301)	(12,301)	-
Contributions - employer	-	170,620	(170,620)	-	-	-
Contributions - employee	-	105,642	(105,642)	-	-	-
Net investment income	-	1,452,196	(1,452,196)	-	40,920	(40,920)
Administrative expenses	-	(9,353)	9,353	-	(279)	279
Net changes	1,464,028	492,563	971,465	5,625	28,340	(22,715)
Balance at June 30, 2023 (Measurement Date)	\$ 21,352,697	\$ 19,904,841	\$ 1,447,856	\$ 244,183	\$ 569,593	\$ (325,410)

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

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

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

Sensitivity of the City’s net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the City’s net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, as well as what the City’s net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	Plan's Net Pension/OPEB (Asset) Liability		
	Discount Rate - 1% (6.20%)	Current Discount Rate (7.20%)	Discount Rate + 1% (8.20%)
Police Pension Plan (Tier 1 & 2)	\$ 4,402,057	\$ 504,019	\$ (2,684,252)
Police OPEB Plan (Tier 1 & 2)	\$ (254,030)	\$ (296,346)	\$ (331,911)
Fire Pension Plan (Tier 1 & 2)	\$ 4,299,969	\$ 1,447,856	\$ (872,796)
Fire OPEB Plan (Tier 1 & 2)	\$ (297,019)	\$ (325,410)	\$ (349,211)
Aggregate Total	\$ 8,150,977	\$ 1,330,119	\$ (4,238,170)

	Plan's Aggregate Proportionate Share of Net Pension/OPEB (Asset) Liability		
	Discount Rate - 1% (6.20%)	Current Discount Rate (7.20%)	Discount Rate + 1% (8.20%)
Police Pension Plan (Tier 3)	\$ 54,972	\$ (21,555)	\$ (78,693)
Police OPEB Plan (Tier 3)	\$ (3,867)	\$ (4,828)	\$ (5,592)
Fire Pension Plan (Tier 3)	\$ 71,187	\$ (27,913)	\$ (101,904)
Fire OPEB Plan (Tier 3)	\$ (5,008)	\$ (6,252)	\$ (7,242)
Aggregate Total	\$ 117,284	\$ (60,548)	\$ (193,431)

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, 2024, the City recognized the following pension and OPEB expense (income):

	Pension/OPEB expense/(income)
Pension Plan - Police (Tier 1 & 2)	\$ 1,146,188
Pension Plan - Fire (Tier 1 & 2)	721,152
Pension Plan - Police (Tier 3)	32,392
Pension Plan - Fire (Tier 3)	49,143
OPEB Plan - Police (Tier 1 & 2)	(33,143)
OPEB Plan - Fire (Tier 1 & 2)	(36,197)
OPEB Plan - Police (Tier 3)	(559)
OPEB Plan - Fire (Tier 3)	(544)
Total	\$ 1,878,432

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Plan (Tier 1 & 2)			
	Pension Plan		OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 179,528	\$ -	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	1,672,857	-	6,044	-
Changes in assumptions	138,930	-	1,944	-
Difference between actual and expected experience	76,697	(73,174)	-	(12,091)
Total	\$ 2,068,012	\$ (73,174)	\$ 7,988	\$ (12,091)

	Fire Plan (Tier 1 & 2)			
	Pension Plan		OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 123,217	\$ -	\$ -	\$ -
Difference between projected and actual earning on pension plan investments	1,117,030	-	5,000	-
Changes in assumptions	278,868	-	3,537	-
Difference between actual and expected experience	1,107,662	(313,486)	-	(33,908)
Total	\$ 2,626,777	\$ (313,486)	\$ 8,537	\$ (33,908)

	Police Plan (Tier 3)			
	Pension Plan		OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 52,323	\$ -	\$ 723	\$ -
Difference between projected and actual earning on pension plan investments	-	(909)	-	(50)
Changes in assumptions	151	(3,145)	74	(1)
Difference between actual and expected experience	78,457	-	229	(240)
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,574	(9,909)	250	(531)
Total	\$ 137,505	\$ (13,963)	\$ 1,276	\$ (822)

	Fire Plan (Tier 3)			
	Pension Plan		OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 73,275	\$ -	\$ 1,012	\$ -
Difference between projected and actual earning on pension plan investments	-	(1,177)	-	(65)
Changes in assumptions	196	(4,072)	96	(1)
Difference between actual and expected experience	101,599	-	297	(311)
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,574	-	1,939	-
Total	\$ 241,644	\$ (5,249)	\$ 3,344	\$ (377)

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources			
	Police Pension Plan (Tier 1 & 2)	Police OPEB Plan (Tier 1 & 2)	Fire Pension Plan (Tier 1 & 2)	Fire OPEB Plan (Tier 1 & 2)
2025	\$ 692,419	\$ (8,685)	\$ 814,773	\$ (20,108)
2026	489,673	(10,241)	708,560	(12,078)
2027	660,748	15,315	684,553	7,296
2028	(27,530)	(492)	(17,812)	(481)
2029	-	-	-	-
Thereafter	-	-	-	-
	<u>\$ 1,815,310</u>	<u>\$ (4,103)</u>	<u>\$ 2,190,074</u>	<u>\$ (25,371)</u>

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources			
	Police Pension Plan (Tier 3)	Police OPEB Plan (Tier 3)	Fire Pension Plan (Tier 3)	Fire OPEB Plan (Tier 3)
2025	\$ 6,067	\$ (67)	\$ 15,053	\$ 94
2026	5,702	(80)	14,581	77
2027	9,953	71	20,086	272
2028	6,122	(50)	15,125	115
2029	7,188	(19)	16,506	156
Thereafter	36,187	(124)	81,769	1,241
	<u>\$ 71,219</u>	<u>\$ (269)</u>	<u>\$ 163,120</u>	<u>\$ 1,955</u>

Note 10 – Risk Management

The City 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, 2024

Note 10 – Risk Management (Continued)

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

The liability claims amount recorded in the accompanying financial statements is based on reported pending claims, effects of inflation, recent claim settlement trends and other economic and social trends. At June 30, 2024, the self-insured benefit claims payable reported within the internal service fund, including amounts incurred, but not yet reported totaled \$104,777.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2021-2022	\$ 237,519	\$ 1,044,671	\$ (1,069,379)	\$ 212,811
2022-2023	212,811	1,329,303	(1,398,571)	143,543
2023-2024	143,543	1,359,805	(1,398,571)	104,777

Note 11 – Classification of Fund Balances

The City classifies fund balances, as shown on the Balance Sheet – Governmental Funds as of June 30, 2024 as follows:

	Major Funds				Other Governmental Funds	Total
	General Fund	Grants Fund	City Capital Projects Fund	City Debt Service Fund		
Nonspendable:						
Inventories	\$ 44,993	\$ -	\$ -	\$ -	\$ -	\$ 44,993
Prepaid items	104,027	-	-	-	-	104,027
Advance to other funds	24,225	-	-	-	-	24,225
Total nonspendable	173,245	-	-	-	-	173,245
Restricted:						
PSPRS contingency reserve	3,176,073	-	-	-	-	3,176,073
Firefighters injured in line of duty	159,789	-	-	-	-	159,789
Debt service	-	-	-	625,384	-	625,384
Federal and state grant programs	-	812,293	-	-	-	812,293
Golf course operations	-	-	-	-	25,134	25,134
Law enforcement operations	-	-	-	-	67,982	67,982
Local transportation	-	-	-	-	271,964	271,964
Highways and streets by A.R.S. 28-6533	-	-	-	-	1,650,649	1,650,649
Total restricted	3,335,862	812,293	-	625,384	2,015,729	6,789,268
Unassigned (deficit)	17,730,621	-	(312,143)	-	-	17,418,478
Total fund balances	\$ 21,239,728	\$ 812,293	\$ (312,143)	\$ 625,384	\$ 2,015,729	\$ 24,380,991

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 12 – Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 4,680,935	\$ 1,130,643
Capital assets, depreciable/amortizable, net	20,886,815	36,127,351
Long-term debt:		
Finance purchase agreements	(755,584)	(330,020)
WIFA loans	-	(6,689,813)
Total net investment in capital assets	<u>\$ 24,812,166</u>	<u>\$ 30,238,161</u>

Note 13 – Other Required Disclosures

A. Deficit Fund Balance/Net Position

At June 30, 2024, the Governmental Activities Net Position had an unrestricted deficit of (\$18,951,001). 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.

At June 30, 2024, the following funds had a fund balances (deficit), which will be eliminated through general fund transfers:

Fund	Fund Type	Deficit
City Capital Projects	Capital Projects Fund	\$ 312,143

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the following function(s) by fund:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government:	
	Administration	\$ 57,752
	General government	382,228
	Cemetery	57,197
	Community development	18,698
	Public safety:	
	Fire	45,146
	Emergency medical services	33,599
	Culture and recreation:	
	Parks	55,664
	Aquatics	32,491
City Debt Service Fund	Debt Service:	
	Principal	1,251,190
HURF Special Revenue Fund	Capital outlay	117,372

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024 with a planned cost to complete of approximately \$1,660,000.

Note 15 – Changes to or within the Financial Reporting Entity

The Grants Special Revenue Fund was previously reported as a non-major fund, but due to a significant increase in advanced funding for a grant funded through the ARPA program, the fund now meets the quantitative threshold requiring the fund to be reported as a major fund for the fiscal year ended June 30, 2024. The City Capital Projects Fund was previously reported as a non-major fund, but due to a significant increase in capital outlay, the fund now meets the quantitative threshold requiring the fund to be reported as a major fund for the fiscal year ended June 30, 2024. The changes to or within the financial reporting entity resulted in adjustments to and restatements of beginning fund balance, as follows:

	June 30, 2023	Change to or with the	June 30, 2023
	As Previously Reported	Financial Reporting Entity	As Restated
Governmental Funds			
Major Funds:			
General Fund	\$ 22,772,849	\$ -	\$ 22,772,849
Grants Special Revenue Fund	-	644,715	644,715
City Capital Projects Fund	-	333,261	333,261
City Debt Service Fund	1,240	-	1,240
Nonmajor Funds	2,825,258	(977,976)	1,847,282
Total Governmental Funds	\$ 25,599,347	\$ -	\$ 25,599,347

City of Douglas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 16 – Special Item

The City recorded a special item transaction as of and/or for the year ended June 30, 2024 in the amount of \$1,837,563, for the dissolution of operations of the Douglas Community Housing Corporation. In fiscal year 2024, the City entered into an agreement to sell all its real property and personal property of the Rancho La Perilla Apartments for \$4,934,000 to a management company as of January 30, 2024. As part of the sale the outstanding payables and long-term debt balances were paid off at closing. The closing date was January 31, 2024.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Required Supplementary Information (Unaudited)

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2024

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, 2024 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2024 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 Fund 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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/
				(Unfavorable)
REVENUES:				
Taxes:				
Sales taxes	\$ 9,600,000	\$ 9,600,000	\$ 11,281,934	\$ 1,681,934
Property taxes	666,000	666,000	664,786	(1,214)
Franchise taxes	342,000	342,000	380,784	38,784
Transient occupancy taxes	105,000	105,000	121,518	16,518
Intergovernmental	13,248,848	13,248,848	9,794,364	(3,454,484)
Fines and forfeitures	18,000	18,000	9,550	(8,450)
Licenses and permits	182,300	182,300	267,962	85,662
Charges for services	1,521,051	1,521,051	1,450,332	(70,719)
Rents and royalties	385,527	385,527	489,634	104,107
Investment income	400,000	400,000	1,250,272	850,272
Miscellaneous	7,694,362	7,694,362	704,052	(6,990,310)
Total revenues	34,163,088	34,163,088	26,415,188	(7,747,900)
EXPENDITURES:				
Current:				
General government:				
Administration	750,045	750,045	807,797	(57,752)
Finance	604,260	604,260	495,936	108,324
Personnel	569,741	569,741	430,838	138,903
General government	1,246,844	1,246,844	1,629,072	(382,228)
Management information systems	582,361	582,361	567,522	14,839
Cemetery	328,624	328,624	385,821	(57,197)
Community development	218,170	218,170	236,868	(18,698)
Golf course	262,115	262,115	254,894	7,221
Economic development	236,004	236,004	229,632	6,372
Airport	136,981	136,981	119,125	17,856
Call center	50,644	50,644	45,829	4,815
Subtotal	4,985,789	4,985,789	5,203,334	(217,545)
Public safety:				
Police	5,524,844	5,524,844	4,773,785	751,059
Fire	1,539,268	1,539,268	1,584,414	(45,146)
Emergency medical services	1,399,718	1,399,718	1,433,317	(33,599)
Subtotal	8,463,830	8,463,830	7,791,516	672,314
Highways and streets				
Public works	945,485	945,485	743,657	201,828
Subtotal	945,485	945,485	743,657	201,828

City of Douglas
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund (Continued)
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/
				(Unfavorable)
EXPENDITURES (Continued):				
Culture and recreation:				
Parks	717,747	717,747	773,411	(55,664)
Recreation	421,034	421,034	336,303	84,731
Library	530,523	530,523	489,702	40,821
Aquatics	376,108	376,108	408,599	(32,491)
Visitor center	162,482	162,482	132,767	29,715
Subtotal	2,207,894	2,207,894	2,140,782	67,112
Capital outlay	3,702,425	3,702,425	3,301,063	401,362
Debt Service:				
Principal	121,140	121,140	98,483	22,657
Interest and fiscal charges	29,750	29,750	-	29,750
Total expenditures	20,456,313	20,456,313	19,278,835	1,177,478
REVENUES OVER (UNDER) EXPENDITURES	13,706,775	13,706,775	7,136,353	(6,570,422)
OTHER FINANCING SOURCES (USES):				
Inception of lease payable	-	-	250,479	250,479
Transfers in	1,551,846	1,551,846	219,490	(1,332,356)
Transfers out	(11,268,619)	(11,268,619)	(9,139,443)	2,129,176
Total other financing sources (uses)	(9,716,773)	(9,716,773)	(8,669,474)	1,047,299
Net change in fund balance	\$ 3,990,002	\$ 3,990,002	(1,533,121)	\$ (5,523,123)
FUND BALANCE:				
Beginning of year			22,772,849	
End of year			<u>\$ 21,239,728</u>	

City of Douglas
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Grants Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 31,182,331	\$ 31,182,331	\$ 155,125	\$ (31,027,206)
Investment income	-	-	348,386	348,386
Miscellaneous	-	-	3,992	3,992
Total revenues	31,182,331	31,182,331	507,503	(30,674,828)
EXPENDITURES:				
Current:				
General government	340,241	340,241	176,545	163,696
Public safety	1,135,214	1,135,214	120,665	1,014,549
Capital outlay	1,045,000	1,045,000	55,018	989,982
Total expenditures	2,520,455	2,520,455	352,228	2,168,227
REVENUE OVER				
(UNDER) EXPENDITURES	28,661,876	28,661,876	155,275	(28,506,601)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	12,303	12,303
Total other financing sources	-	-	12,303	12,303
Net change in fund balance	\$ 28,661,876	\$ 28,661,876	167,578	\$ (28,494,298)
FUND BALANCE:				
Beginning of year			644,715	
End of year			\$ 812,293	

City of Douglas
Schedules of the Proportionate Share of the Net Pension/OPEB Asset (Liability)
Last Ten Years
For the Year Ended June 30, 2024

Arizona Employees' Retirement System ("ASRS") Pension Plan					
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the the Net Pension Liability	0.04142%	0.04428%	0.04428%	0.04364%	0.04102%
City's Proportionate Share of the Net Pension Liability	\$ 6,702,354	\$ 7,227,479	\$ 6,171,649	\$ 7,561,293	\$ 5,968,887
City's Covered Payroll	\$ 4,862,321	\$ 4,720,700	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	137.84%	153.10%	134.66%	169.93%	138.17%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	75.47%	74.26%	78.58%	69.33%	73.24%
Measurement Period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's Proportion of the the Net Pension Liability	0.04456%	0.04460%	0.04396%	0.04547%	0.04940%
City's Proportionate Share of the Net Pension Liability	\$ 6,214,551	\$ 6,947,811	\$ 7,095,586	\$ 7,082,217	\$ 7,309,573
City's Covered Payroll	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323	\$ 4,108,769	\$ 4,015,976
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.53%	153.04%	174.15%	172.37%	182.01%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	73.40%	69.92%	67.06%	68.35%	69.49%

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, 2024

Arizona Employees' Retirement System ("ASRS") Health Insurance Premium Benefit					
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the the Net OPEB (Asset)/Liability	0.04045%	0.04364%	0.04364%	0.04301%	0.04056%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (218,401)	\$ (243,554)	\$ (228,452)	\$ (30,451)	\$ (11,209)
City's Covered Payroll	\$ 4,862,321	\$ 4,720,700	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-4.49%</u>	<u>-5.16%</u>	<u>-4.98%</u>	<u>-0.68%</u>	<u>-0.26%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>134.37%</u>	<u>137.79%</u>	<u>130.24%</u>	<u>104.33%</u>	<u>101.62%</u>
Measurement Period	June 30, 2018	June 30, 2017	June 30, 2016 ¹		
City's Proportion of the the Net OPEB (Asset)/Liability	0.04421%	0.04444%	0.04444%		
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (15,920)	\$ (24,193)	\$ 12,850		
City's Covered Payroll	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323		
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.35%</u>	<u>-0.53%</u>	<u>0.32%</u>		
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>102.20%</u>	<u>103.57%</u>	<u>103.57%</u>		

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 75 is 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, 2024

Arizona Employees' Retirement System ("ASRS") Long-Term Disability					
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the the Net OPEB (Asset)/Liability	0.04093%	0.04401%	0.04401%	0.04321%	0.04067%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ 5,363	\$ 4,065	\$ 9,677	\$ 32,780	\$ 26,494
City's Covered Payroll	\$ 4,862,321	\$ 4,720,700	\$ 4,583,204	\$ 4,449,712	\$ 4,320,109
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	0.11%	0.09%	0.21%	0.74%	0.61%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	93.70%	95.40%	90.38%	68.01%	72.85%
Measurement Period	June 30, 2018	June 30, 2017	June 30, 2016 ¹		
City's Proportion of the the Net OPEB (Asset)/Liability	0.04456%	0.04441%	0.04441%		
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ 23,283	\$ 16,098	\$ 15,959		
City's Covered Payroll	\$ 4,486,032	\$ 4,539,864	\$ 4,074,323		
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	0.52%	0.35%	0.39%		
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	77.83%	84.44%	84.44%		

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)
Last Ten Years
For the Year Ended June 30, 2024

Arizona Public Safety Public Retirement System ("PSPRS") Police Pension Plan (Tier 3)					
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the the Net Pension (Asset)/Liability	0.25731%	0.28022%	0.23739%	0.02124%	0.18381%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (21,555)	\$ (15,149)	\$ (21,980)	\$ 687	\$ (2,640)
City's Covered Payroll	\$ 99,712	\$ 96,808	\$ 93,988	\$ 91,251	\$ 88,593
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-21.62%</u>	<u>-15.65%</u>	<u>-23.39%</u>	<u>0.75%</u>	<u>-2.98%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>106.80%</u>	<u>109.20%</u>	<u>121.67%</u>	<u>98.82%</u>	<u>116.90%</u>
Measurement Period	<u>June 30, 2018¹</u>				
City's Proportion of the the Net Pension (Asset)/Liability	0.12677%				
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ 250				
City's Covered Payroll	\$ 41,792				
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>0.60%</u>				
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>89.24%</u>				

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)
Last Ten Years
For the Year Ended June 30, 2024

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

Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the the Net Pension (Asset)/Liability	0.33321%	0.40694%	0.56959%	0.20217%	0.74068%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (27,913)	\$ (21,999)	\$ (52,736)	\$ (606)	\$ (10,637)
City's Covered Payroll	\$ 317,291	\$ 308,050	\$ 299,077	\$ 290,366	\$ 281,909
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-8.80%</u>	<u>-0.20%</u>	<u>-0.20%</u>	<u>-0.21%</u>	<u>-3.77%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>106.80%</u>	<u>109.20%</u>	<u>121.67%</u>	<u>98.82%</u>	<u>116.90%</u>
Measurement Period	<u>June 30, 2018¹</u>				
City's Proportion of the the Net Pension (Asset)/Liability	1.95874%				
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ 3,861				
City's Covered Payroll	<u>\$ 236,240</u>				
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>1.63%</u>				
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>89.24%</u>				

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)
Last Ten Years
For the Year Ended June 30, 2024

Arizona Public Safety Public Retirement System ("PSPRS") Police OPEB Plan (Tier 3)					
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the the Net OPEB (Asset)/Liability	0.25744%	0.28053%	0.20556%	0.19956%	0.18320%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (4,828)	\$ (3,331)	\$ (1,994)	\$ (65)	\$ (269)
City's Covered Payroll	\$ 99,712	\$ 96,808	\$ 93,988	\$ 91,251	\$ 88,593
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-4.84%</u>	<u>-0.07%</u>	<u>-0.07%</u>	<u>-0.07%</u>	<u>-0.30%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>217.50%</u>	<u>223.50%</u>	<u>242.50%</u>	<u>198.90%</u>	<u>205.30%</u>
Measurement Period	<u>June 30, 2018¹</u>				
City's Proportion of the the Net Pension (Asset)/Liability	0.12678%				
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (5)				
City's Covered Payroll	\$ 41,792				
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.01%</u>				
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>110.51%</u>				

Notes to Schedule:

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

City of Douglas
Schedules of the Proportionate Share of the Net Pension/ OPEB Asset (Liability) (Continued)
Last Ten Years
For the Year Ended June 30, 2024

Arizona Public Safety Public Retirement System ("PSPRS") Fire OPEB Plan (Tier 3)					
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the the Net OPEB (Asset)/Liability	0.33338%	0.40739%	0.49320%	0.50580%	0.65145%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (6,252)	\$ (4,838)	\$ (4,785)	\$ (992)	\$ (957)
City's Covered Payroll	\$ 317,291	\$ 308,050	\$ 299,077	\$ 290,366	\$ 281,909
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	<u>-1.97%</u>	<u>-0.32%</u>	<u>-0.33%</u>	<u>-0.34%</u>	<u>-0.34%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>217.50%</u>	<u>223.50%</u>	<u>242.50%</u>	<u>198.90%</u>	<u>205.30%</u>
Measurement Period	<u>June 30, 2018¹</u>				
City's Proportion of the the Net Pension (Asset)/Liability	1.95873%				
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ (82)				
City's Covered Payroll	<u>\$ 236,240</u>				
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<u>-0.03%</u>				
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>110.51%</u>				

Notes to Schedule:

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

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios
Last Ten Years
For the Year Ended June 30, 2024

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

Total Pension Liability	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Service cost	\$ 324,859	\$ 304,895	\$ 310,697	\$ 323,894	\$ 357,391	\$ 351,906	\$ 503,156	\$ 348,598	\$ 350,912	\$ 397,560
Interest on total pension liability	2,054,753	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	54,329	(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	(1,631,708)	(1,787,428)	(1,691,994)	(1,551,430)	(1,323,464)	(1,404,304)	(1,328,230)	(1,460,025)	(1,227,722)	(1,330,257)
Net change in total pension liability	802,233	737,079	751,967	1,334,144	1,884,481	681,784	2,978,515	289,725	361,555	2,984,211
Total pension liability - beginning	29,029,236	28,292,157	27,540,190	26,206,046	24,321,565	23,639,781	20,661,266	20,371,541	20,009,986	17,025,775
Total pension liability - ending (a)	\$ 29,831,469	\$ 29,029,236	\$ 28,292,157	\$ 27,540,190	\$ 26,206,046	\$ 24,321,565	\$ 23,639,781	\$ 20,661,266	\$ 20,371,541	\$ 20,009,986
Plan fiduciary net position										
Contributions - employer	\$ 150,041	\$ 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	125,444	153,526	157,455	163,157	145,425	208,160	237,017	263,157	211,626	201,922
Investment income (net administrative expenses)	2,144,136	(1,214,394)	2,300,114	101,243	408,395	499,040	740,758	36,786	233,285	814,052
Benefit payments	(1,631,708)	(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	(12,848)	(21,948)	(10,772)	(8,256)	(8,096)	(8,295)	(6,954)	(5,693)	(6,060)	(6,556)
Other	-	-	-	1	(6,180)	(374,047)	171,793	38	(53,348)	-
Net change in plan fiduciary net position	775,065	(2,694,364)	23,092,352	212,864	383,208	212,060	1,128,150	(87,328)	(111,501)	410,246
Plan fiduciary net position - beginning	28,552,385	31,246,749	8,154,397	7,941,533	7,558,325	7,346,265	6,218,115	6,305,443	6,416,944	6,006,698
Plan fiduciary net position - ending (b)	\$ 29,327,450	\$ 28,552,385	\$ 31,246,749	\$ 8,154,397	\$ 7,941,533	\$ 7,558,325	\$ 7,346,265	\$ 6,218,115	\$ 6,305,443	\$ 6,416,944
Net pension liability (assets) - ending (a)-(b)	\$ 504,019	\$ 476,851	\$ (2,954,592)	\$ 19,385,793	\$ 18,264,513	\$ 16,763,240	\$ 16,293,516	\$ 14,443,151	\$ 14,066,098	\$ 13,593,042
Plan fiduciary net position as a percentage of the total pension liability	98.31%	98.36%	110.44%	29.61%	30.30%	31.08%	31.08%	30.10%	30.95%	32.07%
Covered payroll	\$ 1,736,892	\$ 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	29.02%	28.28%	-180.76%	1152.24%	1057.65%	937.94%	734.44%	791.77%	781.47%	728.77%

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, 2024

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

Total Pension Liability	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Service cost	\$ 241,028	\$ 313,088	\$ 331,050	\$ 323,838	\$ 331,808	\$ 327,237	\$ 383,056	\$ 300,094	\$ 258,460	\$ 288,434
Interest on total pension liability	1,405,183	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	1,044,359	(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	(1,226,542)	(1,113,135)	(1,033,446)	(1,251,867)	(1,458,448)	(855,310)	(806,531)	(934,899)	(923,685)	(918,315)
Net change in total pension liability	1,464,028	473,255	1,051,728	793,184	351,434	321,568	1,605,972	439,585	359,450	2,591,253
Total pension liability - beginning	19,888,669	19,415,414	18,363,686	17,570,502	17,219,068	16,897,500	15,291,528	14,851,943	14,492,493	11,901,240
Total pension liability - ending (a)	\$ 21,352,697	\$ 19,888,669	\$ 19,415,414	\$ 18,363,686	\$ 17,570,502	\$ 17,219,068	\$ 16,897,500	\$ 15,291,528	\$ 14,851,943	\$ 14,492,493
Plan fiduciary net position										
Contributions - employer	\$ 170,620	\$ 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	105,642	106,266	133,682	130,500	123,484	173,036	179,196	184,516	151,481	146,888
Investment income (net administrative expenses)	1,452,196	(824,280)	1,601,908	69,540	286,520	334,620	482,843	21,858	133,862	473,107
Benefit payments	(1,226,542)	(1,113,135)	(1,033,446)	(1,251,867)	(1,458,448)	(855,310)	(806,531)	(934,899)	(923,685)	(918,315)
Administrative expenses	(9,353)	(14,889)	(7,373)	(5,668)	(5,961)	(5,793)	(4,672)	(3,545)	(3,626)	(3,810)
Other	-	-	-	(312)	(415)	(221,078)	45	(24,570)	(2,812)	22,909
Net change in plan fiduciary net position	492,563	(1,675,620)	15,616,023	53,456	85,415	488,126	937,220	239,587	(74,745)	334,616
Plan fiduciary net position - beginning	19,412,278	21,087,898	5,471,875	5,418,419	5,333,004	4,844,878	3,907,658	3,668,071	3,742,816	3,408,200
Plan fiduciary net position - ending (b)	\$ 19,904,841	\$ 19,412,278	\$ 21,087,898	\$ 5,471,875	\$ 5,418,419	\$ 5,333,004	\$ 4,844,878	\$ 3,907,658	\$ 3,668,071	\$ 3,742,816
Net pension liability (assets) - ending (a)-(b)	\$ 1,447,856	\$ 476,391	\$ (1,672,484)	\$ 12,891,811	\$ 12,152,083	\$ 11,886,064	\$ 12,052,622	\$ 11,383,870	\$ 11,183,872	\$ 10,749,677
Plan fiduciary net position as a percentage of the total pension liability	93.22%	97.60%	108.61%	29.80%	30.84%	30.97%	28.67%	25.55%	24.70%	25.83%
Covered payroll	\$ 1,079,010	\$ 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	134.18%	45.48%	-124.72%	886.98%	883.52%	789.65%	762.38%	750.34%	885.10%	844.28%

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, 2024

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

Total OPEB Liability	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17¹
Service cost	\$ 7,761	\$ 7,184	\$ 7,800	\$ 8,129	\$ 5,898	\$ 6,077	\$ 9,096
Interest on total OPEB liability	26,711	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	(2,077)	(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	(38,606)	(20,768)	(23,331)	(23,568)	(24,066)	(27,231)	(28,426)
Net change in total OPEB liability	(6,211)	7,010	(9,583)	(44,512)	(36,490)	(61,833)	(10,007)
Total OPEB liability - beginning	382,528	375,518	385,101	429,613	466,103	527,936	537,943
Total OPEB liability - ending (a)	\$ 376,317	\$ 382,528	\$ 375,518	\$ 385,101	\$ 429,613	\$ 466,103	\$ 527,936
Plan fiduciary net position							
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ 4,885	\$ 1,883	\$ -
Contributions - employee	-	-	-	-	-	-	-
Investment income (net administrative expense)	48,782	(27,840)	157,440	7,430	30,872	38,643	61,283
Benefit payments	(38,606)	(20,768)	(23,331)	(23,568)	(24,066)	(27,231)	(28,426)
Administrative expenses	(310)	(496)	(647)	(604)	(533)	(588)	(543)
Other	-	-	-	-	6,180	(1)	-
Net change in plan fiduciary net position	9,866	(49,104)	133,462	(16,742)	17,338	12,706	32,314
Plan fiduciary net position - beginning	662,797	711,901	578,439	595,181	577,843	565,137	532,823
Plan fiduciary net position - ending (b)	\$ 672,663	\$ 662,797	\$ 711,901	\$ 578,439	\$ 595,181	\$ 577,843	\$ 565,137
Net OPEB asset - ending (a)-(b)	\$ (296,346)	\$ (280,269)	\$ (336,383)	\$ (193,338)	\$ (165,568)	\$ (111,740)	\$ (37,201)
Plan fiduciary net position as a percentage of the total OPEB liability	178.75%	173.27%	189.58%	150.20%	138.54%	123.97%	107.05%
Covered payroll	\$ 1,736,892	\$ 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	-17.06%	-16.62%	-19.41%	-11.49%	-9.59%	-6.25%	-1.68%

Notes to Schedule:

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

City of Douglas
Schedules of Changes in the Net Pension/OPEB Asset/(Liability) and Related Ratios (Continued)
Last Ten Years
For the Year Ended June 30, 2024

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

Total OPEB Liability	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17¹
Service cost	\$ 4,979	\$ 5,940	\$ 6,781	\$ 7,351	\$ 4,666	\$ 4,516	\$ 5,217
Interest on total OPEB liability	17,092	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	(4,145)	(5,170)	(24,027)	(4,663)	(74,385)	(7,997)	(16,822)
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(12,301)	(12,515)	(12,211)	(12,326)	(11,509)	(10,746)	(12,963)
Net change in total OPEB liability	5,625	9,970	(11,855)	7,675	(57,880)	6,565	(1,568)
Total OPEB liability - beginning	238,558	228,588	240,443	232,768	290,648	284,083	285,651
Total OPEB liability - ending (a)	\$ 244,183	\$ 238,558	\$ 228,588	\$ 240,443	\$ 232,768	\$ 290,648	\$ 284,083
Plan fiduciary net position							
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (415)	\$ -
Contributions - employee	-	-	-	-	-	-	-
Investment income (net administrative expenses)	40,920	(22,580)	126,328	5,889	24,478	30,276	46,965
Benefit payments	(12,301)	(12,515)	(12,211)	(12,326)	(11,509)	(10,746)	(12,963)
Administrative expenses	(279)	(402)	(519)	(479)	(423)	(461)	(415)
Other	-	-	-	-	415	-	-
Net change in plan fiduciary net position	28,340	(35,497)	113,598	(6,916)	12,961	18,654	33,587
Plan fiduciary net position - beginning	541,253	576,750	463,152	470,068	457,107	438,453	404,866
Plan fiduciary net position - ending (b)	\$ 569,593	\$ 541,253	\$ 576,750	\$ 463,152	\$ 470,068	\$ 457,107	\$ 438,453
Net OPEB liability - ending (a)-(b)	\$ (325,410)	\$ (302,695)	\$ (348,162)	\$ (222,709)	\$ (237,300)	\$ (166,459)	\$ (154,370)
Plan fiduciary net position as a percentage of the total OPEB liability	233.26%	226.89%	252.31%	192.62%	201.95%	157.27%	154.34%
Covered payroll	\$ 1,079,010	\$ 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	-30.16%	-28.89%	-25.96%	-15.32%	-17.25%	-11.06%	-9.76%

Notes to Schedule:

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

City of Douglas
Schedules of Contributions
Last Ten Years
For the Year Ended June 30, 2024

Arizona State Retirement System ("ASRS") Pension Plan

	2022-23	2021-22	2020-21	2019-20	2018-19
Statutorily required contribution	\$ 782,607	\$ 609,756	\$ 597,938	\$ 522,637	\$ 476,805
Contributions in relation to the statutorily required contributions	(782,607)	(609,756)	(597,938)	(522,637)	(476,805)
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered payroll	 \$ 4,958,280	 \$ 4,813,865	 \$ 4,673,655	 \$ 4,537,529	 \$ 4,320,109
 Contributions as a percentage of covered payroll	 15.78%	 12.67%	 12.79%	 11.52%	 11.04%
	2017-18	2016-17	2015-16	2014-15	2013-14¹
Statutorily required contribution	\$ 485,199	\$ 469,070	\$ 449,208	\$ 449,025	\$ 476,481
Contributions in relation to the statutorily required contributions	(485,199)	(469,070)	(449,208)	(449,025)	(476,481)
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered payroll	 \$ 4,486,032	 \$ 4,539,864	 \$ 4,074,323	 \$ 4,108,769	 \$ 4,015,976
 Contributions as a percentage of covered payroll	 10.82%	 10.33%	 11.03%	 10.93%	 11.86%

Notes to Schedule

Valuation date: 6/30/2022

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2024

Arizona Employees' Retirement System ("ASRS") Health Insurance Premium Benefit Plan					
	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Statutorily required contribution	\$ 7,156	\$ 6,050	\$ 10,662	\$ 20,012	\$ 22,234
Contributions in relation to the statutorily required contributions	(7,156)	(6,050)	(10,662)	(20,012)	(22,234)
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered payroll	 \$ 5,107,029	 \$ 4,958,280	 \$ 4,813,865	 \$ 4,673,655	 \$ 4,537,529
 Contributions as a percentage of covered payroll	 0.14%	 0.12%	 0.22%	 0.43%	 0.49%
	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17¹</u>		
Statutorily required contribution	\$ 19,617	\$ 18,976	\$ 23,923		
Contributions in relation to the statutorily required contributions	(19,617)	(18,976)	(23,923)		
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		
 Covered payroll	 \$ 4,320,109	 \$ 4,486,032	 \$ 4,539,864		
 Contributions as a percentage of covered payroll	 0.45%	 0.42%	 0.53%		

Notes to Schedule

Valuation date: 6/30/2022

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

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2024

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Statutorily required contribution	\$ 9,758	\$ 7,701	\$ 9,647	\$ 9,237	\$ 7,762
Contributions in relation to the statutorily required contributions	(9,758)	(7,701)	(9,647)	(9,237)	(7,762)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,107,029	\$ 4,958,280	\$ 4,813,865	\$ 4,673,655	\$ 4,537,529
Contributions as a percentage of covered payroll	0.19%	0.16%	0.20%	0.20%	0.17%
	2018-19	2017-18	2016-17¹		
Statutorily required contribution	\$ 6,825	\$ 7,071	\$ 6,040		
Contributions in relation to the statutorily required contributions	(6,825)	(7,071)	(6,040)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -		
Covered payroll	\$ 4,320,109	\$ 4,486,032	\$ 4,539,864		
Contributions as a percentage of covered payroll	0.16%	0.16%	0.13%		

Notes to Schedule

Valuation date: 6/30/2022

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

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2024

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Actuarially determined contribution	\$ 179,528	\$ 232,124	\$ 263,799	\$ 22,364,390	\$ 1,505,378
Contributions in relation to the actuarially determined contributions	(179,528)	(232,124)	(263,799)	(22,364,390)	(1,505,378)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,893,610	\$ 1,838,456	\$ 1,784,909	\$ 1,732,921	\$ 1,682,448
Contributions as a percentage of covered payroll	9.48%	12.63%	14.78%	1290.56%	89.48%
	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 1,167,128	\$ 1,291,506	\$ 1,313,766	\$ 1,078,409	\$ 730,718
Contributions in relation to the actuarially determined contributions	(1,167,128)	(1,291,506)	(1,313,766)	(1,078,409)	(730,718)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,726,895	\$ 1,787,233	\$ 2,218,501	\$ 1,824,164	\$ 1,799,959
Contributions as a percentage of covered payroll	67.59%	72.26%	59.22%	59.12%	40.60%

Notes to Schedule

Valuation date: 6/30/2023

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, 2024

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Actuarially determined contribution	\$ 123,217	\$ 198,813	\$ 271,805	\$ 14,954,585	\$ 1,106,632
Contributions in relation to the actuarially determined contributions	(123,217)	(198,813)	(271,805)	(14,954,585)	(1,106,632)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,635,879	\$ 1,588,232	\$ 1,541,973	\$ 1,497,061	\$ 1,453,457
Contributions as a percentage of covered payroll	7.53%	12.52%	17.63%	998.93%	76.14%
	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 1,140,235	\$ 1,062,651	\$ 1,086,339	\$ 996,227	\$ 570,035
Contributions in relation to the actuarially determined contributions	(1,140,235)	(1,062,651)	(1,086,339)	(996,227)	(570,035)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918	\$ 1,517,157	\$ 1,263,573
Contributions as a percentage of covered payroll	82.90%	70.60%	68.72%	65.66%	45.11%

Notes to Schedule

Valuation date: 6/30/2023

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, 2024

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

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Actuarially determined contribution	\$ -	\$ -	\$ 3,921	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	(3,921)	-	-
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered payroll	 \$ 1,893,610	 \$ 1,838,456	 \$ 1,784,909	 \$ 1,732,921	 \$ 1,682,448
 Contributions as a percentage of covered payroll	 0.00%	 0.00%	 0.22%	 0.00%	 0.00%
	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17¹</u>		
Actuarially determined contribution	\$ 4,885	\$ 1,883	\$ -		
Contributions in relation to the actuarially determined contributions	(4,885)	(1,883)	-		
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		
 Covered payroll	 \$ 1,726,895	 \$ 1,787,233	 \$ 2,218,501		
 Contributions as a percentage of covered payroll	 0.28%	 0.11%	 0.00%		

Notes to Schedule

Valuation date: 6/30/2023

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, 2024

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Actuarially determined contribution	\$ -	\$ 3,095	\$ 3,323	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	(3,095)	(3,323)	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,635,879	\$ 1,588,232	\$ 1,541,973	\$ 1,497,061	\$ 1,453,457
Contributions as a percentage of covered payroll	0.01%	0.01%	0.22%	0.00%	0.00%
	2018-19	2017-18	2016-17¹		
Actuarially determined contribution	\$ -	\$ (415)	\$ -		
Contributions in relation to the actuarially determined contributions	-	415	-		
Contribution deficiency (excess)	\$ -	\$ -	\$ -		
Covered payroll	\$ 1,375,420	\$ 1,505,231	\$ 1,580,918		
Contributions as a percentage of covered payroll	0.00%	-0.03%	0.00%		

Notes to Schedule

Valuation date: 6/30/2023

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, 2024

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Statutorily required contribution	\$ 52,323	\$ 31,885	\$ 37,404	\$ 21,136	\$ 5,780
Contributions in relation to the statutorily required contributions	(52,323)	(31,885)	(37,404)	(21,136)	(5,780)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 177,472	\$ 172,303	\$ 167,285	\$ 162,412	\$ 157,682
Contributions as a percentage of covered payroll	29.48%	42.49%	22.36%	13.01%	3.67%
	2018-19	2017-18¹			
Statutorily required contribution	\$ 6,772	\$ 999			
Contributions in relation to the statutorily required contributions	(6,772)	(999)			
Contribution deficiency (excess)	\$ -	\$ -			
Covered payroll	\$ 88,593	\$ 41,792			
Contributions as a percentage of covered payroll	7.64%	2.39%			

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

Notes to Schedule

Valuation date: 6/30/2023

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2024

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Statutorily required contribution	\$ 73,275	\$ 32,661	\$ 55,644	\$ 51,190	\$ 39,082
Contributions in relation to the statutorily required contributions	(73,275)	(32,661)	(55,644)	(51,190)	(39,082)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 452,073	\$ 438,906	\$ 426,122	\$ 413,711	\$ 401,661
Contributions as a percentage of covered payroll	16.21%	7.44%	13.06%	12.37%	9.73%
	2018-19	2017-18¹			
Statutorily required contribution	\$ 27,287	\$ 15,439			
Contributions in relation to the statutorily required contributions	(27,287)	(15,439)			
Contribution deficiency (excess)	\$ -	\$ -			
Covered payroll	\$ 281,909	\$ 236,240			
Contributions as a percentage of covered payroll	9.68%	6.54%			

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

Notes to Schedule

Valuation date: 6/30/2023

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2024

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Statutorily required contribution	\$ 723	\$ -	\$ 530	\$ 3,311	\$ 331
Contributions in relation to the statutorily required contributions	(723)	-	(530)	(3,311)	(331)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 177,472	\$ 172,303	\$ 167,285	\$ 162,412	\$ 157,682
Contributions as a percentage of covered payroll	0.41%	0.00%	0.32%	2.04%	0.21%
	2018-19	2017-18¹			
Statutorily required contribution	\$ 206	\$ 27			
Contributions in relation to the statutorily required contributions	(206)	(27)			
Contribution deficiency (excess)	\$ -	\$ -			
Covered payroll	\$ 88,593	\$ 41,792			
Contributions as a percentage of covered payroll	0.23%	0.06%			

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

Notes to Schedule

Valuation date: 6/30/2023

City of Douglas
Schedules of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2024

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Statutorily required contribution	\$ 1,012	\$ 425	\$ 788	\$ 778	\$ 843
Contributions in relation to the statutorily required contributions	(1,012)	(425)	(788)	(778)	(843)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 452,073	\$ 438,906	\$ 426,122	\$ 413,711	\$ 401,661
Contributions as a percentage of covered payroll	0.22%	0.10%	0.18%	0.19%	0.21%
	2018-19	2017-18¹			
Statutorily required contribution	\$ 734	\$ 415			
Contributions in relation to the statutorily required contributions	(734)	(415)			
Contribution deficiency (excess)	\$ -	\$ -			
Covered payroll	\$ 281,909	\$ 236,240			
Contributions as a percentage of covered payroll	0.26%	0.18%			

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

Notes to Schedule

Valuation date: 6/30/2023

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Supplementary Information

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

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.

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.

City of Douglas
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

		Special Revenue Fund		
		HURF Fund	Police Grants Fund	LTAF Fund
ASSETS				
Cash and investments		\$ 1,559,860	\$ 67,982	\$ -
Receivables:				
Accounts		-	-	705
Intergovernmental		173,667	-	356,291
Total assets		<u>\$ 1,733,527</u>	<u>\$ 67,982</u>	<u>\$ 356,996</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		\$ 33,378	\$ -	\$ 11,750
Accrued wages and benefits		49,500	-	24,571
Due to other funds		-	-	48,711
Advances to other funds		-	-	-
Total liabilities		<u>82,878</u>	<u>-</u>	<u>85,032</u>
Fund Balances:				
Restricted		1,650,649	67,982	271,964
Total fund balances		<u>1,650,649</u>	<u>67,982</u>	<u>271,964</u>
Total liabilities and fund balances		<u>\$ 1,733,527</u>	<u>\$ 67,982</u>	<u>\$ 356,996</u>

City of Douglas
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2024

	<u>Special Revenue Fund</u>	<u>Total Non-major Governmental Funds</u>
	<u>Golf Course MPC Fund</u>	
ASSETS		
Cash and investments	\$ 7,574	\$ 1,635,416
Receivables:		
Accounts	41,785	42,490
Intergovernmental	-	529,958
Total assets	<u><u>\$ 49,359</u></u>	<u><u>\$ 2,207,864</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 45,128
Accrued wages and benefits	-	74,071
Due to other funds	-	48,711
Advances to other funds	24,225	24,225
Total liabilities	<u>24,225</u>	<u>192,135</u>
Fund Balances:		
Restricted	25,134	2,015,729
Total fund balances	<u>25,134</u>	<u>2,015,729</u>
Total liabilities and fund balances	<u><u>\$ 49,359</u></u>	<u><u>\$ 2,207,864</u></u>

City of Douglas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Fund			
	HURF Fund	Grants Fund	Police Grants Fund	LTAF Fund
REVENUES:				
Intergovernmental	\$ 1,707,701		\$ -	\$ 785,591
Charges for services	-		-	29,521
Investment income (loss)	-		3,414	-
Miscellaneous	39,517		-	15,912
Total revenues	<u>1,747,218</u>		<u>3,414</u>	<u>831,024</u>
EXPENDITURES:				
Current:				
Public safety	-		59,195	-
Highways and streets	901,956		-	-
Transportation	-		-	948,276
Culture and recreation	-		-	-
Capital outlay	1,239,587		-	82,212
Total expenditures	<u>2,141,543</u>		<u>59,195</u>	<u>1,030,488</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(394,325)</u>		<u>(55,781)</u>	<u>(199,464)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	700,000		-	229,194
Transfers out	(102,880)		-	-
Total other financing sources (uses)	<u>597,120</u>		<u>-</u>	<u>229,194</u>
Net changes in fund balances	202,795		(55,781)	29,730
FUND BALANCES:				
Beginning of year	1,447,854	644,715	123,763	242,234
Change with financial reporting entity (non-major and major fund reclassification)	-	(644,715)	-	-
Beginning of year, as restated (Note 15)	1,447,854	-	123,763	242,234
End of year	<u>\$ 1,650,649</u>	<u>\$ -</u>	<u>\$ 67,982</u>	<u>\$ 271,964</u>

City of Douglas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	<u>Special Revenue Fund</u>		Total Non-major Governmental Funds
	<u>Golf Course MPC Fund</u>	<u>City Capital Projects Fund</u>	
REVENUES:			
Intergovernmental	\$ -		\$ 2,493,292
Charges for services	256,751		286,272
Investment income (loss)	-		3,414
Miscellaneous	6,420		61,849
Total revenues	<u>263,171</u>		<u>2,844,827</u>
EXPENDITURES:			
Current:			
Public safety	-		59,195
Highways and streets	-		901,956
Transportation	-		948,276
Culture and recreation	271,468		271,468
Capital outlay	-		1,321,799
Total expenditures	<u>271,468</u>		<u>3,502,694</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(8,297)</u>		<u>(657,867)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-		929,194
Transfers out	-		(102,880)
Total other financing sources (uses)	<u>-</u>		<u>826,314</u>
Net changes in fund balances	<u>(8,297)</u>		<u>168,447</u>
FUND BALANCES:			
Beginning of year	<u>33,431</u>	<u>333,261</u>	<u>2,825,258</u>
Change with financial reporting entity (non-major and major fund reclassification)	<u>-</u>	<u>(333,261)</u>	<u>(977,976)</u>
Beginning of year, as restated (Note 15)	<u>33,431</u>	<u>-</u>	<u>1,847,282</u>
End of year	<u>\$ 25,134</u>	<u>\$ -</u>	<u>\$ 2,015,729</u>

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Investment income	\$ -	\$ -	\$ 28,386	\$ 28,386
Miscellaneous	-	-	304,674	304,674
Total revenues	-	-	333,060	333,060
EXPENDITURES:				
Current:				
General government	100,000	100,000	-	100,000
Capital outlay	8,391,066	8,391,066	3,993,351	4,397,715
Total expenditures	8,491,066	8,491,066	3,993,351	4,497,715
REVENUE OVER				
(UNDER) EXPENDITURES	(8,491,066)	(8,491,066)	(3,660,291)	4,830,775
OTHER FINANCING SOURCES (USES):				
Transfers in	5,199,114	5,199,114	3,014,887	(2,184,227)
Transfers out	-	-	-	-
Total other financing sources	5,199,114	5,199,114	3,014,887	(2,184,227)
Net change in fund balance	\$ (3,291,952)	\$ (3,291,952)	(645,404)	\$ 2,646,548
FUND BALANCE (DEFICIT):				
Beginning of year			333,261	
End of year			\$ (312,143)	

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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
EXPENDITURES:				
Debt service:				
Principal	\$ 2,511,363	\$ 2,511,363	\$ 3,762,553	\$ (1,251,190)
Interest and fiscal charges	946,877	946,877	894,633	52,244
Total expenditures	<u>3,458,240</u>	<u>3,458,240</u>	<u>4,657,186</u>	<u>(1,198,946)</u>
REVENUE OVER				
(UNDER) EXPENDITURES	<u>(3,458,240)</u>	<u>(3,458,240)</u>	<u>(4,657,186)</u>	<u>(1,198,946)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>3,458,239</u>	<u>3,458,239</u>	<u>5,281,330</u>	<u>1,823,091</u>
Total other financing sources	<u>3,458,239</u>	<u>3,458,239</u>	<u>5,281,330</u>	<u>1,823,091</u>
Net change in fund balance	<u>\$ (1)</u>	<u>\$ (1)</u>	624,144	<u>\$ 624,145</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>1,240</u>	
End of year			<u>\$ 625,384</u>	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HURF Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,586,866	\$ 1,586,866	\$ 1,707,701	\$ 120,835
Miscellaneous	10,000	10,000	39,517	29,517
Total revenues	<u>1,596,866</u>	<u>1,596,866</u>	<u>1,747,218</u>	<u>150,352</u>
EXPENDITURES:				
Current:				
Highways and streets	1,062,777	1,062,777	901,956	160,821
Capital outlay	<u>1,122,215</u>	<u>1,122,215</u>	<u>1,239,587</u>	<u>(117,372)</u>
Total expenditures	<u>2,184,992</u>	<u>2,184,992</u>	<u>2,141,543</u>	<u>43,449</u>
REVENUE OVER				
(UNDER) EXPENDITURES	<u>(588,126)</u>	<u>(588,126)</u>	<u>(394,325)</u>	<u>193,801</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	700,000	700,000	700,000	-
Transfers out	<u>(111,874)</u>	<u>(111,874)</u>	<u>(102,880)</u>	<u>8,994</u>
Total other financing (uses)	<u>588,126</u>	<u>588,126</u>	<u>597,120</u>	<u>8,994</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>202,795</u>	<u><u>\$ 202,795</u></u>
FUND BALANCE:				
Beginning of year			<u>1,447,854</u>	
End of year			<u><u>\$ 1,650,649</u></u>	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 65,000	\$ 65,000	\$ -	\$ (65,000)
Investment income	-	-	3,414	3,414
Total revenues	65,000	65,000	3,414	(61,586)
EXPENDITURES:				
Current:				
Public safety	66,000	66,000	59,195	6,805
Total expenditures	66,000	66,000	59,195	6,805
Net change in fund balance	\$ (1,000)	\$ (1,000)	(55,781)	\$ (54,781)
FUND BALANCE:				
Beginning of year			123,763	
End of year			<u>\$ 67,982</u>	

City of Douglas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LTA Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,237,975	\$ 1,237,975	\$ 785,591	\$ (452,384)
Charges for services	56,000	56,000	29,521	(26,479)
Miscellaneous	11,402	11,402	15,912	4,510
Total revenues	1,305,377	1,305,377	831,024	(474,353)
EXPENDITURES:				
Current:				
Transportation	999,197	999,197	948,276	50,921
Capital outlay	306,180	306,180	82,212	223,968
Total expenditures	1,305,377	1,305,377	1,030,488	274,889
REVENUE OVER				
(UNDER) EXPENDITURES	-	-	(199,464)	(199,464)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	229,194	229,194
Total other financing sources (uses)	-	-	229,194	229,194
Net change in fund balance	\$ -	\$ -	29,730	\$ 29,730
FUND BALANCE:				
Beginning of year			242,234	
End of year			\$ 271,964	

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Statistical Section

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas

Statistical Section

Overview

This part of the City of Douglas' annual comprehensive 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.

INDEX

Page

Financial Trends

Net Position by Component	144
Changes in Net Position	146
Fund Balances of Governmental Funds	150
Changes in Fund Balances of Governmental Funds	152

Revenue Capacity

Governmental Activities Tax Revenues By Source	155
Taxable Sales by Category	156
Direct and Overlapping Sales Tax Rates	159
Assessed Value and Estimated Actual Value of Taxable Property	160
Direct and Overlapping Property Tax Rates	161
Top Ten Principal Property Tax Payers	162
Property Tax Levies and Collections	163

Debt Capacity

Ratios of Outstanding Debt by Type	164
Direct and Overlapping Governmental Activities Debt	167
Legal Debt Margin Information	168
Pledged Revenue Coverage	170

Demographic and Economic Information

Demographic and Economic Statistics	172
Principal Employers	173

Operating Information

Full-Time Equivalent Employees by Function	175
Capital Assets Statistics by Function/Program	176
Operating Indicators by Function	178

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Governmental activities					
Net investment in capital assets	\$ 24,812,166	\$ 19,420,873	\$ 18,311,084	\$ 18,756,696	\$ 17,564,128
Restricted	6,988,917	6,685,365	6,672,623	6,676,023	2,835,368
Unrestricted (deficit)	(18,951,001)	(17,288,182)	(23,484,892)	(27,208,889)	(24,538,145)
Total governmental activities net position	<u>\$ 12,850,082</u>	<u>\$ 8,818,056</u>	<u>\$ 1,498,815</u>	<u>\$ (1,776,170)</u>	<u>\$ (4,138,649)</u>
Business-type activities					
Net investment in capital assets	\$ 30,238,161	\$ 29,499,895	\$ 30,131,932	\$ 30,755,973	\$ 28,012,546
Restricted	1,418,616	1,249,513	1,254,565	1,210,316	1,076,985
Unrestricted	8,132,935	8,338,228	7,976,999	7,825,242	6,241,651
Total business-type activities net position	<u>\$ 39,789,712</u>	<u>\$ 39,087,636</u>	<u>\$ 39,363,496</u>	<u>\$ 39,791,531</u>	<u>\$ 35,331,182</u>
Primary government					
Net investment in capital assets	\$ 55,050,327	\$ 48,920,768	\$ 48,443,016	\$ 49,512,669	\$ 45,576,674
Restricted	8,407,533	7,934,878	7,927,188	7,886,339	3,912,353
Unrestricted (deficit)	(10,818,066)	(8,949,954)	(15,507,893)	(19,383,647)	(18,296,494)
Total primary government net position	<u>\$ 52,639,794</u>	<u>\$ 47,905,692</u>	<u>\$ 40,862,311</u>	<u>\$ 38,015,361</u>	<u>\$ 31,192,533</u>

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities					
Net investment in capital assets	\$ 18,049,988	\$ 15,840,000	\$ 16,107,618	\$ 14,659,500	\$ 14,659,500
Restricted	2,603,663	2,521,494	2,385,205	1,632,597	1,632,597
Unrestricted (deficit)	(25,161,686)	(23,079,733)	(21,402,039)	(20,445,957)	(20,445,957)
Total governmental activities net position	<u>\$ (4,508,035)</u>	<u>\$ (4,718,239)</u>	<u>\$ (2,909,216)</u>	<u>\$ (4,153,860)</u>	<u>\$ (4,153,860)</u>
Business-type activities					
Net investment in capital assets	\$ 25,363,178	\$ 18,044,782	\$ 15,748,934	\$ 16,271,458	\$ 16,271,458
Restricted	722,154	628,579	615,334	712,773	712,773
Unrestricted	5,418,265	6,195,530	5,712,000	3,157,152	3,157,152
Total business-type activities net position	<u>\$ 31,503,597</u>	<u>\$ 24,868,891</u>	<u>\$ 22,076,268</u>	<u>\$ 20,141,383</u>	<u>\$ 20,141,383</u>
Primary government					
Net investment in capital assets	\$ 43,413,166	\$ 33,884,782	\$ 31,856,552	\$ 30,930,958	\$ 30,930,958
Restricted	3,325,817	3,150,073	3,000,539	2,345,370	2,345,370
Unrestricted (deficit)	(19,743,421)	(16,884,203)	(15,690,039)	(17,288,805)	(17,288,805)
Total primary government net position	<u>\$ 26,995,562</u>	<u>\$ 20,150,652</u>	<u>\$ 19,167,052</u>	<u>\$ 15,987,523</u>	<u>\$ 15,987,523</u>

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Expenses					
Governmental Activities					
General government	\$ 7,596,911	\$ 4,721,887	\$ 3,671,088	\$ 3,928,915	\$ 3,778,054
Public Safety	10,479,014	9,852,591	9,342,952	11,990,879	10,716,648
Highway and streets	3,398,872	2,704,075	2,761,152	2,418,139	2,339,293
Transportation	1,050,543	1,013,296	940,784	984,314	929,660
Culture and recreation	2,910,039	2,785,489	2,338,494	2,207,620	2,047,217
Redevelopment and housing	-	798,175	936,759	949,544	964,144
Interest and fiscal charges	888,327	941,850	1,228,719	261,413	319,488
Total governmental activities expenses	26,323,706	22,817,363	21,219,948	22,740,824	21,094,504
Business-Type Activities					
Water	\$ 2,608,239	\$ 2,318,597	\$ 2,063,224	\$ 2,130,546	1,691,796
Sewer	2,588,849	2,164,550	2,333,894	2,045,785	1,415,170
Solid Waste	1,407,557	1,484,291	1,675,404	1,182,167	1,159,892
Total business-type activities expenses	6,604,645	5,967,438	6,072,522	5,358,498	4,266,858
Total primary government expenses	\$ 32,928,351	\$ 28,784,801	\$ 27,292,470	\$ 28,099,322	\$ 25,361,362
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,130,185	\$ 1,333,329	\$ 1,411,983	\$ 1,424,559	\$ 1,315,216
Public safety	1,125,696	1,028,265	1,239,376	820,642	1,320,659
Transportation	29,521	26,723	19,091	736	26,112
Culture and recreation	371,451	332,717	290,857	280,867	300,457
Operating grants and contributions	4,839,169	7,741,364	5,176,427	6,834,439	4,614,840
Capital grants and contributions	-	-	-	-	1,189
Total governmental activities program revenues	7,496,022	10,462,398	8,137,734	9,361,243	7,578,473
Business-type activities					
Charges for services:					
Water	2,166,510	2,021,829	2,056,697	2,085,908	1,974,837
Sewer	2,295,117	2,197,648	2,077,262	2,873,077	1,939,179
Solid Waste	1,338,358	1,317,804	1,317,580	1,288,964	1,269,886
Operating grants and contributions	965,810	12,921	-	-	-
Capital grants and contributions	-	69,690	95,797	3,685,847	2,929,618
Total business-type activities program revenues	6,765,795	5,619,892	5,547,336	9,933,796	8,113,520
Total primary government program revenues	\$ 14,261,817	\$ 16,082,290	\$ 13,685,070	\$ 19,295,039	\$ 15,691,993
Net (Expenses)/Revenue					
Governmental activities	\$ (18,827,684)	\$ (12,354,965)	\$ (13,082,214)	\$ (13,379,581)	\$ (13,516,031)
Business-type activities	161,150	(347,546)	(525,186)	4,575,298	3,846,662
Total primary government net expense	\$ (18,666,534)	\$ (12,702,511)	\$ (13,607,400)	\$ (8,804,283)	\$ (9,669,369)

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses					
Governmental Activities					
General government	\$ 2,748,212	\$ 2,910,916	\$ 3,463,981	\$ 3,336,212	\$ 3,858,018
Public Safety	10,108,483	11,269,994	10,479,931	9,678,626	9,792,922
Highway and streets	2,746,780	2,929,910	2,649,507	2,597,146	1,946,662
Transportation	-	-	-	-	-
Culture and recreation	2,086,493	2,107,161	2,100,889	2,057,077	1,680,063
Redevelopment and housing	919,628	985,896	924,901	922,816	954,039
Interest and fiscal charges	277,654	351,121	379,124	414,014	478,120
Total governmental activities expenses	18,887,250	20,554,998	19,998,333	19,005,891	18,709,824
Business-Type Activities					
Water	1,905,224	1,798,870	1,902,651	1,654,307	1,884,943
Sewer	1,505,490	1,434,055	1,344,495	1,353,423	1,472,735
Solid Waste	1,104,702	1,066,948	991,934	1,134,665	930,769
Total business-type activities expenses	4,515,416	4,299,873	4,239,080	4,142,395	4,288,447
Total primary government expenses	\$ 23,402,666	\$ 24,854,871	\$ 24,237,413	\$ 23,148,286	\$ 22,998,271
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,232,733	\$ 1,296,371	\$ 1,538,549	\$ 1,482,688	\$ 1,699,542
Public safety	1,470,386	1,457,381	1,603,762	1,647,339	1,246,153
Transportation	33,198	33,949	21,666	20,537	-
Culture and recreation	276,349	287,159	302,204	304,953	94,747
Operating grants and contributions	3,821,410	4,184,057	4,084,183	3,661,814	3,466,981
Capital grants and contributions	657,443	474,578	383,742	2,996,541	582,348
Total governmental activities program revenues	7,491,519	7,733,495	7,934,106	10,113,872	7,089,771
Business-type activities					
Charges for services:					
Water	1,930,573	1,997,192	2,031,524	1,989,253	1,979,308
Sewer	1,941,762	1,939,739	1,941,864	1,954,149	1,852,495
Solid Waste	1,243,450	1,205,083	1,199,843	1,207,590	1,212,089
Operating grants and contributions	-	-	-	400,000	-
Capital grants and contributions	6,068,651	2,064,313	-	-	-
Total business-type activities program revenues	11,184,436	7,206,327	5,173,231	5,550,992	5,043,892
Total primary government program revenues	\$ 18,675,955	\$ 14,939,822	\$ 13,107,337	\$ 15,664,864	\$ 12,133,663
Net (Expense) Revenue					
Governmental activities	\$ (11,395,731)	\$ (12,821,503)	\$ (12,064,227)	\$ (8,892,019)	\$ (11,620,053)
Business-type activities	6,669,020	2,906,454	934,151	1,408,597	755,445
Total primary government	\$ (4,726,711)	\$ (9,915,049)	\$ (11,130,076)	\$ (7,483,422)	\$ (10,864,608)

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

	Fiscal Year				
	2024	2023	2022	2021	2020
General Revenue and					
Other Changes in Net Position					
Net Revenue/(Expense)	(18,666,534)	(12,702,511)	(13,607,400)	(8,804,283)	(9,669,369)
Governmental Activities					
Taxes:					
Sales taxes	\$ 11,281,934	\$ 10,275,477	\$ 9,206,923	\$ 8,854,433	\$ 7,556,918
Property taxes	660,189	667,667	632,646	634,856	631,690
Motor vehicle in-lieu taxes	990,253	991,483	970,630	1,022,527	853,672
Transient occupancy taxes	121,518	360,260	332,951	324,192	109,803
Franchise taxes	380,784	136,193	105,589	101,382	307,193
Unrestricted grants and contributions	-	-	-	-	-
State share revenue	6,472,045	5,573,519	4,497,215	4,235,232	3,718,423
Gain (loss) on sale of capital assets	-	-	-	46,725	-
Investment income (loss)	1,702,860	1,010,322	(17,951)	31,208	175,011
Miscellaneous	1,062,246	414,674	420,126	303,952	357,315
Special item	-	-	-	-	-
Transfers	214,881	217,611	209,070	185,682	175,392
Total governmental activities	22,886,710	19,647,206	16,357,199	15,740,189	13,885,417
Business-type activities:					
Investment income (loss)	554,997	191,559	(11,293)	8,216	79,082
Miscellaneous	200,810	97,738	317,514	61,223	77,233
Transfers	(214,881)	(217,611)	(209,070)	(185,682)	(175,392)
Total business-type activities	540,926	71,686	97,151	(116,243)	(19,077)
Total primary government	\$ 23,427,636	\$ 19,718,892	\$ 16,454,350	\$ 15,623,946	\$ 13,866,340
Change in Net Position					
Governmental activities	\$ 4,059,026	\$ 7,292,241	\$ 3,274,985	\$ 2,360,608	\$ 369,386
Business-type activities	702,076	(275,860)	(428,035)	4,459,055	3,827,585
Total primary government	\$ 4,761,102	\$ 7,016,381	\$ 2,846,950	\$ 6,819,663	\$ 4,196,971

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

	Fiscal Year				
	2018	2018	2016	2016	2015
General Revenue and					
Other Changes in Net Position					
Net Revenue/(Expense)	(4,726,711)	(9,915,049)	(11,130,076)	(7,483,422)	(10,864,608)
Governmental Activities					
Taxes:					
Sales taxes	\$ 5,497,780	\$ 5,166,243	\$ 5,361,849	\$ 5,361,849	\$ 5,578,165
Property taxes	609,312	587,260	585,960	585,960	577,360
Motor vehicle in-lieu taxes	-	-	-	-	-
Transient occupancy taxes	-	-	-	-	-
Franchise taxes	318,871	314,717	312,874	312,874	317,610
Unrestricted grants and contributions	41,672	38,510	37,610	37,610	40,417
State share revenue	4,430,490	4,503,715	4,565,056	4,565,056	4,496,473
Gain (loss) on sale of capital assets	101,517	-	(11,611)	(11,611)	20,480
Investment income (loss)	208,885	136,960	39,738	39,738	26,489
Miscellaneous	262,463	82,176	188,576	188,576	265,826
Special item	-	-	-	-	-
Transfers	134,945	182,899	243,898	243,898	245,316
Total governmental activities	11,605,935	11,012,480	11,323,950	11,323,950	11,568,136
Business-type activities:					
Investment income (loss)	100,631	69,068	31,585	31,585	18,232
Miscellaneous	-	-	-	-	-
Transfers	(134,945)	(182,899)	(243,898)	(243,898)	(245,316)
Total business-type activities	(34,314)	(113,831)	(212,313)	(212,313)	(227,084)
Total primary government	\$ 11,571,621	\$ 10,898,649	\$ 11,111,637	\$ 11,111,637	\$ 11,341,052
Change in Net Position					
Governmental activities	\$ (1,910,096)	\$ (383,251)	\$ (740,277)	\$ (740,277)	\$ 2,676,117
Business-type activities	3,812,348	6,555,189	721,838	721,838	1,181,513
Total primary government	\$ 1,902,252	\$ 6,171,938	\$ (18,439)	\$ (18,439)	\$ 3,857,630

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

	Fiscal Year				
	2024	2023	2022	2021	2020
General Fund					
Nonspendable	\$ 173,245	\$ 894,369	\$ 918,452	\$ 909,379	\$ 889,138
Restricted	3,335,862	4,198,068	4,174,089	4,453,091	512,860
Unassigned	17,730,621	17,680,412	11,813,562	8,610,064	5,765,455
Total general fund	<u>\$ 21,239,728</u>	<u>\$ 22,772,849</u>	<u>\$ 16,906,103</u>	<u>\$ 13,972,534</u>	<u>\$ 7,167,453</u>
All Other Governmental Funds					
Restricted	\$ 3,453,406	\$ 2,493,237	\$ -	\$ 2,496,768	\$ 2,322,508
Committed	-	333,261	2,670,571	143,093	155,195
Unassigned	(312,143)	-	-	-	(26,968)
Total all other governmental funds	<u>\$ 3,141,263</u>	<u>\$ 2,826,498</u>	<u>\$ 2,786,812</u>	<u>\$ 2,639,861</u>	<u>\$ 2,450,735</u>

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

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund					
Nonspendable	\$ 879,473	\$ 951,828	\$ 858,288	\$ 734,543	\$ 723,641
Restricted	162,887	159,571	158,488	157,580	156,889
Unassigned	4,586,753	5,678,698	5,680,849	6,512,749	5,613,427
Total general fund	<u>\$ 5,629,113</u>	<u>\$ 6,790,097</u>	<u>\$ 6,697,625</u>	<u>\$ 7,404,872</u>	<u>\$ 6,493,957</u>
All Other Governmental Funds					
Restricted	\$ 2,139,563	\$ 3,027,040	\$ 2,204,745	\$ 1,900,963	\$ 1,439,415
Committed	153,896	233,639	195,001	693,863	779,693
Unassigned	(31,202)	(18,010)	(14,568)	-	-
Total all other governmental funds	<u>\$ 2,262,257</u>	<u>\$ 3,242,669</u>	<u>\$ 2,385,178</u>	<u>\$ 2,594,826</u>	<u>\$ 2,219,108</u>

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Revenues:					
Taxes	\$ 12,449,022	\$ 11,430,744	\$ 10,281,121	\$ 9,917,932	\$ 8,605,604
Intergovernmental	12,442,781	14,451,885	10,763,448	12,117,283	9,184,848
Fines and Forfeitures	9,550	42,896	75,800	7,663	11,471
Licenses and Permits	267,962	190,146	261,235	177,124	148,759
Charges for services	1,736,604	1,580,052	1,770,528	1,371,944	1,883,825
Rents and royalties	489,634	747,484	722,981	929,328	925,417
Special Assessments	-	-	-	31,208	175,011
Investment Income (loss)	1,630,458	993,962	(18,551)	319,072	357,315
Other	1,074,567	429,611	431,713	-	-
Total revenues	30,100,578	29,866,780	24,288,275	24,871,554	21,292,250
Expenditures:					
General government	\$ 5,379,879	\$ 3,780,663	\$ 3,425,380	\$ 3,474,698	\$ 3,065,734
Public safety	7,971,376	7,761,691	7,429,416	44,822,789	9,169,072
Highways and streets	1,645,613	1,456,104	1,497,128	1,432,798	1,256,958
Transportation	948,276	934,090	845,525	901,787	791,062
Culture and recreation	2,412,250	2,292,628	1,842,203	1,714,049	1,585,179
Redevelopment and housing	-	798,175	936,759	949,544	964,144
Capital outlay	8,671,231	3,788,280	2,051,147	2,652,526	2,654,055
Debt Service					
Principal Retirement	3,861,036	2,418,763	2,355,536	893,169	727,925
Interest and fiscal charges	894,633	947,565	1,033,731	262,360	264,134
Total expenditures	31,784,294	24,177,959	21,416,825	57,103,720	20,478,263
Excess of revenues over (under) expenditures	(1,683,716)	5,688,821	2,871,450	(32,232,166)	813,987
Other Financing Sources (Uses)					
Transfers In	\$ 9,457,204	\$ 5,584,963	\$ 4,124,824	\$ 1,670,560	\$ 1,393,784
Transfers Out	(9,242,323)	(5,367,352)	(3,915,754)	(1,484,878)	(1,218,392)
Obligations incurred on capital leases	250,479	-	-	108,966	704,439
Proceeds from sale of capital assets	-	-	-	46,725	33,000
Total other financing sources (uses)	465,360	217,611	209,070	39,226,373	912,831
Net change in fund balances	\$ (1,218,356)	\$ 5,906,432	\$ 3,080,520	\$ 6,994,207	\$ 1,726,818
Debt service as a percentage of noncapital expenditures	20.58%	16.51%	17.50%	2.12%	5.57%

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues:					
Taxes	\$ 6,439,932	\$ 6,073,634	\$ 5,996,580	\$ 6,252,364	\$ 6,476,819
Intergovernmental	8,958,369	8,813,558	8,750,525	8,446,141	8,035,692
Fines and Forfeitures	24,331	94,183	157,059	202,116	160,870
Licenses and Permits	163,967	119,114	151,967	152,482	165,004
Charges for services	2,088,228	2,055,584	2,335,745	2,282,537	1,895,749
Rents and royalties	736,140	805,979	821,410	818,382	818,819
Special Assessments	-	-	-	-	136,718
Investment Income (loss)	208,885	136,960	73,271	39,738	26,489
Other	262,463	82,176	106,863	188,576	265,826
Total revenues	18,882,315	18,181,188	18,393,420	18,382,336	17,981,986
Expenditures:					
General government	\$ 2,565,876	\$ 2,856,638	\$ 2,838,725	\$ 2,863,112	\$ 3,203,318
Public safety	9,055,963	8,692,967	9,453,283	8,395,922	7,030,010
Highways and streets	2,991,082	2,827,175	2,161,891	1,909,520	1,276,388
Transportation	-	-	-	-	-
Culture and recreation	1,711,403	1,734,621	1,744,473	1,694,211	1,337,577
Redevelopment and housing	919,628	985,896	920,658	916,674	947,866
Capital outlay	1,910,355	395,179	1,124,777	521,648	1,923,777
Debt Service					
Principal Retirement	2,854,677	967,010	913,997	907,502	1,474,930
Interest and fiscal charges	277,654	351,121	379,124	414,014	423,879
Total expenditures	22,286,638	18,810,607	19,536,928	17,622,603	17,617,745
Excess of revenues over (under) expenditures	(3,404,323)	(629,419)	(1,143,508)	759,733	364,241
Other Financing Sources (Uses)					
Transfers In	\$ 3,278,786	\$ 1,542,011	\$ 1,558,311	\$ 1,633,133	\$ 2,557,063
Transfers Out	(3,143,841)	(1,359,112)	(1,325,533)	(1,389,235)	(2,311,747)
Obligations incurred on capital leases	998,496	1,060,480	140,482	67,277	20,480
Proceeds from sale of capital assets	129,486	336,003	69,902	215,725	-
Total other financing sources (uses)	1,262,927	1,579,382	443,162	526,900	265,796
Net change in fund balances	\$ (2,141,396)	\$ 949,963	\$ (700,346)	\$ 1,286,633	\$ 630,037
Debt service as a percentage of noncapital expenditures	15.37%	7.16%	7.02%	7.73%	12.10%

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

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

Fiscal Year	Sales Taxes	Property Taxes	Franchise Taxes	Total
2024	\$ 11,281,934	\$ 660,189	\$ 320,784	\$ 12,262,907
2023	10,275,477	658,814	360,260	11,294,551
2022	9,206,923	652,053	332,951	10,191,927
2021	8,854,326	634,856	324,191	9,813,373
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

City of Douglas
Taxable Sales By Category
Last Ten Calendar Years

	Fiscal Year				
	2024	2023	2022	2021	2020
Mining	\$ 66,130	\$ -	\$ 38,719	\$ 1,789	\$ 1,406
Communications and Utilities	21,909,074	18,977,062	17,468,478	17,483,263	16,793,374
Transportation & Warehousing	3,455	8,846	11,109	-	-
Construction	24,532,873	8,970,604	9,856,760	4,580,263	6,653,135
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	381,084,485	206,571,568	192,595,195	159,775,026	135,187,713
Real Estate, Rental and Leases	14,991,519	13,086,047	15,778,272	14,989,090	11,681,179
Restaurants and Bars	23,870,510	21,836,557	18,225,030	16,538,553	15,212,256
Accommodations	6,498,480	6,780,712	2,857,919	3,038,474	2,938,962
Services	71,854	7,563,779	9,186,539	19,073,553	7,239,283
Arts & Entertainment	449,661	368,785	252,354	153,921	192,118
Other	21,203,733	177,715	114,162	145,684	113,383
Total	\$ 494,681,774	\$ 284,341,675	\$ 266,384,537	\$ 235,779,616	\$ 196,012,810
City sales tax rate	3.80%	3.80%	3.80%	3.80%	3.80%

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

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Mining	\$ -	\$ -	\$ -	\$ -	\$ 2,891
Communications and Utilities	1,730,286	17,199,821	17,469,469	20,056,514	20,725,169
Transportation & Warehousing	14,607	10,500	7,646	23,200	32,657
Construction	10,147,464	4,842,286	7,855,430	7,836,315	10,778,758
Manufacturing	-	-	-	-	-
Wholesale Trade	-	-	-	-	-
Retail Trade	125,972,964	135,090,750	124,098,318	134,525,779	141,407,356
Real Estate, Rental and Leases	9,685,357	9,606,250	8,341,499	8,776,313	8,143,356
Restaurants and Bars	14,519,750	13,806,714	14,290,984	14,629,652	14,634,276
Accommodations	2,624,500	2,646,883	2,646,883	2,685,332	2,848,778
Services	5,873,250	4,424,929	2,318,353	709,281	1,102,206
Arts & Entertainment	214,250	210,429	588,899	342,208	377,338
Other	184,000	201,500	195,312	177,197	262,025
Total	\$ 186,537,428	\$ 188,040,062	\$ 177,812,793	\$ 189,761,791	\$ 200,314,810
City sales tax rate	2.80%	2.80%	2.80%	2.80%	2.80%

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

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

2024	3.80%	6.10	6.14
2023	3.80%	6.10	6.14
2022	3.80%	6.10	6.14
2021	3.80%	6.10	6.14
2020	3.80%	6.10	6.14
2019	2.80%	6.10	6.13
2018	2.80%	6.10	6.13
2017	2.80%	6.10	6.13
2016	2.80%	6.10	6.13
2015	2.80%	6.10	6.13
2014	2.80%	6.10	6.13

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

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

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

Fiscal Year	Assessed Value				Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property Assessed/ Market Value	Personal Property Assessed/ Market Value	Less: Tax Exempt Real Property	Total Taxable Assessed Value			
2024	\$ 64,396	\$ 6,296	\$ (10,626)	\$ 60,066	11.24	\$ 526,821	14.96%
2023	61,304	5,265	(9,674)	56,895	11.65	535,210	12.75%
2022	59,750	5,112	(9,585)	55,277	10.82	519,621	10.64%
2021	59,750	5,112	(9,585)	55,277	10.82	519,621	10.64%
2020	57,989	4,978	(9,771)	53,196	12.42	502,473	10.59%
2019	56,100	3,770	(9,725)	50,145	13.38	478,426	10.48%
2018	55,327	3,784	(9,140)	49,971	13.53	478,522	10.51%
2017	55,812	3,782	(9,709)	49,885	13.90	468,189	10.66%
2016	56,289	3,718	(9,531)	50,476	13.79	468,243	10.78%
2015	59,500	3,585	(9,685)	53,400	11.64	494,935	10.79%

Source: The Cochise County Treasurer

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

Fiscal Year	Primary Rates					Secondary Rates		Rate Total
	City of Douglas	Cochise County	Cochise County Community College	Douglas Unified School District	Total Direct Rate	School District	County	
2024	1.1138	2.7282	2.4444	3.5743	9.8607	0.8217	0.4048	11.0872
2023	1.11	2.6747	2.4122	3.8266	10.03	0.8734	0.5548	11.46
2022	1.15	2.6747	2.43	3.83	10.08	0.59	0.55	11.23
2021	1.16	2.6747	2.44	4.55	10.83	0.59	0.55	11.97
2020	1.16	2.6747	2.40	5.63	11.87	0.67	0.55	13.09
2019	1.18	2.67	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

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

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

	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Arizona Public Service	\$ 3,400,702	1	5.56%	\$ 1,852,035	2	3.47%
Southwest Gas Corporation	1,694,526	2	2.49%	2,106,671	1	3.95%
Wal-Mart Stores Inc.	1,523,254	3	2.77%	457,250	6	0.86%
White Knight Health Care	1,142,728	4	1.87%	602,983	4	1.13%
DHD	562,448	5	0.92%	722,866	3	1.35%
Phelps Dodge Corporation	543,294	6	0.89%	451,231	7	0.85%
SFP Pool Five Shopping Centers	493,823	7	0.81%	-	-	0.00%
Borane Donald J & Rona Joint Revocable Trust	461,529	8	0.75%			
Hillcrest Apartments	356,229	9	0.58%			
UIRC-GSA V Douglas AZ	331,094	10	0.54%			
Qwest Corporation				388,658	9	0.73%
B-Y 90 Fifth Street LLC				504,917	5	0.95%
BH Properties				429,400	8	0.80%
Douglas Customs LLC				379,253	10	0.71%
Total	<u>\$ 10,509,627</u>		<u>17.18%</u>	<u>\$ 7,895,264</u>		<u>14.79%</u>
Net Assessed Value	61,168,071			53,399,786		

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

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

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2024	\$ 681,840	\$ 649,413	95.24%	13,981	\$ 663,394	97.29%	\$ 16,962	2.56%
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)

Governmental Activities

Fiscal Year	Revenue Bonds	Loans Payable	Finance Purchase Agreements	Lease Payable	Total
2024	\$ 34,260,000	\$ -	\$ 538,834	\$ -	34,798,834
2023	35,845,000	1,875,000	903,021	3,120	38,626,141
2022	37,400,000	2,250,000	1,244,694	1,244,694	40,894,694
2021	38,885,000	2,625,000	1,814,032	1,814,032	43,323,691
2020	-	3,000,000	2,040,926	2,040,926	5,222,894
2019	-	4,157,921	956,672	956,672	5,246,380
2018	-	5,590,000	443,858	443,858	7,102,561
2017	-	6,110,000	915,129	915,129	7,009,091
2016	-	6,620,000	1,162,606	1,162,606	7,782,606
2015	-	7,125,000	1,506,753	1,506,753	8,631,753

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

Business-Type Activities					Total Outstanding Debt			
Fiscal Year	Loans Payable	Finance Purchase Agreements	Total	Total Primary Government	Percentage of Personal Income	Per Capita		
2024	\$ 6,689,813	\$ 150,696	\$ 6,840,509	\$ 41,639,343	14.57%	\$ 2,663		
2023	9,457,392	202,828	9,660,220	48,286,361	16.79%	3,140		
2022	10,612,833	202,828	10,815,661	51,710,355	16.79%	3,140		
2021	7,981,033	82,942	8,660,539	51,984,230	19.31%	3,173		
2020	8,605,388	-	8,863,776	14,086,670	5.13%	843		
2019	9,216,941	-	7,050,353	12,296,733	5.39%	887		
2018	9,565,961	-	4,707,767	11,810,328	6.59%	965		
2017	4,609,517	90,905	5,028,523	12,037,614	4.89%	694		
2016	5,263,184	210,018	5,473,202	13,255,808	5.94%	799		
2015	4,604,627	326,606	4,931,233	13,562,986	5.80%	798		

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
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

City of Douglas
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024
(in thousands of dollars)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Cochise County Community College District	\$ 12,665,000	5.840%	\$ 739,651
Douglas Unified School District No. 27	3,065,000	74.746%	2,290,968
Subtotal overlapping debt			<u>\$ 3,030,619</u>
City Direct Debt	41,639,343	100.000%	41,639,343
Total direct and overlapping debt			<u><u>\$ 44,669,962</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	\$ 2,740.32	
As a Percentage of Net Limited Assessed Valuation	73.03%	

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

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

Total Legal Debt Margin Calculation Last Ten Fiscal Years

Assessed Value	\$ 63,165,919
Debt Limit (20% of assessed value)	12,633,184
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>\$ 16,423,139</u></u>

	2024	2023	2022	2021	2020
Total 20% Debt Limit	\$ 12,633,184	\$ 12,273,822	\$ 11,619,511	\$ 11,333,356	\$ 11,265,068
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 12,633,184</u></u>	<u><u>\$ 12,273,822</u></u>	<u><u>\$ 11,619,511</u></u>	<u><u>\$ 11,333,356</u></u>	<u><u>\$ 11,265,068</u></u>
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%
	2023	2023	2022	2021	2020
Total 6% Debt Limit	3,789,955	3,682,147	3,485,853	3,400,007	3,379,520
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 3,789,955</u></u>	<u><u>\$ 3,682,147</u></u>	<u><u>\$ 3,485,853</u></u>	<u><u>\$ 3,400,007</u></u>	<u><u>\$ 3,379,520</u></u>
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

Total Legal Debt Margin Calculation Last Ten Fiscal Years

Assessed Value	\$ 63,165,919
Debt Limit (20% of assessed value)	12,633,184
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>\$ 16,423,139</u></u>

	2019	2018	2017	2016	2015
Total 20% Debt Limit	\$ 10,639,254	\$ 10,029,043	\$ 9,994,192	\$ 9,977,035	\$ 10,095,268
Total net debt applicable to 20% limit	-	-	-	-	-
Legal 20% debt margin	<u><u>\$ 10,639,254</u></u>	<u><u>\$ 10,029,043</u></u>	<u><u>\$ 9,994,192</u></u>	<u><u>\$ 9,977,035</u></u>	<u><u>\$ 10,095,268</u></u>
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%
	2019	2018	2017	2016	2015
Total 6% Debt Limit	3,191,776	3,008,713	2,998,258	2,993,111	3,028,580
Total net debt applicable to 6% limit	-	-	-	-	-
Legal 6% debt margin	<u><u>\$ 3,191,776</u></u>	<u><u>\$ 3,008,713</u></u>	<u><u>\$ 2,998,258</u></u>	<u><u>\$ 2,993,111</u></u>	<u><u>\$ 3,028,580</u></u>
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

City of Douglas
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Annual Debt Service Total	Estimated Times Coverage
<u>Revenue Bonds*</u>							
2024	\$ 19,021,741	\$ -	\$ 19,021,741	\$ 1,585,000	\$ 770,755	\$ 2,355,755	N/A
2023	17,076,521	-	17,076,521	1,555,000	779,950	2,334,950	N/A
2022	15,011,803	-	15,011,803	1,485,000	789,922	2,274,922	N/A
2021	14,296,979	-	14,296,979	-	-	-	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
<u>GADA Loan**</u>							
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
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

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

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

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

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Annual Debt Service Total	Estimated Times Coverage
<u>Call Center Loan</u>							
2024	\$ 14,801,422	\$ -	\$ 14,801,422	\$ 1,875,000	\$ -	1,875,000	7.89
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
<u>WIFA Loans</u>							
2024	\$ 6,074,117	\$ 4,062,522	\$ 2,011,595	\$ 650,789	\$ 141,501	\$ 792,290	2.54
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

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
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (4)</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2024	15,638	\$ 285,800,088	\$ 18,276	33.9	4.4%
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%

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

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

City of Douglas
Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	2024			2015		
	Employees	Rank	Percentage of Total Area Employment	Employees	Rank	Percentage of Total Area Employment
Arizona Department of Corrections	615	1	12.48%	615	1	9.19%
Cochise College	521	2	10.57%	477	2	7.13%
Douglas Unified School District	467	3	9.47%	249	3	3.72%
Walmart	310	4	6.29%	236	4	3.53%
City of Douglas	240	5	4.87%	194	5	2.90%
Chiricahua Community Health Centers	200	6	4.06%	194	6	3.94%
Center of Academic Success	122	7	2.48%	100	7	2.03%
Copper Queen Community	100	8	2.03%	87	8	1.30%
Cochise County	55	9	1.12%	58	9	0.87%
Advanced Call Center Technologies	50	10	1.01%	53	10	0.79%
Total	<u>2,680</u>		<u>54.37%</u>	<u>0</u>		<u>0.00%</u>
Total employment	<u>4929</u>			<u>6693</u>		

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

Note: *This list includes only those employers who responded to the annual major employer survey.*
A fulltime equivalent employee equals one fulltime employee or two part-time employees.

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.

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

Function	Full-Time Equivalent Employees									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government										
Management Services										
Administration	3.00	2.00	3.00	2.00	2.00	2.00	4.00	5.00	4.00	4.50
City Clerk	2.00	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	3.00	2.00	2.00	2.00	2.50	3.00	3.00
Court	-	-	-	-	-	-	-	-	1.50	1.50
MIS	4.00	4.00	4.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00
Finance	7.50	7.00	7.00	8.00	8.00	8.00	6.50	7.50	7.00	9.00
Economic Dev	2	2	2	-	0.00	1.00	1.00	1	-	-
Visitor Center/Parking	2	-	1	-	0.00	1.00	0.50	0.50	0.50	1.00
Total General Government	23.50	20.00	22.00	19.00	18.00	20.00	21.00	20.50	20.00	23.00
Housing	-	-	3.00	4.00	4.00	3.00	3.00	3.50	3.50	3.50
Police										
Officers	30.00	29.00	31.00	29.00	22.00	32.00	33.00	34.00	29.00	31.00
Civilians	15.00	11.00	13.00	12.00	21.00	12.00	11.00	13.50	13.00	13.00
Total Police	45.00	40.00	44.00	41.00	43.00	44.00	44.00	47.50	42.00	44.00
Fire										
Officers	25.50	27.00	28.00	29.00	34.00	30.00	28.00	27.50	27.00	25.00
Civilians	3.50	2.00	2.00	1.00	2.00	1.00	1.00	2.50	2.00	2.00
Total Fire	29.00	29.00	30.00	30.00	36.00	31.00	29.00	30.00	29.00	27.00
Public Works										
Engineering (PW Adm)	3.50	4.00	2.00	3.00	3.00	3.00	3.00	2	-	1.00
Construction	7.50	6.00	6.00	5.00	5.00	5.00	4.50	5.00	5.00	5.00
Refuse Collections	4.00	5.00	5.00	5.00	6.00	6.00	12.50	7.50	8.00	9.00
Mechanics	5.00	4.00	4.00	3.00	3.00	2.00	1.50	3.00	3.00	3.00
Streets	10.50	7.00	7.00	9.00	8.00	8.00	8.00	8.00	5.00	5.00
Airport	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	1.00
Water Field	8.00	10.00	9.00	9.00	12.00	10.00	12.00	9.50	7.50	7.50
Water CIP	7.00	-	-	-	-	-	2.00	-	2.00	2.00
Billing	-	-	-	3.00	-	-	-	-	-	-
Wastewater	6.00	9.00	6.00	6.00	6.00	4.00	3.00	5.50	5.50	5.50
Total Public Works	52.50	46.00	40.00	44.00	47.00	41.00	49.50	43.50	38.00	41.00
Parks and Recreation										
Comm Dev Admin	3.00	2.00	2.00							
Planning & Zoning	7.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Aquatics	11.00	11.00	9.00	18.00	15.00	11.50	12.00	11.50	10.50	10.50
Cemetery	4.50	4.00	5.00	5.00	4.49	2.50	2.50	2.00	2.00	2.00
Parks	9.00	8.00	8.00	7.00	7.85	7.50	8.00	7.50	8.50	9.00
Recreation	8.00	8.00	7.00	11.00	7.00	10.00	8.50	8.00	6.00	6.50
Golf Course	1.00	-	-	-	-	-	-	-	-	2.50
Library	8.00	8.00	8.00	12.00	7.50	7.50	7.50	7.50	7.50	8.00
Transit	10.00	11.00	12.00	11.00	12.00	12.00	11.00	9.00	9.00	6.00
Bisbee Transit	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	3.00	-
Total Parks and Recreation	62.50	57.00	56.00	69.00	55.84	53.00	51.50	48.00	46.50	44.50
Total	212.50	192.00	195.00	207.00	203.84	192.00	198.00	193.00	179.00	183.00

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

<u>Function</u>	Fiscal Year Ended June 30,				
	2024	2023	2022	2021	2020
Police					
Stations	1	1	1	1	1
Patrol Units	21	21	21	20	20
Fire stations	1	1	1	1	1
Refuse collection					
Collection trucks	4	4	6	6	3
Other public works					
Streets (miles)	110	110	110	110	110
Streetlights	2,693	2,693	1,213	1,211	1,210
Traffic Signals	13	14	13	13	13
Parks and recreation					
Acreage	92	92	92	92	92
Playgrounds	5	5	6	6	6
Baseball/softball diamonds	6	6	7	7	7
Soccer/football fields	13	13	13	13	13
Aquatic Centers	2	2	2	2	2
Community centers	1	1			
Water					
Water mains (miles)	100	100	100	100.2	100.2
Fire hydrants	560	560	576	576	576
Storage capacity (thousands of gallons)	5,900,000	5,900,000	5,900,000	590,000	590,000
Wastewater					
Sanitary sewers (miles)	92	86	92	92.0	87.0
Storm sewers (miles)	9	9	9	8.6	8.6
Treatment capacity (thousands of gallons)	2,600,000	2,000,000	2,600,000	2,000,000	2,000,000

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

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

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

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

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

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

City of Douglas
Operating Indicators by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Government					
Building permits issued	530	202	523	523	289
Building inspections conducted	726	704	543	543	356
Police					
Physical arrests	1348	1348	719	634	591
Parking violations	183	183	105	131	149
Traffic violations	3,220	3,220	1,714	1,649	1,873
Fire					
Emergency responses	3,688	2,560	2,748	2,483	2,451
Fires extinguished	248	457	164	145	199
Inspections	459	367	57	47	83
Refuse collection					
Refuse collected (tons/day)	25.0	22.9	31.0	28.8	26.0
Other public works					
Street resurfacing (miles)	8.0	8.0	3.1	6.8	5.0
Potholes repaired (streets)	1,763	1,763	7,000	8,000	7,000
Parks and recreation					
Special Event Permits Issued	83	83	69	33	66
Community center admissions	16051	16051	2000	1524	679
Aquatic Center Admissions**	17,792	17,792	9,035	5,016	5,286
Library					
Volumes in collection	58,646	58,646	38,392	56,005	56,400
Total volumes borrowed**	65,220	65,220	14,662	8,779	22,768
Transit					
Riders	55,812	56,400	37,514	31,806	47,772
Miles	229,689	106,795	226,202	224,279	210,308
Water					
New connections	24	11	17	18	11
Water main breaks	46	7	25	33	24
Average daily consumption (thousands of gallons)	2,733,530	3,321,000	2,500,000	2,800,000	3,000,000
Peak daily consumption (thousands of gallons)	3,857,161	4,384,000	4,300,000	4,800,000	5,300,000
Wastewater					
Average daily sewage treatment (thousands of gallons)	2,000,000 -	-	-	2.0	2.0

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

*Note: The City conducted educated estimates on these statistics

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

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

Function	Fiscal Year Ended June 30,				
	2019	2018	2017	2016	2015
General Government					
Building permits issued	275	235	329	205	188
Building inspections conducted	532	427		277	229
Police					
Physical arrests	811	764	937	1,317	1,164
Parking violations	173	390	85	140	158
Traffic violations	2,655	4,031	2,973	2,490	2,981
Fire					
Emergency responses	3,040	3,665	3,295	3,479	2,900
Fires extinguished	140	239	178	196	52
Inspections	130	160		108	261
Refuse collection					
Refuse collected (tons/day)	30.0	25.0	22.0	24.6	33.4
Other public works					
Street resurfacing (miles)	4.1	3.8	2.0	6.2	6.0
Potholes repaired (streets)	6,000	7,000	6,500	4,500	2,385
Parks and recreation					
Special Event Permits Issued	95	91	68	56	105
Community center admissions	1,749	2,987	1,749	3,384	7,954
Aquatic Center Admissions**	15,005	15,402	15,005	11,631	14,674
Library					
Volumes in collection	55,465	54,515	52,543	63,930	53,887
Total volumes borrowed**	32,166	34,084	38,089	59,737	53,181
Transit					
Riders	58,603	60,044	56,262	55,770	68,777
Miles	229,794	220,202	120,453	105,158	105,615
Water					
New connections	5	3	8	5	5
Water main breaks	16	11	5	6	8
Average daily consumption (thousands of gallons)	3,000,000	3,050,474	3,054,914	2,725,146	2,971,544
Peak daily consumption (thousands of gallons)	5,400,000	4,041,935	4,050,528	3,366,799	3,984,848
Wastewater					
Average daily sewage treatment (thousands of gallons)	2.0	2.0	1.8	1.9	1.9

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

*Note: The City conducted educated estimates on these statistics

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

City of Douglas
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

This Page Intentionally Left Blank.