

**State of Minnesota
County of Watonwan**

RESOLUTION NO. 11.26.03

**RESOLUTION ESTABLISHING FUND 407 – CAPITAL EQUIPMENT FUND
AND AUTHORIZING THE TRANSFER OF \$465,000 FROM FUND 103 –
CAPITAL EQUIPMENT FUND**

WHEREAS, the City of St. James recognizes the importance of maintaining accurate, transparent, and consistent financial records for capital equipment purchases and expenditures; and

WHEREAS, the City currently accounts for certain capital equipment expenditures through individual departmental funds and utilizes interfund transfers to allocate the associated costs; and

WHEREAS, the City Council desires to improve financial reporting, strengthen internal controls, simplify audit procedures, and provide clearer tracking of capital equipment expenditures by establishing a separate fund dedicated to capital equipment purchases; and

WHEREAS, the City Council has determined that capital equipment expenditures should be accounted for separately from the General Fund and routine departmental operating expenditures to provide a more accurate representation of the City's operating and capital activities; and

WHEREAS, the City Council desires to establish Fund 407 – Capital Equipment Fund as the primary fund for recording and tracking eligible capital equipment purchases across City departments; and

WHEREAS, the City Council further desires to transfer \$465,000 from Fund 103 – Capital Equipment to the newly established Fund 407 – Capital Equipment Fund to provide initial funding for future capital equipment purchases; and

WHEREAS, the establishment of Fund 407 will promote more consistent financial management, improve accountability for capital expenditures, and facilitate more efficient annual financial audits.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF ST. JAMES, MINNESOTA, as follows:**

Section 1. Establishment of Fund. The City Council hereby authorizes the establishment of Fund 407 – Capital Equipment Fund for the purpose of accounting for financial resources designated for the acquisition and replacement of eligible capital equipment.

Section 2. Authorization of Transfer.

TRANSFERS	TO	
103 Capital Equipment Fund	Fund 407 Capital Equipment Fund	\$ 465,000.00

Section 3. Centralized Capital Equipment Accounting. Effective January 1, 2027, eligible capital equipment purchases shall be recorded and expensed directly through Fund 407 rather than initially being recorded as expenditures within individual departmental operating funds and subsequently adjusted through interfund transfers.

Section 4. Departmental Equipment Purchases. City departments shall continue to identify, plan, and request capital equipment purchases through the City's established budget and capital improvement planning processes. Approved capital equipment purchases shall be accounted for directly within Fund 407, with appropriate departmental, project, or equipment classifications maintained to ensure accurate tracking and reporting.

Section 5. Funding and Transfers. The City Council may authorize additional transfers or appropriations to Fund 407 as necessary to support approved capital equipment purchases. Any transfers from other City funds shall be recorded in accordance with applicable governmental accounting standards and City financial procedures.

Section 6. Administration of Fund. The City Clerk-Treasurer is hereby authorized and directed to establish Fund 407, complete the authorized transfer, and implement the necessary accounting procedures to ensure capital equipment expenditures are appropriately recorded, classified, and reported.

Section 7. Use of Funds. Monies held in Fund 407 shall be used for approved capital equipment acquisitions, replacements, and directly related eligible expenditures, subject to available appropriations, applicable laws, and City purchasing policies.

Adopted by the City Council this 4th day of November 2026.

Christopher Whitehead, Mayor

ATTEST:

Kristin K. Hurley, City Clerk