



**FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2021**

**WITH REPORT OF**

**CERTIFIED PUBLIC ACCOUNTANTS**

# CITY OF ST. JOHNS, ARIZONA

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## **Independent Auditors' Report**

The Honorable Mayor and  
City Council  
St. Johns, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Johns, Arizona, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Johns, Arizona, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of proportionate share of the net pension liability and net OPEB liability, schedule of changes in the net pension liability, OPEB liability and related ratios, schedule of pension/OPEB contributions, and budgetary comparison information as listed in the 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 standard generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Johns, Arizona's basic financial statements. The combining and individual nonmajor fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024 on our consideration of the City of St. Johns, Arizona'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 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 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 City of St. Johns, Arizona's internal control over financial reporting and compliance.

*HintonBurdick, PLLC*

HintonBurdick, PLLC  
Mesa, Arizona  
September 27, 2024

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**CITY OF ST. JOHNS, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2021**

As management of the City of St. Johns (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. Please read it in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Total net position increased by \$1,678,780 which resulted in total assets in excess of total liabilities (net position) of \$17.4 million at the close of the fiscal year.
- Total governmental revenues exceeded total governmental expenses and transfers by \$1,184,364.
- Total business-type revenues exceeded total business-type expenses and transfers by \$494,416.
- Total revenues from all sources were \$7.98 million and the total cost of all City programs was \$5.95 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,272,043 or 35% of total General Fund expenditures, including transfers.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

**Reporting the City as a Whole**

**The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.



These two statements report the City's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public works/streets, culture and recreation, economic development, health and welfare and interest on long-term debt. Sales taxes, State Revenue Sharing, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers to cover most of the cost of the services provided.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by over \$17.4 million as of June 30, 2021 as shown in the following condensed statement of net position. The City has chosen to account for its water, sewer, buildings and EMS operations in enterprise funds which are shown as Business Activities.

### CITY OF ST. JOHNS, ARIZONA Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Current and other assets	\$ 3,966,788	\$ 2,480,792	\$ 2,131,644	\$ 2,284,479	\$ 6,098,432	\$ 4,765,271
Capital assets	8,007,793	7,820,176	7,886,247	7,653,619	15,894,040	15,473,795
Total assets	11,974,581	10,300,968	10,017,891	9,938,098	21,992,472	20,239,066
Deferred outflows of resources	869,115	785,381	141,928	76,813	1,011,043	862,194
Long-term liabilities outstanding	2,909,776	2,207,451	2,066,954	2,500,313	4,976,730	4,707,764
Other liabilities	223,895	228,329	295,297	158,253	519,192	386,582
Total liabilities	3,133,671	2,435,780	2,362,251	2,658,566	5,495,922	5,094,346
Deferred inflows of resources	87,346	212,254	26,735	79,928	114,081	292,182
Net position:						
Net investment in capital assets	7,605,778	7,754,396	6,592,433	5,896,043	14,198,211	13,650,439
Restricted	2,331,967	1,983,961	749,492	714,225	3,081,459	2,698,186
Unrestricted	(315,066)	(1,300,042)	428,908	666,149	113,842	(633,893)
Total net position	\$ 9,622,679	\$ 8,438,315	\$ 7,770,833	\$ 7,276,417	\$ 17,393,512	\$ 15,714,732

### Governmental Activities

The cost of all Governmental activities this year was \$4.5 million. As shown on the statement of Changes in Net Position on the following page, \$1.4 million of this cost was paid for by those who directly benefited from the programs, \$2.0 million was subsidized by grants and contributions received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$2.3 million. General Taxes, State Revenue Sharing and investment earnings totaled \$2.25 million.

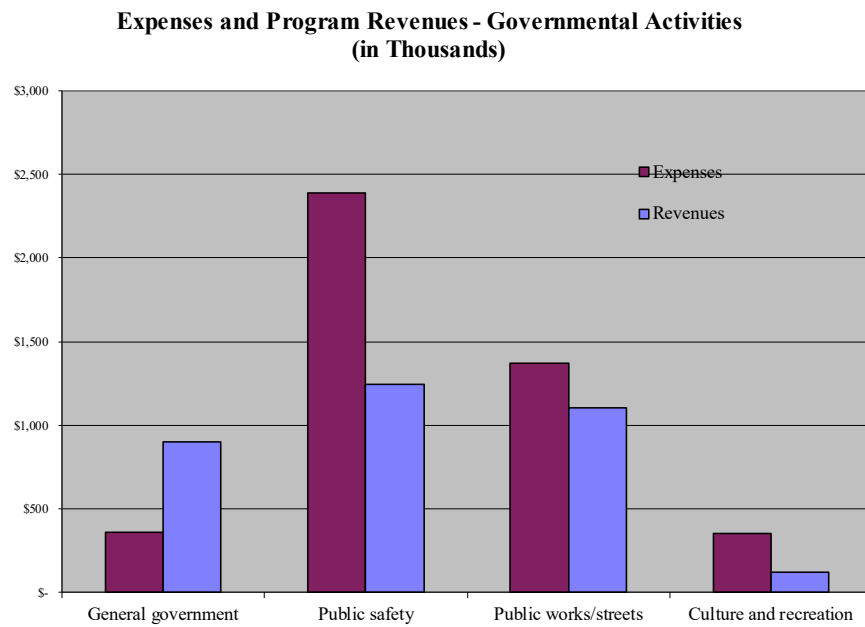
The City's programs include: General Government, Public Safety, Public Works/Streets, Culture & Recreation, and Health & Welfare. Each program's revenues and expenses are presented below.

**CITY OF ST. JOHNS, ARIZONA**  
**Changes in Net Position**

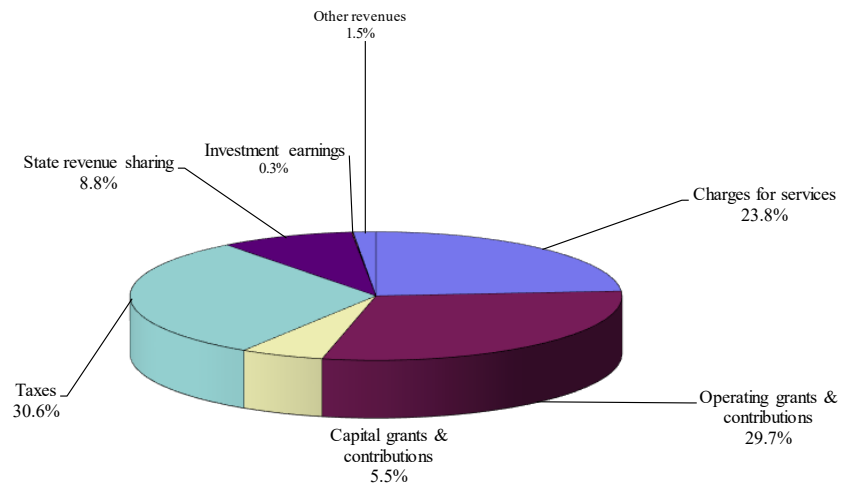
	Governmental activities		Business-type activities		Combined Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,358,279	\$ 435,896	\$ 2,073,050	\$ 1,750,092	\$ 3,431,329	\$ 2,185,988
Operating grants and contributions	1,695,350	1,577,271	191,100	-	1,886,450	1,577,271
Capital grants and contributions	312,650	264,169	-	-	312,650	264,169
General revenues:						
Taxes	1,747,547	1,469,731	-	-	1,747,547	1,469,731
State revenue sharing	501,914	454,799	-	-	501,914	454,799
Other revenue/(expense)	91,050	43,121	1,502	19,336	92,552	62,457
Total revenues	<u>5,706,790</u>	<u>4,244,987</u>	<u>2,265,652</u>	<u>1,769,428</u>	<u>7,972,442</u>	<u>6,014,415</u>
Expenses:						
General government	357,339	330,096	-	-	357,339	330,096
Public safety	2,386,435	2,112,483	-	-	2,386,435	2,112,483
Public works/Streets	1,373,854	1,260,792	-	-	1,373,854	1,260,792
Culture and recreation	351,173	338,347	-	-	351,173	338,347
Health and welfare	-	114,081	-	-	-	114,081
Water	-	-	927,407	851,809	927,407	851,809
Sewer	-	-	260,545	312,736	260,545	312,736
City Buildings	-	-	115,519	117,331	115,519	117,331
EMS	-	-	517,765	513,744	517,765	513,744
Total expenses	<u>4,472,426</u>	<u>4,155,799</u>	<u>1,821,236</u>	<u>1,795,620</u>	<u>6,293,662</u>	<u>5,951,419</u>
Increase (Decrease) in net position						
before transfers	1,234,364	89,188	444,416	(26,192)	1,678,780	62,996
Transfers	<u>(50,000)</u>	<u>(50,000)</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Increase in net position	1,184,364	39,188	494,416	23,808	1,678,780	62,996
Net position, beginning	<u>8,438,315</u>	<u>8,399,127</u>	<u>7,276,417</u>	<u>7,252,609</u>	<u>15,714,732</u>	<u>15,651,736</u>
Net position, ending	<u>\$ 9,622,679</u>	<u>\$ 8,438,315</u>	<u>\$ 7,770,833</u>	<u>\$ 7,276,417</u>	<u>\$ 17,393,512</u>	<u>\$ 15,714,732</u>

Total resources available during the fiscal year to finance governmental operations were \$14.1 million consisting of Net Position at July 1, 2020 of \$8.4 million, program revenues of \$3.36 million and General Revenues of \$2.3 million. Total Governmental Activities expenses during the year were \$4.47 million; thus, Governmental Net Position increased by \$1.2 million from operations resulting in net position of \$9.6 million.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all governmental activities:



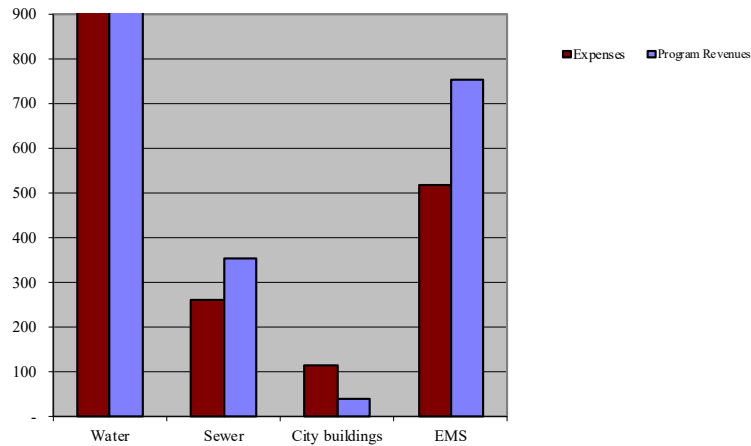
### Revenue By Source - Governmental Activities



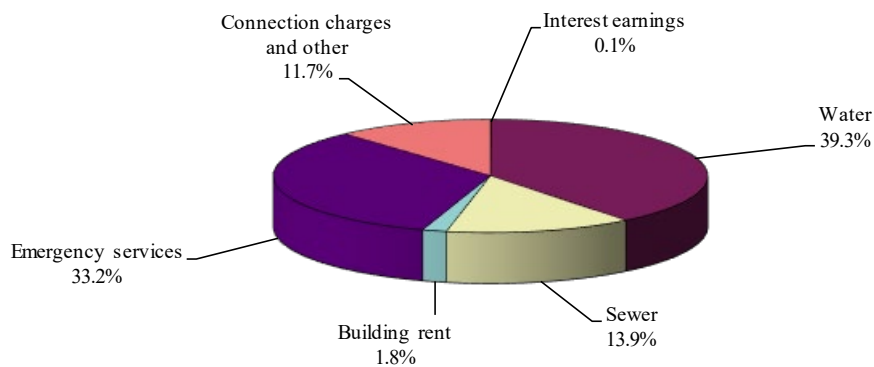
## Business Type Activities

Net Position of the Business Type activities at June 30, 2021, as reflected in the Statement of Net Position was \$7.78 million. The cost of providing all Proprietary (Business Type) activities this year was \$1.8 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$2.07 million. Investment earnings and operating grants were \$192,602. The Net Position increased by \$494,416.

**Expenses and Program Revenues - Business-type Activities**  
(in Thousands)



**Revenue By Source - Business-type Activities**



## **Financial Analysis of the Government's Funds**

As noted earlier, the City of St. Johns uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the City of St. Johns' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of St. Johns' financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of St. Johns' governmental funds reported combined ending fund balances of \$3.7 million, an increase of \$1.5 million in comparison with the prior year. The city has \$1,272,043 constituting unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is nonspendable, restricted, committed or assigned because it has already been allocated 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The General Fund is the chief operating fund of the City of St. Johns. At the end of the current fiscal year, unassigned fund balance in the General fund was \$1,272,043, and total fund balance is \$1,339,103. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance represents 37.56% of total General fund expenditures excluding transfers. During the year, the City of St. Johns' General fund balance increased by \$1,199,272.

The Highway User Revenue Fund has a total fund balance of \$2,236,583, all of which is restricted for road construction and maintenance. The net increase in the fund balance during the current year was \$318,672. Revenues were slightly more and expenses significantly less than estimated for budgeting purposes.

The nonmajor governmental funds have a total fund balance of \$145,541, the majority of which is restricted and assigned for Abatement funds, LTAF, Grants, and the Cemetery.

**Proprietary funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the Water, Sewer, Building and EMS fund were \$7,770,833 consisting of \$6,592,433 in net investment in capital assets, \$749,492 in restricted and \$428,908 in unrestricted net position.

## **Budgetary Highlights**

The General Fund's revenues of \$4,469,958 were more than budgeted revenues of \$3,070,900 by \$1,399,058. The most significant variance in revenues is \$223,712 for taxes, \$314,089 for intergovernmental revenue and \$652,116 in charges for services that were collected in excess of budget. The General Fund's expenditures of \$3,565,225 were more than budgeted expenditures of \$3,321,500 by \$243,725. See the budget to actual reports for specific departments that were over/under budget.

The Special Revenue fund budget variances for revenues and expenditures were the result of budgeted projects and grants that did not occur or were not funded during the fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, system improvements, park facilities and roads. At the end of fiscal year 2021, net capital assets of the government activities totaled \$8.0 million and the net capital assets of the business-type activities totaled \$7.9 million. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

### **Long-term Liabilities**

At year-end, the City had \$2.9 million in governmental type long-term obligations, and \$2.1 million in proprietary long-term obligations. During the current fiscal year, the City's total long-term obligations increased by \$268,966. (See note 6 to the financial statements for detailed descriptions.)

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the City Budget for fiscal year 2021/2022, the City Council and management were cautious as to the growth of revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to contain costs at the same level as fiscal year 2020/2021.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact, City of St. Johns, Post Office Box 455, St. Johns, Arizona 85936.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF ST. JOHNS, ARIZONA**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,809,474	\$ 1,597,198	\$ 4,406,672
Investments	171,255	-	171,255
Receivables (net of allowance)	449,062	136,344	585,406
Prepaid expenses	33,367	21,333	54,700
Inventory	81,850	35,086	116,936
Internal balances	332,829	(332,829)	-
Restricted cash	7,219	534,549	541,768
Restricted investments	58,066	137,002	195,068
Net OPEB asset	23,666	2,961	26,627
Capital assets (net of accumulated depreciation):			
Land	241,725	37,984	279,709
Land improvements	4,599,109	-	4,599,109
Buildings	313,375	1,483,298	1,796,673
Distribution systems	-	5,500,564	5,500,564
Infrastructure/roads	1,535,985	-	1,535,985
Furniture, equipment and vehicles	1,317,599	864,401	2,182,000
Total assets	<u>11,974,581</u>	<u>10,017,891</u>	<u>21,992,472</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	813,114	133,414	946,528
Deferred outflows related to OPEB	56,001	8,514	64,515
Total deferred outflows of resources	<u>869,115</u>	<u>141,928</u>	<u>1,011,043</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	223,895	286,783	510,678
Interest payable	-	8,514	8,514
Noncurrent liabilities:			
Due within one year	123,372	301,778	425,150
Due in more than one year	394,360	1,054,150	1,448,510
Net pension/OPEB liability	2,392,044	711,026	3,103,070
Total liabilities	<u>3,133,671</u>	<u>2,362,251</u>	<u>5,495,922</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	64,975	20,695	85,670
Deferred inflows related to OPEB	22,371	6,040	28,411
Total deferred inflows of resources	<u>87,346</u>	<u>26,735</u>	<u>114,081</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,605,778	6,592,433	14,198,211
Restricted for:			
Debt service	-	107,522	107,522
Public works/streets	2,259,115	-	2,259,115
Other purposes	72,852	641,970	714,822
Unrestricted	(315,066)	428,908	113,842
Total net position	<u>\$ 9,622,679</u>	<u>\$ 7,770,833</u>	<u>\$ 17,393,512</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF ST. JOHNS, ARIZONA**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 357,339	\$ 192,798	\$ 706,923	\$ -	\$ 542,382	\$ -	\$ 542,382
Public safety	2,386,435	829,896	102,560	312,650	(1,141,329)	-	(1,141,329)
Public works/streets	1,373,854	235,151	866,383	-	(272,320)	-	(272,320)
Culture and recreation	351,173	100,434	19,484	-	(231,255)	-	(231,255)
Interest on long-term debt	3,625	-	-	-	(3,625)	-	(3,625)
Total governmental activities	4,472,426	1,358,279	1,695,350	312,650	(1,106,147)	-	(1,106,147)
Business-type activities:							
Water	927,407	924,436	-	-	-	(2,971)	(2,971)
Sewer	260,545	354,628	-	-	-	94,083	94,083
City buildings	115,519	40,664	-	-	-	(74,855)	(74,855)
EMS	517,765	753,322	191,100	-	-	426,657	426,657
Total business-type activities	1,821,236	2,073,050	191,100	-	-	442,914	442,914
Total primary government	\$ 6,293,662	\$ 3,431,329	\$ 1,886,450	\$ 312,650			
General revenues:							
Taxes:							
City sales tax					1,023,712	-	1,023,712
State sales tax					416,640	-	416,640
Auto lieu tax					307,195	-	307,195
Smart and safe tax					4,095	-	4,095
Urban revenue sharing					501,914	-	501,914
Unrestricted investment earnings					1,955	1,502	3,457
Gain (loss) on sale of assets					85,000	-	85,000
Transfers					(50,000)	50,000	-
Total general revenues					2,290,511	51,502	2,342,013
Change in net position					1,184,364	494,416	1,678,780
Net position - beginning					8,438,315	7,276,417	15,714,732
Net position - ending					\$ 9,622,679	\$ 7,770,833	\$ 17,393,512

The accompanying notes are an integral part of the financial statements.

**CITY OF ST. JOHNS, ARIZONA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General	Highway Users Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 601,072	\$ 2,142,519	\$ 65,883	\$ 2,809,474
Investments	171,255	-	-	171,255
Receivables:				
Other	117,897	-	5,000	122,897
Intergovernmental	242,849	74,333	8,983	326,165
Prepaid expenses	25,709	7,658	-	33,367
Due from other funds	332,829	-	-	332,829
Inventory	41,351	40,499	-	81,850
Restricted cash-permanent fund	-	-	7,219	7,219
Restricted investments - permanent fund	-	-	58,066	58,066
Total assets	<u>\$ 1,532,962</u>	<u>\$ 2,265,009</u>	<u>\$ 145,151</u>	<u>\$ 3,943,122</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 134,223	\$ 16,987	\$ -	\$ 151,210
Accrued wages and benefits	46,284	11,439	1,610	59,333
Customer deposits	8,859	-	-	8,859
Other current liabilities	4,493	-	-	4,493
Total liabilities	<u>193,859</u>	<u>28,426</u>	<u>1,610</u>	<u>223,895</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepays	25,709	7,658	-	33,367
Inventory	41,351	40,499	-	81,850
Fund principal	-	-	65,285	65,285
Restricted for:				
Public works/streets	-	2,188,426	40,514	2,228,940
Public safety	-	-	30,175	30,175
Committed to:				
Culture and recreation	-	-	7,567	7,567
Unassigned	1,272,043	-	-	1,272,043
Total fund balances	<u>1,339,103</u>	<u>2,236,583</u>	<u>143,541</u>	<u>3,719,227</u>
Total liabilities and fund balances	<u>\$ 1,532,962</u>	<u>\$ 2,265,009</u>	<u>\$ 145,151</u>	<u>\$ 3,943,122</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF ST. JOHNS, ARIZONA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2021**

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Total fund balances governmental funds	\$ 3,719,227
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	16,751,855	
Accumulated depreciation	<u>(8,744,062)</u>	
		8,007,793

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences	(115,717)	
Capital leases	(402,015)	
Net pension/OPEB liability	<u>(2,392,044)</u>	
		(2,909,776)

Net pension assets, deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:

Net OPEB asset	23,666	
Deferred outflows	869,115	
Deferred inflows	<u>(87,346)</u>	
		805,435

Net position of governmental activities	<u><u>\$ 9,622,679</u></u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF ST. JOHNS, ARIZONA**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

	General	Highway Users Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 1,023,712	\$ -	\$ -	\$ 1,023,712
Licenses, permits and fees	33,318	-	-	33,318
Intergovernmental revenue	1,990,689	846,383	355,508	3,192,580
Charges for services	1,104,866	-	-	1,104,866
Fines and forfeitures	12,395	-	-	12,395
Interest	402	1,373	104	1,879
Other revenues	304,576	-	33,464	338,040
Total revenues	<u>4,469,958</u>	<u>847,756</u>	<u>389,076</u>	<u>5,706,790</u>
<b>Expenditures</b>				
General government	346,083	-	-	346,083
Public safety	2,375,221	-	352,613	2,727,834
Public works/streets	548,243	516,694	-	1,064,937
Culture and recreation	295,678	-	20,949	316,627
Debt service:				
Principal	-	8,765	-	8,765
Interest	-	3,625	-	3,625
Total expenditures	<u>3,565,225</u>	<u>529,084</u>	<u>373,562</u>	<u>4,467,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>904,733</u>	<u>318,672</u>	<u>15,514</u>	<u>1,238,919</u>
<b>Other financing sources (uses)</b>				
Debt proceeds	345,000	-	-	345,000
Transfers in	-	-	461	461
Transfers out	(50,461)	-	-	(50,461)
Total other financing sources (uses)	<u>294,539</u>	<u>-</u>	<u>461</u>	<u>295,000</u>
Net change in fund balances	1,199,272	318,672	15,975	1,533,919
Fund balances, beginning of year	<u>139,831</u>	<u>1,917,911</u>	<u>127,566</u>	<u>2,185,308</u>
Fund balances, end of year	<u>\$ 1,339,103</u>	<u>\$ 2,236,583</u>	<u>\$ 143,541</u>	<u>\$ 3,719,227</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF ST. JOHNS, ARIZONA**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 1,533,919
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.		
Capital outlay	726,017	
Depreciation expense	<u>(528,663)</u>	197,354
Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain on the sale of capital assets is reported net of its net book value.		(9,737)
The issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position		
Proceeds from capital lease debt		(345,000)
Repayment of long-term debt uses current financial resources in the governmental funds but decreases long-term liabilities in the statement of net position.		
Capital lease principal retirement		8,765
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		4,844
Pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability or OPEB asset is measured a year before the Town's report date. Pension and OPEB expense, which is the change in the net pension liability and OPEB asset adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, is reported in the Statement of Activities.		
Pension and OPEB contributions	254,434	
Pension and OPEB expense	<u>(460,215)</u>	(205,781)
Change in net position of governmental activities		<u><u>\$ 1,184,364</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF ST. JOHNS, ARIZONA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Water	Sewer	City Buildings	EMS	Totals
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ -	\$ 338,265	\$ -	\$ 1,258,933	\$ 1,597,198
Receivables (net of allowance)	107,723	28,621	-	-	136,344
Prepaid expenses	5,470	5,470	3,829	6,564	21,333
Inventory	28,363	6,723	-	-	35,086
Total current assets	141,556	379,079	3,829	1,265,497	1,789,961
Noncurrent assets:					
Restricted cash	448,018	86,531	-	-	534,549
Restricted investments	-	137,002	-	-	137,002
Net other post employment obligation asset	1,061	673	-	1,227	2,961
Land	7,674	30,310	-	-	37,984
Buildings and improvements	139,938	48,237	2,085,314	127,302	2,400,791
Collection and distribution systems	8,588,748	1,415,153	-	-	10,003,901
Furniture, equipment and vehicles	261,207	112,743	-	1,606,459	1,980,409
Accumulated depreciation	(3,907,184)	(1,039,579)	(668,674)	(921,401)	(6,536,838)
Total noncurrent assets	5,539,462	791,070	1,416,640	813,587	8,560,759
Total assets	5,681,018	1,170,149	1,420,469	2,079,084	10,350,720
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pensions	47,808	30,319	-	55,287	133,414
Deferred outflows related to OPEB	3,051	1,935	-	3,528	8,514
Total deferred outflows of resources	50,859	32,254	-	58,815	141,928
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	43,121	2,888	136	131,950	178,095
Accrued liabilities	5,173	2,471	-	23,103	30,747
Customer deposits	77,941	-	-	-	77,941
Due to other funds	255,181	-	77,648	-	332,829
Accrued interest payable	8,514	-	-	-	8,514
Current portion of long-term debt	239,892	7,345	38,894	15,647	301,778
Total current liabilities	629,822	12,704	116,678	170,700	929,904
Noncurrent liabilities (net of current portion):					
Compensated absences	9,386	4,897	131	10,432	24,846
Loans and contract payable	675,393	-	-	-	675,393
Revenue bonds payable	115,462	-	-	-	115,462
Lease payable	-	-	238,449	-	238,449
Net pension/OPEB liability	254,790	161,583	-	294,653	711,026
Total noncurrent liabilities	1,055,031	166,480	238,580	305,085	1,765,176
Total liabilities	1,684,853	179,184	355,258	475,785	2,695,080
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions	7,416	4,703	-	8,576	20,695
Deferred inflows related to OPEB	2,164	1,373	-	2,503	6,040
Total deferred inflows of resources	9,580	6,076	-	11,079	26,735
<b>Net position</b>					
Net investment in capital assets	4,073,714	566,864	1,139,495	812,360	6,592,433
Restricted	525,959	223,533	-	-	749,492
Unrestricted	(562,229)	226,746	(74,284)	838,675	428,908
Total net position	\$ 4,037,444	\$ 1,017,143	\$ 1,065,211	\$ 1,651,035	\$ 7,770,833

The accompanying notes are an integral part of the financial statements.

**CITY OF ST. JOHNS, ARIZONA**  
**Statement Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	Water	Sewer	City Buildings	EMS	Totals
<b>Operating revenues</b>					
Charges for services	\$ 889,506	\$ 315,359	\$ -	\$ 753,322	\$ 1,958,187
Rent and other revenues	25,808	36,869	40,664	-	103,341
Total operating revenues	915,314	352,228	40,664	753,322	2,061,528
<b>Operating expenses</b>					
Salaries	170,089	94,788	2,986	192,096	459,959
Employee benefits	62,478	21,863	15,802	88,448	188,591
Service, supplies and other	462,373	99,417	16,171	176,065	754,026
Depreciation	205,514	44,477	69,265	50,431	369,687
Total operating expenses	900,454	260,545	104,224	507,040	1,772,263
Operating income (loss)	14,860	91,683	(63,560)	246,282	289,265
<b>Non-operating revenues (expenses)</b>					
Interest income	417	355	-	730	1,502
Interest expense and fiscal charges	(26,953)	-	(11,295)	(10,725)	(48,973)
Grant revenue	-	-	-	191,100	191,100
Connection fees	9,122	2,400	-	-	11,522
Total non-operating revenue (expense)	(17,414)	2,755	(11,295)	181,105	155,151
<b>Income (loss) before contributions and transfers</b>	(2,554)	94,438	(74,855)	427,387	444,416
Contributions and transfers:					
Transfers In	-	-	50,000	-	50,000
<b>Change in net position</b>	(2,554)	94,438	(24,855)	427,387	494,416
Net position, beginning of year	4,039,998	922,705	1,090,066	1,223,648	7,276,417
<b>Net position, end of year</b>	<u>\$ 4,037,444</u>	<u>\$ 1,017,143</u>	<u>\$ 1,065,211</u>	<u>\$ 1,651,035</u>	<u>\$ 7,770,833</u>

The accompanying notes are an integral part of the financial statements.



**CITY OF ST. JOHNS, ARIZONA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	Water	Sewer	City Buildings	EMS	Totals
<b>Cash flows from operating activities:</b>					
Cash received from customers, service fees	\$ 867,612	\$ 314,383	\$ -	\$ 753,322	\$ 1,935,317
Cash received from customers, other	25,808	36,869	47,600	-	110,277
Cash paid to suppliers	(438,584)	(90,485)	(9,428)	(43,992)	(582,489)
Cash paid to employees	(246,858)	(149,210)	(18,937)	(315,395)	(730,400)
Net cash flows from operating activities	207,978	111,557	19,235	393,935	732,705
<b>Cash flows from noncapital financing activities:</b>					
Proceeds/payments (to)/from other funds	59,613	229,385	(20,531)	328,878	597,345
Transfers (to)/from other funds	-	-	50,000	-	50,000
Operating grants	-	-	-	191,100	191,100
Net cash flows from noncapital financing activities	59,613	229,385	29,469	519,978	838,445
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	-	(5,077)	-	(597,237)	(602,314)
Principal paid on notes, leases and bonds	(218,373)	-	(37,409)	(207,980)	(463,762)
Interest paid	(31,180)	-	(11,295)	(10,725)	(53,200)
Connection and impact fees	9,122	2,400	-	-	11,522
Net cash flows from capital and related financing activities	(240,431)	(2,677)	(48,704)	(815,942)	(1,107,754)
<b>Cash flows from investing activities:</b>					
Interest on investments	417	110	-	730	1,257
Net cash flows from investing activities	417	110	-	730	1,257
Net change in cash and cash equivalents	27,577	338,375	-	98,701	464,653
Cash and cash equivalents, including restricted cash, beginning of year	420,441	86,421	-	1,160,232	1,667,094
<b>Cash and cash equivalents, including restricted cash, end of year</b>	<b>\$ 448,018</b>	<b>\$ 424,796</b>	<b>\$ -</b>	<b>\$ 1,258,933</b>	<b>\$ 2,131,747</b>
Reconciliation of operating income to net cash flows from operating activities:					
Net operating income (loss)	\$ 14,860	\$ 91,683	\$ (63,560)	\$ 246,282	\$ 289,265
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:					
Depreciation/amortization	205,514	44,477	69,265	50,431	369,687
Pension and OPEB expense	47	(15,429)	-	(33,475)	(48,857)
Employer pension and OPEB contributions	(22,237)	(13,708)	-	-	(35,945)
Changes in operating assets and liabilities:					
(Increase)/decrease in receivables	(21,135)	(976)	6,936	-	(15,175)
(Increase)/decrease in prepaids	9,542	9,542	6,680	11,451	37,215
Increase/(decrease) in payables	14,247	(610)	63	120,622	134,322
Increase/(decrease) in unearned revenue	(759)	-	-	-	(759)
Increase/(decrease) in accrued liabilities	7,899	(3,422)	(149)	(1,376)	2,952
Net cash flows from operating activities	\$ 207,978	\$ 111,557	\$ 19,235	\$ 393,935	\$ 732,705

The accompanying notes are an integral part of the financial statements.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

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**Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Reporting entity**

The City of St. Johns, Arizona (City) is a municipal corporation governed by an elected mayor, vice-mayor, and an elected five-member council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each 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 government. The City has no discretely presented component units.

**Blended component unit**

The City of St. Johns Municipal Property Corporation's (SJ MPC) board of directors consists of not less than three members which are appointed by the St. Johns City Council. The SJ MPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the purpose of assisting the City in obtaining financing for various projects of the City. All related receivables and payables between the City and the SJ MPC have been eliminated. The SJ MPC has a June 30 year end and is reported within the water fund financial statements.

**Basis of presentation - government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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**Basis of presentation – fund financial statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The **Highway User Special Revenue Fund** accounts for the City's share of motor fuel tax revenues and lottery proceeds which are restricted for the maintaining, repairing, and upgrading of streets.

The City reports the following major enterprise funds:

The **Water Fund** accounts for the activities related to the City's water storage and distribution system.

The **Sewer Fund** accounts for the activities related to the City's sewer collection and treatment operations.

The **Building Fund** accounts for costs to construct and maintain the City's buildings and the rent income associated with the buildings.

The **EMS Fund** accounts for the activities related to the City's emergency medical services.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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**Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

***Cash and cash equivalents***

The City's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

***Investments***

The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U.S. Government, and other investments as allowed by the Arizona State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices. The reported value of the state treasurer's pool is the same as the fair value of the pool share.

***Inventories***

The cost of governmental fund-type inventories are normally recorded as expenditures when purchased rather than when consumed. However, the Highway User Revenue Fund and the Airport Department within the General Fund maintain and record inventories for street supplies and fuel respectively and are recorded at the lower of cost or market using the first in/first-out method. Inventories for business-type activities consist of materials and supplies for the water and sewer system and are recorded at the lower of cost or market using the first in/first-out method.

***Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life of two years or more. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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Land and construction in progress are not depreciated. Other property, plant and equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	5 - 50 years
Improvements other than buildings	5 - 50 years
Machinery and equipment	2 - 20 years
Vehicles	5 years
Streets and sidewalks	10 - 50 years

***Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one type of item that qualifies for reporting in this category, which is pension/OPEB related items reported on the government-wide financial statements. See footnote 9 for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category, which is pension/OPEB related items reported on the government-wide financial statements. See footnote 9 for more information.

***Postemployment Benefits***

For purposes of measuring the net pension and OPEB assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the pension plan's fiduciary net position of the Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by ASRS and PSPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Net position flow assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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***Fund balance flow assumptions***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund balance policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and expenditures/expenses**

***Program revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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***Property taxes***

The City does not currently have any primary or secondary real property tax levies.

The County levies real property taxes on or before the third Monday in August, which 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. The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter.

A lien against real and personal property assessed attaches on the first day of January preceding the assessment and levy thereof.

***Compensated Absences***

For governmental funds, amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

***Proprietary funds operating and nonoperating revenues and expenses***

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, building fund and EMS fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.



**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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**Tax Abatements**

The City has not entered into any tax abatement agreements and the City is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the City's tax revenues.

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**Note 2.           Reconciliation of Government-Wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 17.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 19.

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**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 3.           Stewardship, Compliance, and Accountability**

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Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the City. The use of budgets and monitoring of equity status facilitate the City's compliance with legal requirements.

**Budgets and budgetary accounting**

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 public 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 financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. The City follows a voter-approved alternative expenditure limitation that was adopted on November 8, 2016.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for 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. The adopted budget cannot be amended in any way without City Council approval.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Cities and Towns. This law does not permit the City to spend more than budgeted revenues plus the carry-over 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.

No budgetary amendment appropriations were made during the year.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 3.           Stewardship, Compliance, and Accountability, Continued**

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**Expenditures over Appropriations**

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the fiscal year ended June 30, 2021, if any.

**Highway User Revenue Funds**

Highway user revenue fund monies received by the City pursuant to title 28, chapter 18, article 2 and other dedicated state transportation revenues received during the current fiscal year have been used solely for authorized purposes.

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**Note 4.           Deposits and Investments**

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A reconciliation of cash and investments as shown on the statement of net position follows:

Cash and cash equivalents	\$ 4,426,752
Restricted cash and cash equivalents	521,688
Investments	171,255
Restricted investments	195,068
	<hr/>
Total	\$ 5,314,763
	<hr/>

Restricted cash consists of the following at June 30, 2021:

Cemetery perpetual care	\$ 7,219
WIFA and RDA debt service and repair reserves	350,583
Customer deposits	77,355
Repairs and replacement extension	86,531
	<hr/>
Total restricted cash and investments	\$ 521,688
	<hr/>

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. At June 30, 2021 cash on hand was \$547 and the carrying amount of the City's deposits was \$3,244,737. As of June 30, 2021, none of the City's bank balance of \$3,538,197 was exposed to custodial credit risk because all amounts were insured and collateralized with securities held by the pledging financial institution's trust department or agent.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 4. Deposits and Investments, Continued**

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**Investments**

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP). The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. The State Board of Investments provides oversight for the State Treasurer's investment pools. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments. Financial statements for the LGIP funds are available on the Arizona State Treasurer's website at [aztreasury.gov](http://aztreasury.gov).

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or local municipalities, commercial paper of prime quality that is rated "P1" by Moody's investors or "A1" by Standard and Poor's rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2020 the government had the following cash, investments and maturities:

	Fair Value	Quality Rating	Weighted Average Maturity (2)
Deposits:			
Cash on hand	\$ 547	N/A	N/A
Cash in bank	3,244,737	N/A	N/A
Investments:			
Local Government			
Investment Pool 5	1,192,981	(1)	32.85 days
US Government Agency Bonds	876,498	(1)	3 years
Total cash and investments	<u>\$ 5,314,763</u>		

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable. The City's investment in the State Treasurer's Investment Pool #5 was rated AAAF/S1+ from Standard and Poor's. The City's investment in US Agency Bonds was rated AA+ from Standard and Poor's.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 4.           Deposits and Investments, Continued**

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The City has the following recurring fair value measurements as of June 30, 2021

- State Treasurer's Investment Pool is 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 the participant's pool shares. (Level 2 inputs)
- US Government Agency Bonds are valued using significant other observable inputs (Level 2 inputs)

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35-323) which requires that the City's investment portfolio maturities do not exceed five years from the time of purchase.

**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323) which limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

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**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 5. Capital Assets**

The following table summarizes the changes to capital assets for governmental activities during the year:

<b>Governmental activities:</b>	<b>Balance 6/30/2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2021</b>
Capital assets, not being depreciated:				
Land	\$ 241,725	\$ -	\$ -	\$ 241,725
Construction in progress	9,737	-	(9,737)	-
Total capital assets, not being depreciated	<u>251,462</u>	<u>-</u>	<u>(9,737)</u>	<u>241,725</u>
Capital assets, being depreciated:				
Improvements other than buildings	8,665,310	-	-	8,665,310
Buildings and improvements	993,175	-	-	993,175
Furniture, equipment & vehicles	3,492,199	726,017	-	4,218,216
Infrastructure - roads	2,633,429	-	-	2,633,429
Total capital assets, being depreciated	<u>15,784,113</u>	<u>726,017</u>	<u>-</u>	<u>16,510,130</u>
Less accumulated depreciation for:				
Improvements other than buildings	(3,877,722)	(188,479)	-	(4,066,201)
Buildings and improvements	(666,011)	(13,789)	-	(679,800)
Furniture, equipment & vehicles	(2,668,405)	(232,212)	-	(2,900,617)
Infrastructure - roads	(1,003,261)	(94,183)	-	(1,097,444)
Total accumulated depreciation	<u>(8,215,399)</u>	<u>(528,663)</u>	<u>-</u>	<u>(8,744,062)</u>
Total capital assets, being depreciated, net	<u>7,568,714</u>	<u>197,354</u>	<u>-</u>	<u>7,766,068</u>
Governmental activities capital assets, net	<u>\$ 7,820,176</u>	<u>\$ 197,354</u>	<u>\$ (9,737)</u>	<u>\$ 8,007,793</u>

Depreciation expense was charged to the functions/programs of the City as follows:

**Governmental activities:**

General government	\$ 4,491
Public safety	189,655
Public works/streets	296,378
Culture & recreation	38,139
Total depreciation expense - governmental activities	<u>\$ 528,663</u>

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 5. Capital Assets, Continued**

The following table summarizes the changes to capital assets for business-type activities during the year:

<b>Business-type activities:</b>	<b>Balance 6/30/2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2021</b>
Capital assets not being depreciated:				
Land and water rights	\$ 37,984	\$ -	\$ -	\$ 37,984
Total capital assets, not being depreciated	37,984	-	-	37,984
Capital assets being depreciated:				
Water system	8,588,748	-	-	8,588,748
Sewer system	1,415,153	-	-	1,415,153
Buildings and improvements	2,400,791	-	-	2,400,791
Furniture, equipment & vehicles	1,378,095	602,314	-	1,980,409
Total capital assets, being depreciated	13,782,787	602,314	-	14,385,101
Less accumulated depreciation for:				
Water system	(3,399,959)	(189,231)	-	(3,589,190)
Sewer system	(878,137)	(36,010)	-	(914,147)
Buildings and improvements	(828,925)	(88,568)	-	(917,493)
Furniture, equipment & vehicles	(1,060,130)	(55,878)	-	(1,116,008)
Total accumulated depreciation	(6,167,151)	(369,687)	-	(6,536,838)
Total capital assets, being depreciated, net	7,615,636	232,627	-	7,848,263
Business-type activities capital assets, net	\$ 7,653,619	\$ 232,627	\$ -	\$ 7,886,247

Depreciation expense was charged to the functions/programs of the City as follows:

**Business-type activities:**

Water	\$ 205,514	
Sewer	44,477	
Buildings	69,265	Hip Rounding
EMS	50,431	
Total depreciation expense - business-type activities	<u>\$ 369,687</u>	

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 6. Long-Term Liabilities**

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The following is a summary of changes in long-term obligations during the year:

	<b>Balance 6/30/2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 6/30/2021</b>	<b>Current Portion</b>
<b>Governmental Activities:</b>					
Capital Leases	\$ 65,780	\$ 345,000	\$ (8,765)	\$ 402,015	\$ 53,942
Compensated absences	120,561	67,493	(72,337)	115,717	69,430
Net OPEB liability	4,211	976	-	5,187	-
Net pension liability	2,016,899	369,958	-	2,386,857	-
Governmental activity					
Long-term liabilities	<u>\$ 2,207,451</u>	<u>\$ 783,427</u>	<u>\$ (81,102)</u>	<u>\$ 2,909,776</u>	<u>\$ 123,372</u>
<b>Business-type Activities:</b>					
<b>Revenue Bonds:</b>					
<b>Direct Placements</b>					
Water development revenue bonds	\$ 121,430	\$ -	\$ (2,746)	\$ 118,684	\$ 3,222
Total Revenue Bonds	<u>121,430</u>	<u>-</u>	<u>(2,746)</u>	<u>118,684</u>	<u>3,222</u>
<b>Loans Payable:</b>					
<b>Direct Borrowings</b>					
WIFA loans payable	482,122	-	(122,854)	359,268	126,756
Rural development loan	631,490	-	(92,773)	538,717	95,836
Total Loans Payable	<u>1,113,612</u>	<u>-</u>	<u>(215,627)</u>	<u>897,985</u>	<u>222,592</u>
<b>Other:</b>					
Capital leases	522,534	-	(245,389)	277,145	38,696
Compensated absences	66,870	35,366	(40,122)	62,114	37,268
Net OPEB liability	3,059	84	-	3,143	-
Net pension liability	672,808	35,075	-	707,883	-
Total Other	<u>1,265,271</u>	<u>70,525</u>	<u>(285,511)</u>	<u>1,050,285</u>	<u>75,964</u>
Business-type activity					
Long-term liabilities	<u>\$ 2,500,313</u>	<u>\$ 70,525</u>	<u>\$ (503,884)</u>	<u>\$ 2,066,954</u>	<u>\$ 301,778</u>

Generally, resources from the General fund are used to liquidate liabilities and compensated absences for governmental activities.



**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 6. Long-Term Liabilities, Continued**

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The following is a listing of long-term debt and liabilities outstanding as of June 30, 2021:

**Loan Payable from Direct Borrowings:**

Water Infrastructure Finance Authority loan, issued 2001  
converted to term loan, July 1, 2003, bearing interest at 3.3%  
due in semi-annual principal and interest installments,  
maturing July, 2021. \$ 104,087

Water Infrastructure Finance Authority loan, issued May 21, 2011  
bearing interest at 2.604%, due in semiannual principal and  
interest installments, maturing July, 2030. 255,181

Rural Development loan, issued September 14, 2011 bearing interest at  
3.25%, due in monthly principal and interest installments,  
maturing August, 2026. 538,717

**Revenue Bonds from Direct Placements:**

Water Development Revenue Bonds, issued 2003  
due in semiannual principal and interest installments,  
bearing interest at 4.625%, maturing July 1, 2042. 118,684

Total loans and bonds payable 1,016,669

**Leases Payable:**

Capital leases payable in annual installments through October 1, 2027,  
bearing interest at 3.09%, 3.20% and 3.33%. 679,160

**Accrued Compensated Absences** 177,831

**Net OPEB Liability** 8,330

**Net Pension Liability** 3,094,740

Total long term liabilities 4,976,730

Less current portion

Business-type Activities (301,778)

Governmental-type Activities (123,372)

Total net of current portion \$ 4,551,580

Revenue Bonds and Loan debt service maturities are as follows for the business-type activities as of June 30, 2021:

Year Ended June 30,	Business-Type Activities (Direct Placement and Direct Borrowings)		
	Principal	Interest	Total
2022	\$ 225,814	\$ 25,912	\$ 251,726
2023	125,627	20,628	146,255
2024	129,655	16,942	146,597
2025	133,813	13,135	146,948
2026	138,106	9,202	147,308
2027-2031	184,790	24,857	209,647
2032-2036	27,769	15,142	42,911
2037-2041	34,812	7,936	42,748
2042-2043	16,283	762	17,045
Total	<u>\$ 1,016,669</u>	<u>\$ 134,516</u>	<u>\$ 1,151,185</u>

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 6. Long-Term Liabilities, Continued**

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**Revenue Bonds**

The City has issued revenue bonds to United States Department of Agriculture, Rural Utility Services (RUS) for utility system improvements. The bonds are secured by, and to be repaid from, the associated utility net revenue.

**Loans Payable**

The City received loans from the Water Infrastructure Financing Authority (WIFA) and United States Department of Agriculture (USDA) for water system improvements. The WIFA loans are secured by, and to be repaid from, the associated utility net revenue. In the event of default for non-payment, WIFA may take any action permitted or required under the law, including appointment of a receiver of the system. The USDA loan is secured by, and to be repaid from, the associated utility net revenue.

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**Note 7. Capital Leases**

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In fiscal year 2015, the City entered into lease agreements as lessee for financing the acquisition of vehicles and the remodel of the New City Hall. In fiscal year 2017, the City entered into a lease agreement as lessee for financing the acquisition of a Caterpillar 420F2 loader. In fiscal year 2020, the City entered into a lease agreement as lessee for financing the acquisition of two ambulances. In fiscal year 2021, the City entered into a lease agreement to finance the acquisition of wildland apparatus. These lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the lease inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2022	\$ 66,393	\$ 48,742	\$ 115,135
2023	66,393	48,742	115,135
2024	95,465	48,742	144,207
2025	55,571	48,742	104,313
2026	55,571	48,742	104,313
2027-2031	111,142	72,898	184,040
Total remaining minimum lease payments:	450,535	316,608	767,143
Less: amount representing interest:	(48,520)	(39,463)	(87,983)
Present value of remaining minimum lease payments:	<u>\$ 402,015</u>	<u>\$ 277,145</u>	<u>\$ 679,160</u>

The assets acquired through capital leases and the related accumulated depreciation are as follows:

	<u>Cost</u>	<u>Depreciation</u>
Buildings	\$ 1,534,577	\$ 332,211
Vehicles	652,980	31,625
Equipment	103,121	30,936

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 8. Interfund Receivables, Payables, and Transfers**

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Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Residual balances outstanding between the governmental activities and the business-type activities are netted and reported in the government-wide financial statements as internal balances.

As of June 30, 2021, the City had the following interfund receivables and payables:

<b>Due To</b>	<b>Due From</b>		
	<b>Building Fund</b>	<b>Water Fund</b>	<b>Total</b>
General Fund	\$ 77,648	\$ 255,181	\$ 332,829
	<u>\$ 77,648</u>	<u>\$ 255,181</u>	<u>\$ 332,829</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in certain funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the fiscal year ended June 30, 2021, the City had the following transfers:

<b>Transfers In</b>	<b>Transfers Out</b>	
	<b>General Fund</b>	<b>Total</b>
Non Major Governmental	\$ 461	\$ 461
Building Fund	50,000	50,000
	<u>\$ 50,461</u>	<u>\$ 50,461</u>

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**Note 9. Retirement and Pension Plans**

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**Defined Contribution Pension Plan**

The City provides retirement benefits to its full-time employees through a defined contribution pension plan known as the St. Johns Employees Plan which was administered by California Pensions, Inc. into fiscal year 2009.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9. Retirement and Pension Plans, Continued**

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A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contribution to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. As established by the plan, all full-time employees of the City could participate in the pension plan.

During fiscal year 2009 the city terminated its defined contribution plan and moved to the Arizona State Retirement System for retirement benefits for its employees.

The City contributes to the Arizona State Retirement System and the Public Safety Personnel Retirement System plans described below. The plans are component units of the State of Arizona. At June 30, 2021, the City reported the following aggregate amounts related to pensions and other post employment benefits (OPEB) for plans to which it contributes:

<b>Statement of Net Position and Statement of Activities</b>	<b>ASRS</b>	<b>PSPRS</b>	<b>Combined Total</b>	<b>Governmental Activities Total</b>	<b>Business-Type Activities Total</b>
Net pension/OPEB asset	\$ 7,852	\$ 18,776	\$ 26,628	\$ 23,666	\$ 2,962
Net pension/OPEB liabilities	1,884,792	1,218,279	3,103,071	2,392,045	711,025
Deferred outflows of resources	376,218	634,824	1,011,042	869,115	141,926
Deferred inflows of resources	70,870	43,211	114,081	87,346	26,735
Pension/OPEB (income) expense	(40,710)	160,125	119,415	205,982	(86,567)

The City reported \$261,518 of pension and OPEB expenditures in the governmental funds related to all pension and OPEB plans to which it contributes.

**Arizona State Retirement System (ASRS)**

**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 defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. 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 website at [www.azasrs.gov](http://www.azasrs.gov).

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9. Retirement and Pension Plans, Continued**

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**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:

	<b>Initial Membership Date Before July 1, 2011</b>	<b>Initial Membership Date On or After July 1, 2011</b>
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. 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 member's 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 for each 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.

**Contributions** – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9. Retirement and Pension Plans, Continued**

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retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 percent for retirement and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill.

The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2021 were as follows:

Year Ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2021	\$ 155,689	\$ 5,212	\$ 2,405

**Liability** – At June 30, 2021, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	<b>Net pension/OPEB (asset) liability</b>
Pension	\$ 1,876,462
Health insurance premium benefit	(7,852)
Long-term disability	8,330

The net asset and net liabilities were measured as of June 30, 2020. The total liability used to calculate the net asset or net liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The City's proportion of the net asset or net liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the fiscal year ended June 30, 2020. The City's proportion measured as of June 30, 2020 and the change from its proportion measures as of June 30, 2019 were:

	Proportion June 30, 2019	Proportion June 30, 2020	Increase (decrease) from
Pension	0.010990%	0.010830%	-0.000160%
Health insurance premium benefit	0.011260%	0.011090%	-0.000170%
Long-term disability	0.011160%	0.010980%	-0.000180%

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 9. Retirement and Pension Plans, Continued**

**Expense** – For the year ended June 30, 2021, the City recognized the following pension and OPEB expense:

	<u><b>Pension/OPEB Expe</b></u>
Pension	\$ 127,697
Health insurance premium benefit	2,484
Long-term disability	2,586

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

	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>		<u>Long-Term Disability</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,976	\$ -	\$ -	\$ 15,471	\$ 725	\$ 214
Changes of assumptions or other inputs	-	-	4,353	-	897	-
Net difference between projected and actual earnings on pension plan investments	180,987	-	8,034	-	917	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	54,860	10	4	13	321
Contributions subsequent to the measurement date	155,689	-	5,212	-	2,405	-
Total	<u>\$ 353,652</u>	<u>\$ 54,860</u>	<u>\$ 17,609</u>	<u>\$ 15,475</u>	<u>\$ 4,957</u>	<u>\$ 535</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9. Retirement and Pension Plans, Continued**

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Year Ended June 30,	Deferred Outflows (Inflows) of Resources	Health Insurance Premium Benefit	Long-Term Disability
2022	\$ (26,216)	\$ (1,668) #	\$ 333
2023	47,876	33	482
2024	65,465	405	509
2025	55,978	(428)	453
2026	-	(1,420)	213
Thereafter	-	-	27

**Actuarial Assumptions** – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pension/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pension/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, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 9. Retirement and Pension Plans, Continued**

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
Equity	50%	6.39%
Fixed income-credit	20%	5.44%
Fixed income-interest rate sensitive	10%	0.22%
Real Estate	20%	5.85%
Totals	100%	

**Discount Rate** – The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability (asset).

**Sensitivity of the proportionate share of the 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 liability (asset) calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Proportionate share of			
Net pension (asset) / liability	\$ 2,566,036	\$ 1,876,462	\$ 1,300,013
Net insurance premium benefit liability (asset)	10,302	(7,852)	(23,301)
Net long-term disability liability	9,095	8,330	7,587

**Pension plan fiduciary net position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

**Public Safety Personnel Retirement System (PSPRS)**

**Plan description** – City 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

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9.            Retirement and Pension Plans, Continued**

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(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 financial statements and required supplementary information for PSPRS. The reports are available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

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**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9. Retirement and Pension Plans, Continued**

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**Benefits provided** – The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date Before January 1, 2012	Initial Membership Date On or After January 1, 2012
Retirement and Disability		
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
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
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.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9. Retirement and Pension Plans, Continued**

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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.

**Employees covered by benefit terms** – At June 30, 2021, the following employees were covered by the agent pension plans' benefit terms:

	Pension	Health
Retirees & Beneficiaries	4	4
Terminated	2	0
Active employees	4	4
Total	10	8

**Contributions**— State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements for 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, 2021 are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - Pension	City - Pension	City-Health insurance
PSPRS Police	7.65%	45.93%	0.00%
PSPRS Tier 3 risk pool	9.21%	9.21%	0.28%

Also, statute required the City to contribute at the actuarially determined rate of 25.27 percent of the annual covered payroll of City police employees who were PSPRS Tier 3 Risk Pool members, in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool for these City police employees.

In addition, the City was required by statute to contribute at the actuarially determined rate of 25.27 percent of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

The City's contributions to the plans for the year ended June 30, 2021, were:

	Pension	premium benefit
PSPRS	\$ 104,878	\$ -
PSPRS Tier 3 risk pool	47,856	-

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9. Retirement and Pension Plans, Continued**

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During fiscal year 2021, the City paid for PSPRS pension and OPEB contributions 100% from the general fund.

**Liability (Asset)** – At June 30, 2021, the City reported the following assets and liabilities:

	<u>(asset) liability</u>	<u>(asset) liability</u>
PSPRS Police	\$ 1,218,279	\$ (18,776)

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

**Actuarial assumptions** – The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. The target allocation and best estimates of geometrical real rates of return for each major asset class are summarized in the following table:

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 9. Retirement and Pension Plans, Continued**

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

**Discount Rate** –At June 30, 2020, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.30 percent. The projection of cash flows used to determine the discount rates 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 actuarially determined contribution rates and the member rate. Based on these assumptions, the plan’s 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.

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**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 9. Retirement and Pension Plans, Continued**

**Changes in the Net Pension/OPEB Liability**

	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 2,511,168	\$ 1,420,633	\$ 1,090,535	\$ 9,410	\$ 74,762	\$ (65,352)
Changes for the year:						
Service cost	64,424	-	64,424	1,349	-	1,349
Interest on total pension liability	184,516	-	184,516	681	-	681
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience in the measurement of the pension liability	6,727	-	6,727	45,398	-	45,398
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	94,852	(94,852)	-	-	-
Contributions - employee	-	20,193	(20,193)	-	-	-
Net investment income	-	18,057	(18,057)	-	927	(927)
Benefit payments, including refunds of employee contributions	(95,961)	(95,961)	-	(3,120)	(3,120)	-
Pension Plan Administrative Expense	-	(1,473)	1,473	-	(75)	75
Other changes*	-	(3,706)	3,706	-	-	-
Net changes	159,706	31,962	127,744	44,308	(2,268)	46,576
Balances at June 30, 2021	\$ 2,670,874	\$ 1,452,595	\$ 1,218,279	\$ 53,718	\$ 72,494	\$ (18,776)

**Sensitivity of the City's proportionate share of the net pension/OPEB liability to changes in the discount rate** – The following table presents the City's net pension/OPEB liability (asset) calculated using the discount rate of 7.30 percent, as well as what the City's net pension/OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.30 percent) or 1 percentage point higher (8.30 percent) than the current rate:

	1% Decrease (6.30%)	Discount Rate (7.30%)	1% Increase (8.30%)
Proportionate share of			
Net pension (asset) / liability	\$ 1,659,140	\$ 1,218,279	\$ 871,172
Net OPEB (asset) / liability	(11,352)	(18,776)	(24,792)

**Pension plan fiduciary net position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report.

**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 9. Retirement and Pension Plans, Continued**

**Expense** – For the year ended June 30, 2021, the City recognized the following pension and OPEB expense:

	<u>Pension expense</u>	<u>OPEB expense</u>
PSPRS Police	\$ 159,433	\$ 692

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

	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 293,436	\$ 30,811	\$ 37,830	\$ 11,543
Changes in assumptions	68,613	-	140	857
Net difference between projected and actual earnings on pension plan investments	78,093	-	3,978	-
Contributions subsequent to the measurement date	152,734	-	-	-
Total	<u>\$ 592,876</u>	<u>\$ 30,811</u>	<u>\$ 41,948</u>	<u>\$ 12,400</u>

The amounts reported as deferred outflows of resources related to PSPRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension/OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pensions and OPEB will be recognized as expenses as follows:

<u>Year Ended June 30,</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
2022	\$ 150,723	\$ 3,929
2023	121,013	4,437
2024	120,337	5,999
2025	17,258	7,838
2026	-	7,345
Thereafter	-	-



**CITY OF ST. JOHNS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 10.        Risk Management**

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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 the Arizona Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is for \$3,000,000 per occurrence on a 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 Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The City is insured by Municipal Workers Compensation for potential worker related accidents.

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**Note 11.        Commitments and Contingencies**

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The City is involved in various matters of litigation. Any pending or threatened litigation is not measurable and cannot be estimated as of the date of the financial statements. It is the opinion of City officials that none of these cases would have a material effect on the City's financial condition.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ST. JOHNS, ARIZONA**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**June 30, 2021**

**ASRS - Pension**

	Reporting Fiscal Year (Measurement Date)						
	<b>2021 (2020)</b>	<b>2020 (2019)</b>	<b>2019 (2018)</b>	<b>2018 (2017)</b>	<b>2017 (2016)</b>	<b>2016 (2015)</b>	<b>2015 (2014)</b>
Proportion of the net pension liability (asset)	0.010830%	0.010990%	0.011830%	0.011760%	0.011710%	0.011120%	0.010317%
Proportionate share of the net pension liability (asset)	\$ 1,876,462	\$ 1,599,173	\$ 1,649,869	\$ 1,831,979	\$ 1,890,112	\$ 1,731,944	\$ 1,526,522
Covered payroll	\$ 1,112,647	\$ 2,410,810	\$ 2,925,308	\$ 2,883,715	\$ 1,146,598	\$ 1,094,203	\$ 886,754
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	168.65%	66.33%	56.40%	63.53%	164.85%	158.28%	172.15%
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available

See accompanying notes to pension/OPEB plan schedules.

**CITY OF ST. JOHNS, ARIZONA**  
**Schedule of the Proportionate Share of the Net OPEB Liability**  
**June 30, 2021**

**ASRS - Health insurance premium benefit**

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB liability (asset)	0.011090%	0.011260%	0.012060%	0.011930%	0.011930%
Proportionate share of the net OPEB liability (asset)	\$ (7,852)	\$ (3,112)	\$ (4,343)	\$ (6,495)	\$ 3,450
Covered payroll	\$ 2,225,293	\$ 2,410,810	\$ 2,925,308	\$ 2,883,715	\$ 1,146,598
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.35%	-0.13%	-0.15%	-0.23%	0.30%
Plan fiduciary net position as a percentage of the total OPEB liability	101.62%	101.62%	102.20%	103.57%	98.02%

**ASRS - Long-term disability**

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB liability (asset)	0.010980%	0.011160%	0.011860%	0.011800%	0.011799%
Proportionate share of the net OPEB liability (asset)	\$ 8,330	\$ 7,270	\$ 6,197	\$ 4,277	\$ 4,240
Covered payroll	\$ 2,225,293	\$ 2,410,810	\$ 2,925,308	\$ 2,883,715	\$ 1,146,598
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.37%	0.30%	0.21%	0.15%	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	72.85%	77.83%	84.44%	85.17%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available

**CITY OF ST. JOHNS, ARIZONA**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**June 30, 2021**

**PSPRS**

	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>Total pension liability</b>							
Service cost	\$ 64,424	\$ 46,396	\$ 43,021	\$ 49,954	\$ 53,380	\$ 42,050	\$ 51,283
Interest on total pension liability	184,516	143,306	151,437	123,149	125,938	100,199	80,927
Changes of benefit terms	-	-	-	29,769	(88,004)	-	51,339
Difference between expected and actual experience of the total net pension liability	6,727	389,176	(161,319)	348,777	(51,026)	242,304	(151,792)
Changes of assumptions	-	91,129	-	21,917	78,581	-	279,193
Benefit payments, including refunds of employee contributions	(95,961)	(98,020)	(237,791)	(93,487)	(65,464)	(59,204)	(62,461)
<b>Net change in total pension liability</b>	159,706	571,987	(204,652)	480,079	53,405	325,349	248,489
<b>Total pension liability - beginning</b>	2,511,168	1,939,181	2,143,833	1,663,754	1,610,349	1,285,000	1,036,511
<b>Total pension liability - ending (a)</b>	<u>\$ 2,670,874</u>	<u>\$ 2,511,168</u>	<u>\$ 1,939,181</u>	<u>\$ 2,143,833</u>	<u>\$ 1,663,754</u>	<u>\$ 1,610,349</u>	<u>\$ 1,285,000</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 94,852	\$ 103,654	\$ 111,589	\$ 78,110	\$ 79,318	\$ 34,397	\$ 22,419
Contributions - employee	20,193	19,478	19,710	34,077	35,342	28,751	17,863
Net investment income	18,057	72,254	93,500	129,150	6,068	35,968	120,191
Benefit payments, including refunds of employee contributions	(95,961)	(98,020)	(237,791)	(93,487)	(65,464)	(59,204)	(62,461)
Hall/Parker Settlement	-	-	(45,955)	-	-	-	-
Pension Plan Administrative Expense	(1,473)	(2,249)	(2,123)	(1,543)	(1,272)	(1,256)	-
Other (net transfer)	(3,706)	-	16	160,262	8,467	8,485	(15,984)
<b>Net change in plan fiduciary net position</b>	31,962	95,117	(61,054)	306,569	62,459	47,141	82,028
<b>Plan fiduciary net position - beginning</b>	1,420,633	1,325,516	1,386,570	1,080,001	1,017,542	970,401	888,373
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,452,595</u>	<u>\$ 1,420,633</u>	<u>\$ 1,325,516</u>	<u>\$ 1,386,570</u>	<u>\$ 1,080,001</u>	<u>\$ 1,017,542</u>	<u>\$ 970,401</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 1,218,279</u>	<u>\$ 1,090,535</u>	<u>\$ 613,665</u>	<u>\$ 757,263</u>	<u>\$ 583,753</u>	<u>\$ 592,807</u>	<u>\$ 314,599</u>
Plan fiduciary net position as a percentage of the total pension liability	54.39%	56.57%	68.35%	64.68%	64.91%	63.19%	75.52%
Covered payroll	\$ 236,820	\$ 227,590	\$ 220,284	\$ 226,652	\$ 297,545	\$ 291,807	\$ 221,222
Net pension liability as a percentage of covered payroll	514.43%	479.17%	278.58%	334.11%	196.19%	203.15%	142.21%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available

See accompanying notes to pension/OPEB plan schedules.

**CITY OF ST. JOHNS, ARIZONA**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**June 30, 2021**

<b>PSPRS</b> <b>Health Insurance Premium Benefit</b>	<b>Reporting Fiscal Year</b> <b>(Measurement Date)</b>			
	<b>2021</b> <b>(2020)</b>	<b>2020</b> <b>(2019)</b>	<b>2019</b> <b>(2018)</b>	<b>2018</b> <b>(2017)</b>
<b>Total pension liability</b>				
Service cost	\$ 1,349	\$ 925	\$ 1,101	\$ 1,111
Interest on total pension liability	681	755	1,779	2,106
Changes of benefit terms	-	-	-	200
Difference between expected and actual experience of the total net pension liability	45,398	(1,741)	(17,098)	(5,577)
Changes of assumptions	-	194	-	(1,869)
Benefit payments, including refunds of employee contributions	(3,120)	-	-	-
<b>Net change in total pension liability</b>	<b>44,308</b>	<b>133</b>	<b>(14,218)</b>	<b>(4,029)</b>
<b>Total pension liability - beginning</b>	<b>9,410</b>	<b>9,277</b>	<b>23,495</b>	<b>27,524</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 53,718</b>	<b>\$ 9,410</b>	<b>\$ 9,277</b>	<b>\$ 23,495</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-
Net investment income	927	3,841	4,642	7,006
Benefit payments, including refunds of employee contributions	(3,120)	-	-	-
Pension Plan Administrative Expense	(75)	(66)	(71)	(62)
Other (net transfer)	-	-	1	-
<b>Net change in plan fiduciary net position</b>	<b>(2,268)</b>	<b>3,775</b>	<b>4,572</b>	<b>6,944</b>
<b>Plan fiduciary net position - beginning</b>	<b>74,762</b>	<b>70,987</b>	<b>66,415</b>	<b>59,471</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 72,494</b>	<b>\$ 74,762</b>	<b>\$ 70,987</b>	<b>\$ 66,415</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ (18,776)</b>	<b>\$ (65,352)</b>	<b>\$ (61,710)</b>	<b>\$ (42,920)</b>
Plan fiduciary net position as a percentage of the total pension liability	134.95%	794.50%	765.19%	282.68%
Covered payroll	\$ 236,820	\$ 227,590	\$ 220,284	\$ 226,652
Net pension liability as a percentage of covered payroll	-7.93%	-28.71%	-28.01%	-18.94%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available

See accompanying notes to pension/OPEB plan schedules.

**CITY OF ST. JOHNS, ARIZONA**  
**Schedule of Pension/OPEB Contributions**  
**June 30, 2021**

**ASRS - Pension**

	Reporting Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 155,689	\$ 135,535	\$ 129,536	\$ 128,179	\$ 123,602	\$ 111,527	\$ 99,508
Contributions in relation to the contractually required contribution	(155,689)	(135,535)	(129,536)	(128,179)	(123,602)	(111,527)	(99,508)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,336,382	\$ 1,112,647	\$ 1,205,405	\$ 1,462,654	\$ 1,441,858	\$ 1,146,598	\$ 1,094,203
Contributions as a percentage of covered payroll	11.65%	12.18%	10.75%	8.76%	8.57%	9.73%	9.09%

**ASRS- Health insurance premium benefit**

	Reporting Fiscal Year				
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 5,212	\$ 5,800	\$ 5,330	\$ 5,174	\$ 6,421
Contributions in relation to the contractually required contribution	(5,212)	(5,800)	(5,330)	(5,174)	(6,421)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,336,382	\$ 2,225,293	\$ 2,410,810	\$ 2,925,308	\$ 2,883,715
Contributions as a percentage of covered payroll	0.39%	0.26%	0.22%	0.18%	0.22%

**ASRS - Long-term disability**

	Reporting Fiscal Year				
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 2,405	\$ 2,012	\$ 1,854	\$ 1,882	\$ 1,605
Contributions in relation to the contractually required contribution	(2,405)	(2,012)	(1,854)	(1,882)	(1,605)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,336,382	\$ 2,225,293	\$ 2,410,810	\$ 2,925,308	\$ 2,883,715
Contributions as a percentage of covered payroll	0.18%	0.09%	0.08%	0.06%	0.06%

Note: In accordance with GASB 68/75, employers will need to disclose a 10-year history for the pension/OPEB schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules.

**CITY OF ST. JOHNS, ARIZONA**  
**Schedule of Pension/OPEB Contributions**  
**June 30, 2021**

**PSPRS - Pension**

	Reporting Fiscal Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 152,734	\$ 94,852	\$ 103,654	\$ 111,589	\$ 78,110	\$ 79,318	\$ 34,397	\$ 22,419
Contributions in relation to the actuarially determined contribution	(152,734)	(94,852)	(103,654)	(111,589)	(78,110)	(79,318)	(34,397)	(22,419)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 228,342	\$ 236,820	\$ 227,590	\$ 220,284	\$ 226,652	\$ 297,545	\$ 291,807	\$ 221,222
Contributions as a percentage of covered payroll	66.89%	40.05%	45.54%	50.66%	34.46%	26.66%	11.79%	10.13%

**PSPRS**

**Health Insurance Premium Benefit**

	Reporting Fiscal Year				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 228,342	\$ 236,820	\$ 227,590	\$ 220,284	\$ 226,652
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: In accordance with GASB 68/75, employers will need to disclose a 10-year history for the pension/OPEB schedule above. Additional information will be displayed as it becomes available

See accompanying notes to pension/OPEB plan schedules.



**CITY OF ST. JOHNS, ARIZONA**  
**Required Supplementary Information**  
**Notes to the Pension/OPEB Plan Schedules**  
**June 30, 2021**

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**Note 1. Actuarially Determined Contribution Rates**

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Actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period as of the 2019 actuarial valuation	18 years
Asset valuation method	7-Year smoothed market value; 80%120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% In the 2014 actuarial valuation, the projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, the projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females)

**CITY OF ST. JOHNS, ARIZONA**  
**Required Supplementary Information**  
**Notes to the Pension/OPEB Plan Schedules**  
**June 30, 2021**

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**Note 2.            Factors that Affect the Identification of Trends**

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Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are included in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

**CITY OF ST. JOHNS, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES**  
**MAJOR GOVERNMENTAL FUNDS:**

**General Fund – Detail Budget-and-Actual**

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

**Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- **Highway User Revenue Fund (Streets)** – This fund is used to account for the City's share of motor fuel tax revenues and lottery proceeds which are restricted for the maintaining, repairing, and upgrading of streets.

**CITY OF ST. JOHNS, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
<b>Taxes:</b>				
City sales tax	\$ 800,000	\$ 800,000	\$ 1,023,712	\$ 223,712
Total taxes	800,000	800,000	1,023,712	223,712
<b>Licenses, permits and fees:</b>				
Building permits	3,750	3,750	32,458	28,708
Business and other licenses	1,050	1,050	860	(190)
Total licenses, permits and fees	4,800	4,800	33,318	28,518
<b>Intergovernmental:</b>				
State sales taxes	332,000	332,000	416,640	84,640
State revenue sharing	417,600	417,600	501,914	84,314
Auto lieu tax	232,000	232,000	307,195	75,195
Smart and safe tax	-	-	4,095	4,095
State land reimbursement	140,000	140,000	303,722	163,722
Other grants	555,000	555,000	457,123	(97,877)
Total intergovernmental	1,676,600	1,676,600	1,990,689	314,089
<b>Charges for services:</b>				
Administrative fees	1,600	1,600	211	(1,389)
Cemetery fees	8,000	8,000	11,950	3,950
Public safety contracts	-	-	795,600	795,600
Park, swimming pool and recreation fees	145,600	145,600	74,131	(71,469)
Animal control	2,300	2,300	2,349	49
Airport fuel sales	295,250	295,250	220,625	(74,625)
Total charges for services	452,750	452,750	1,104,866	652,116
<b>Fines and forfeitures:</b>				
Fines and forfeitures	9,950	9,950	12,395	2,445
Total fines and forfeitures	9,950	9,950	12,395	2,445
<b>Interest:</b>				
Interest income	3,000	3,000	402	(2,598)
Total interest	3,000	3,000	402	(2,598)
<b>Other revenues:</b>				
Rents	26,200	26,200	42,119	15,919
Donations	-	-	13,500	13,500
Sale of Assets	-	-	85,000	85,000
Miscellaneous	97,600	97,600	163,957	66,357
Total other revenues	123,800	123,800	304,576	180,776
Total revenues	3,070,900	3,070,900	4,469,958	1,399,058

(continued)

**CITY OF ST. JOHNS, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Budget			
	Original	Final	Actual	Variance with Final Budget
<b>EXPENDITURES:</b>				
<b>General government:</b>				
Council	11,000	11,000	17,331	(6,331)
Administration	202,140	202,140	251,013	(48,873)
Magistrate	72,450	72,450	70,038	2,412
Contingency	400,865	400,865	7,701	393,164
Total general government	<u>686,455</u>	<u>686,455</u>	<u>346,083</u>	<u>340,372</u>
<b>Public safety:</b>				
Law enforcement	903,785	903,785	1,023,488	(119,703)
Fire	881,990	881,990	1,297,641	(415,651)
Animal control	46,040	46,040	54,092	(8,052)
Total public safety	<u>1,831,815</u>	<u>1,831,815</u>	<u>2,375,221</u>	<u>(543,406)</u>
<b>Public works/streets:</b>				
Planning and zoning	134,510	134,510	194,209	(59,699)
Mosquito control	4,000	4,000	-	4,000
Airport	401,550	401,550	350,904	50,646
Cemetery	3,700	3,700	3,130	570
Total public works/streets	<u>543,760</u>	<u>543,760</u>	<u>548,243</u>	<u>(4,483)</u>
<b>Culture and recreation:</b>				
Contributions	23,000	23,000	20,625	2,375
Parks and recreation, activity center and fairgrounds	122,510	122,510	125,336	(2,826)
Swimming pool	107,260	107,260	141,249	(33,989)
Little league	2,000	2,000	1,873	127
Equestrian	4,700	4,700	6,595	(1,895)
Total culture and recreation	<u>259,470</u>	<u>259,470</u>	<u>295,678</u>	<u>(36,208)</u>
Total expenditures	<u>3,321,500</u>	<u>3,321,500</u>	<u>3,565,225</u>	<u>(243,725)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,600)</u>	<u>(250,600)</u>	<u>904,733</u>	<u>1,155,333</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Debt proceeds	-	-	345,000	345,000
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,461)</u>	<u>(461)</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>294,539</u>	<u>344,539</u>
Net change in fund balance	<u>(300,600)</u>	<u>(300,600)</u>	<u>1,199,272</u>	<u>1,499,872</u>
Fund balance, beginning of year	<u>139,831</u>	<u>139,831</u>	<u>139,831</u>	<u>-</u>
Fund balance, end of year	<u>\$ (160,769)</u>	<u>\$ (160,769)</u>	<u>\$ 1,339,103</u>	<u>\$ 1,499,872</u>

**CITY OF ST. JOHNS, ARIZONA**  
**HIGHWAY USER REVENUE SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Intergovernmental revenue:				
Highway user revenues	\$ 720,000	\$ 720,000	\$ 846,383	\$ 126,383
Other revenue:				
Interest income	15,000	15,000	1,373	(13,627)
Total revenue	<u>735,000</u>	<u>735,000</u>	<u>847,756</u>	<u>112,756</u>
<b>EXPENDITURES:</b>				
Public works:				
Salaries	223,400	223,400	218,859	4,541
Employee benefits	133,980	133,980	114,850	19,130
Services, supplies, and other	1,141,620	1,141,620	182,985	958,635
Total public works	<u>1,499,000</u>	<u>1,499,000</u>	<u>516,694</u>	<u>982,306</u>
Capital outlay	<u>936,000</u>	<u>936,000</u>	<u>-</u>	<u>936,000</u>
Debt Service:				
Principal	-	-	8,765	(8,765)
Interest	-	-	3,625	(3,625)
Total debt service	<u>-</u>	<u>-</u>	<u>12,390</u>	<u>(12,390)</u>
Total expenditures	<u>2,435,000</u>	<u>2,435,000</u>	<u>529,084</u>	<u>1,909,541</u>
Excess (deficiency) of revenues over (under) expenditures	(1,700,000)	(1,700,000)	318,672	2,022,297
Fund balance, beginning of year	<u>1,917,911</u>	<u>1,917,911</u>	<u>1,917,911</u>	<u>-</u>
Fund balance, end of year	<u>\$ 217,911</u>	<u>\$ 217,911</u>	<u>\$ 2,236,583</u>	<u>\$ 2,022,297</u>

**CITY OF ST. JOHNS, ARIZONA**  
**Combining and Individual Fund**  
**Budgetary Comparison Schedules**

**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- **Local Transportation Assistance Fund (LTAF)** – This fund is used to account for the City’s share of lottery proceeds which are restricted for transportation costs and the maintaining, repairing, and upgrading of streets.
- **Grants Fund** – This fund is used to account for various federal and state grants and other contributions that are restricted for a specific use.

**Permanent Fund**

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government’s programs.

- **Perpetual Care Permanent Fund** – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**CITY OF ST. JOHNS, ARIZONA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue Funds		Permanent Fund	
	LTAF	Grants Fund	Cemetery	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 40,514	\$ 25,369	\$ -	\$ 65,883
Accounts Receivable	-	5,000	-	5,000
Due from other governments	-	8,983	-	8,983
Restricted cash - permanent fund	-	-	7,219	7,219
Restricted investments - permanent fund	-	-	58,066	58,066
Total assets	<u>\$ 40,514</u>	<u>\$ 39,352</u>	<u>\$ 65,285</u>	<u>\$ 145,151</u>
<b>LIABILITIES</b>				
Accrued wages and benefits	\$ -	\$ 1,610	\$ -	\$ 1,610
Total liabilities	<u>-</u>	<u>1,610</u>	<u>-</u>	<u>1,610</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Fund principal	-	-	65,285	65,285
Restricted:				
Public safety	-	30,175	-	30,175
Public works/streets	40,514	-	-	40,514
Committed to:				
Culture and recreation	-	7,567	-	7,567
Total fund balances	<u>40,514</u>	<u>37,742</u>	<u>65,285</u>	<u>143,541</u>
Total liabilities and fund balances	<u>\$ 40,514</u>	<u>\$ 39,352</u>	<u>\$ 65,285</u>	<u>\$ 145,151</u>



**CITY OF ST. JOHNS, ARIZONA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

	Special Revenue Funds		Permanent Fund	
	LTAF	Grants Fund	Cemetery	Total
<b>REVENUES:</b>				
Intergovernmental revenue	\$ -	\$ 355,508	\$ -	\$ 355,508
Interest	-	-	104	104
Donations and other	-	31,764	1,700	33,464
Total revenues	-	387,272	1,804	389,076
<b>EXPENDITURES:</b>				
Public safety	-	352,613	-	352,613
Culture and recreation	-	20,949	-	20,949
Total expenditures	-	373,562	-	373,562
Excess (deficiency) of revenues over (under) expenditures	-	13,710	1,804	15,514
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	461	-	461
Total other financing sources (uses):	-	461	-	461
Net change in fund balances	-	14,171	1,804	15,975
Fund balances, beginning of year	40,514	23,571	63,481	127,566
Fund balances, end of year	<u>\$ 40,514</u>	<u>\$ 37,742</u>	<u>\$ 65,285</u>	<u>\$ 143,541</u>

**CITY OF ST. JOHNS, ARIZONA**  
**LTAF SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>				
Public works	40,514	40,514	-	40,514
Total expenditures	40,514	40,514	-	40,514
Excess (deficiency) of revenues over (under) expenditures	(40,514)	(40,514)	-	40,514
Fund balance, beginning of year	40,514	40,514	40,514	-
Fund balance, end of year	\$ -	\$ -	\$ 40,514	\$ 40,514

**CITY OF ST. JOHNS, ARIZONA**  
**GRANTS SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Intergovernmental revenue:				
Federal, state and other grants	\$ 3,315,000	\$ 3,315,000	\$ 355,508	\$ (2,959,492)
Other revenue:				
Donations and other	500	500	31,764	31,264
Total revenue	<u>3,315,500</u>	<u>3,315,500</u>	<u>387,272</u>	<u>(2,928,228)</u>
<b>EXPENDITURES:</b>				
Public safety	515,000	515,000	352,613	162,387
Culture and recreation	2,800,500	2,800,500	20,949	2,779,551
Total expenditures	<u>3,315,500</u>	<u>3,315,500</u>	<u>373,562</u>	<u>2,941,938</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	13,710	13,710
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	461	461
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>461</u>	<u>461</u>
Net change in fund balance	-	-	14,171	14,171
Fund balance, beginning of year	<u>23,571</u>	<u>23,571</u>	<u>23,571</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,571</u>	<u>\$ 23,571</u>	<u>\$ 37,742</u>	<u>\$ 14,171</u>

**CITY OF ST. JOHNS, ARIZONA**  
**CEMETERY FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Cemetery perpetual care fees	\$ 2,500	\$ 2,500	\$ 1,700	\$ (800)
Interest	700	700	104	(596)
Total revenue	3,200	3,200	1,804	(1,396)
<b>EXPENDITURES:</b>				
Public works	3,200	3,200	-	3,200
Total expenditures	3,200	3,200	-	3,200
Excess (deficiency) of revenues over (under) expenditures	-	-	1,804	1,804
Fund balance, beginning of year	63,481	63,481	63,481	-
Fund balance, end of year	\$ 63,481	\$ 63,481	\$ 65,285	\$ 1,804

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**OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS**

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**Independent Auditors' Report on Internal Control  
over Financial Reporting and on Compliance and other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and  
City Council  
City of St. Johns, Arizona

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Johns, Arizona, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of St. Johns, Arizona's basic financial statements and have issued our report thereon dated September 27, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of St. Johns, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Johns, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of St. Johns, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations that we consider to be material weaknesses and significant deficiencies.

2021-001	Missing Documentation
2020-001	Misstatements and Year End Accounting
2018-001	Segregation of Duties



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of St. Johns, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*HintonBurdick, PLLC*

HintonBurdick, PLLC  
Mesa, Arizona  
September 27, 2024



**Independent Auditors' Report on  
State Legal Compliance**

The Honorable Mayor and  
City Council  
City of St. Johns, Arizona

We have audited the basic financial statements of the City of St. Johns, Arizona for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 27, 2024. Our audit also included test work on the City of St. Johns' compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the City of St. Johns is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The City of St. Johns has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the City of St. Johns pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the City's compliance with annual expenditure limitations has been issued separately with the City's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the City of St. Johns complied, in all material respects, with the requirements identified above for the fiscal year ended June 30, 2021.

The results of our auditing procedures disclosed an instance of noncompliance which is described in the accompanying Findings and Recommendations letter dated September 27, 2024 as item 2018-003.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

*HintonBurdick, PLLC*

HintonBurdick, PLLC

Mesa, Arizona

September 27, 2024

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