

**CITY OF ST. JAMES  
ST. JAMES, MINNESOTA**

**MANAGEMENT REPORT**

**For The Year Ended  
December 31, 2025**

## TABLE OF CONTENTS

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<b>REQUIRED COMMUNICATIONS</b> .....	1
Schedule of Findings on Internal Controls Over Financial Reporting and Compliance and Other Matters .....	4
General Recommendations .....	7
Financial Position and Results of Operations .....	8
Future Accounting Standard Changes .....	19
Significant Adjustments to the Accounting Records .....	23



Honorable Mayor and  
Members of the City Council  
City of St. James, Minnesota

We have audited 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. James, Minnesota (the City), for the year ended December 31, 2025. We did not audit the financial statements of the St. James Housing and Redevelopment Authority, which is a discretely presented component unit of the City. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 5, 2026. Professional standards also require that we communicate to you the following information related to our audit.

**Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Also, our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting pronouncements, were adopted in 2025. The application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate affecting the financial statements were the following:

- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.

- The valuation of inventory for resale is measured at the lower cost or net realizable value. The cost of inventory is determined using the First-in, First-out (FIFO) convention.
- Allocations of gross wages and payroll benefits are approved by the Council within the City's budget and are derived from each employee's estimated time to be spent servicing the respective functions of the City.
- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement. The allocation of the pension liability is based on the City's proportionate share of employer contributions to the pension plans.
- Management's estimate of the fair value measurement of investments is determined by the market approach based primarily on comparable or similar assets in active and secondary markets.
- Management reviews employee leave balances as of the financial statement date, applying appropriate compensation rates and adjusting for expected forfeitures. The estimate differentiates between non-vesting and vesting leave balances, as required by GASB 101, ensuring that only the portion expected to be used or paid is recognized as a liability. Historical usage trends, policy changes, and collective bargaining agreements are considered when estimating the probability of leave usage. Management periodically reassesses leave policies and updates estimates accordingly to reflect changes in employment patterns or regulatory requirements.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Our audit procedures identified nine misstatements. Management has corrected all such misstatements, in addition, all of the misstatements corrected by management were material, either individually or in the aggregate, to the affected opinion unit's financial statements taken as a whole. The material audit entries were related to the following situations:

- Too many to list here, please see journal entry listing at the end of this report.

We also assisted in preparing several year-end accounting entries. These were necessary to adjust the City's records at year end to the correct ending balances. The City should establish more detailed processes and procedures to reduce the total number of entries in each category. The City will receive better and timelier information if the preparation of year-end entries is completed internally. The adjustments we proposed, and management posted to the City's general ledger accounts can be found beginning on page 23.

#### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated June 25, 2026.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Matters**

We applied certain limited procedures to the required supplementary information (RSI) (the Schedules of Employer’s Shares of the Net Pension Liability – PERA, the Schedules of Employer’s PERA contributions, Schedule of Changes in Net Pension Liability and Related Ratios – VFRA, Schedule of Contributions and Net Pension Liability as a Percent of Payroll – VFRA, and the Schedule of Changes in Total OPEB Liability and Related Ratios), which is information that supplements the basic financial statements. Our procedures consisted of management inquiries regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information (individual fund financial statements and schedules), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

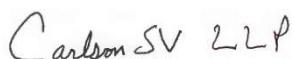
**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Restriction on Use**

This communication is intended solely for the information and use of the Council, management and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Mankato, Minnesota  
June 25, 2026

**CITY OF ST. JAMES**  
**SCHEDULE OF FINDINGS ON INTERNAL CONTROLS OVER FINANCIAL**  
**REPORTING AND COMPLIANCE AND OTHER MATTERS**  
**December 31, 2025**

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In planning and performing our audit of the financial statements, we considered the City's system of 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 were not identified. Given these limitations, during our audit we did identify a deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

*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 City's financial statements will not be prevented or detected and corrected on a timely basis. As described below, we consider the following deficiency in internal control to be a material weakness as item 2025-001.

**MATERIAL WEAKNESS**

**Finding 2025-001. Material Audit Adjustments**

Condition:	The audit firm proposed, and the City approved corrections of certain misstatements.
Criteria	The City should have controls in place to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibility includes adjusting the financial statements to correct material misstatements.
Cause:	The City has not established controls to ensure that all accounts are adjusted to their appropriate year-end balances in accordance with GAAP.
Effect:	The design of internal control over completeness and accuracy of financial records could adversely affect the City's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.
Recommendation:	The City should continue to evaluate its internal controls processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

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**Corrective Action Plan (CAP)**

Disagreement with Audit Finding:       None

Actions Planned in Response to Finding: The City will continue to review and approve adjusting journal entries as proposed by the auditor, as well as taking responsibility for the audited financial statements.

Official Responsible for Ensuring CAP:   Amanda Knoll, City Manager

Planned Completion Date for CAP:       December 31, 2026

Plan to Monitor Completion of CAP:      City Council

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. We did identify a deficiency in internal control, described below, that we consider to be a significant deficiency as item 2025-002.

**SIGNIFICANT DEFICIENCIES**

**Finding 2025-002. Limited Segregation of Duties**

Condition:                    There is an absence of appropriate segregation of duties consistent with appropriate control objectives due to a limited number of employees.

Criteria                        There are four general categories of duties: authorization, custody, record keeping, and reconciliation. No one person should have control over more than two of these four responsibilities.

Cause:                         The City has assigned duties to staff based on a cost-benefit relationship to the City and the practicality of the level of staffing the City maintains.

Effect:                         The lack of adequate segregation of duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Recommendation:            The City should continue to monitor and evaluate the job responsibilities assigned to staff to determine whether there is an unacceptable risk.

**Corrective Action Plan (CAP)**

Disagreement with Audit Finding:       None

Actions Planned in Response to Finding: The City is aware of the limited segregation of duties and will continue to review internal controls and make changes when they can be made.

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

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**Corrective Action Plan (CAP) (Continued)**

Official Responsible for Ensuring CAP: Amanda Knoll, City Manager

Planned Completion Date for CAP: December 31, 2026

Plan to Monitor Completion of CAP: City Council

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters 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. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported in accordance with *Government Auditing Standards* or the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65.

**CITY OF ST. JAMES**  
**GENERAL RECOMMENDATIONS**  
**December 31, 2025**

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Throughout the course of the audit, we spoke to management regarding certain items that we see as an opportunity to improve. None of these were considered significant within the scope of the audit. The items discussed requiring action have been resolved or are in the process of resolution. We would like to acknowledge the assistance and courtesies extended to us by the personnel of the City of St. James.

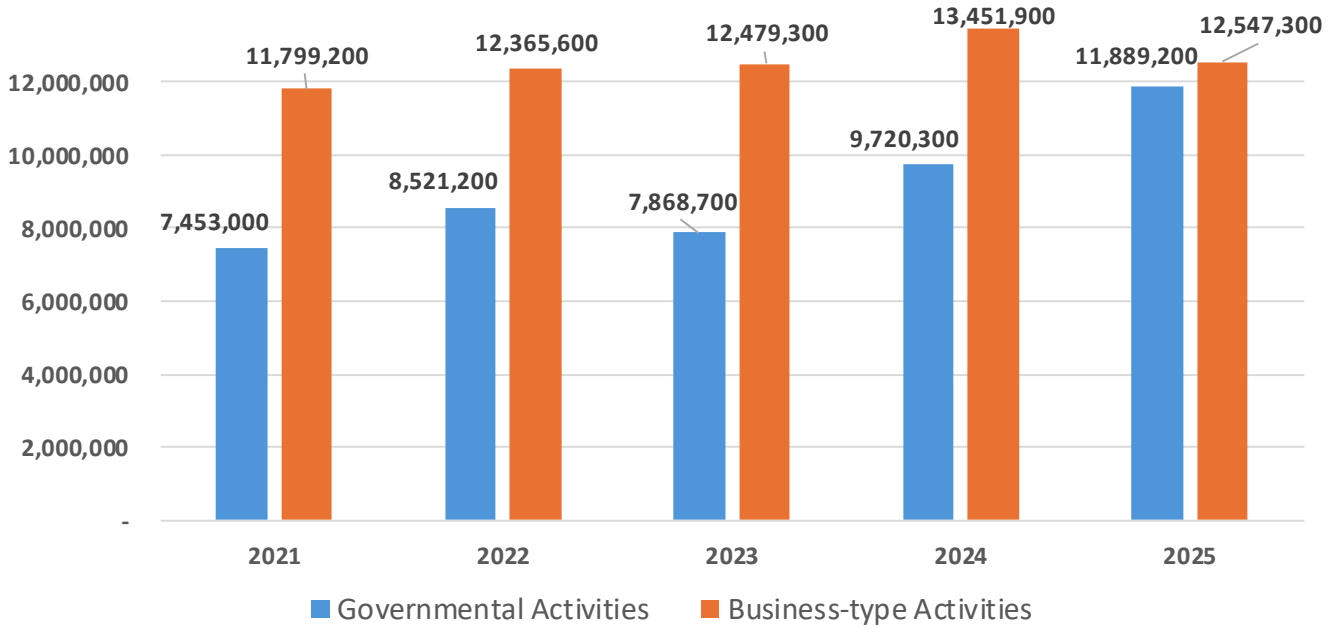
Our recommendations are summarized below.

Number	Audit area	Recommendation
2025-001	Annual transfer	The new debt issued in 2025 has storm revenue pledged to service the debt payments each year. We recommend the city adopt an annual transfer from the storm fund to the applicable debt service that matches the amount on the bond transcripts each year.
2025-002	Fire contracts	During our audit, we noted the fire contracts with all the townships expired at the end of 2022. We recommend the city renew these contracts and develop a procedure to ensure these are renewed the next time they expire.
2025-003	Airport hangar leases	During our review of the airport hangar leases, we noted the city did not renew the lease agreements for 2024. We recommend the city develop and adopt a policy to ensure these lease agreements are current and renewed prior to expiring.
2025-004	Liquor Store Processes	While the liquor store's internal control processes appear sound in theory, our liquor testing revealed frequent instances of missing documentation to confirm proper implementation. Specifically, yellow deposit slips, bank deposit receipts, and general ledger (GL) reports often lack signatures or initials to indicate who performed each step. It is essential to document who prepares the deposit, delivers it to the bank, and enters daily activity into the system. Proper documentation will strengthen internal controls and reinforce accountability at each stage of the process.

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

A couple of the most common and comparable metrics used to evaluate the financial health of a government is their cash balance and days of reserves. Days of reserves is best defined as the number of days a government can operate with their year-end cash balance under average annual conditions. Below are graphs and tables showing the City's cash balance and days of reserves for the past five years:

**CASH AND INVESTMENT BALANCES**



**Days of Reserves**

	2021	2022	2023	2024	2025
<b>Governmental</b>	360	411	380	469	574
<b>Business-type</b>	497	521	526	567	529

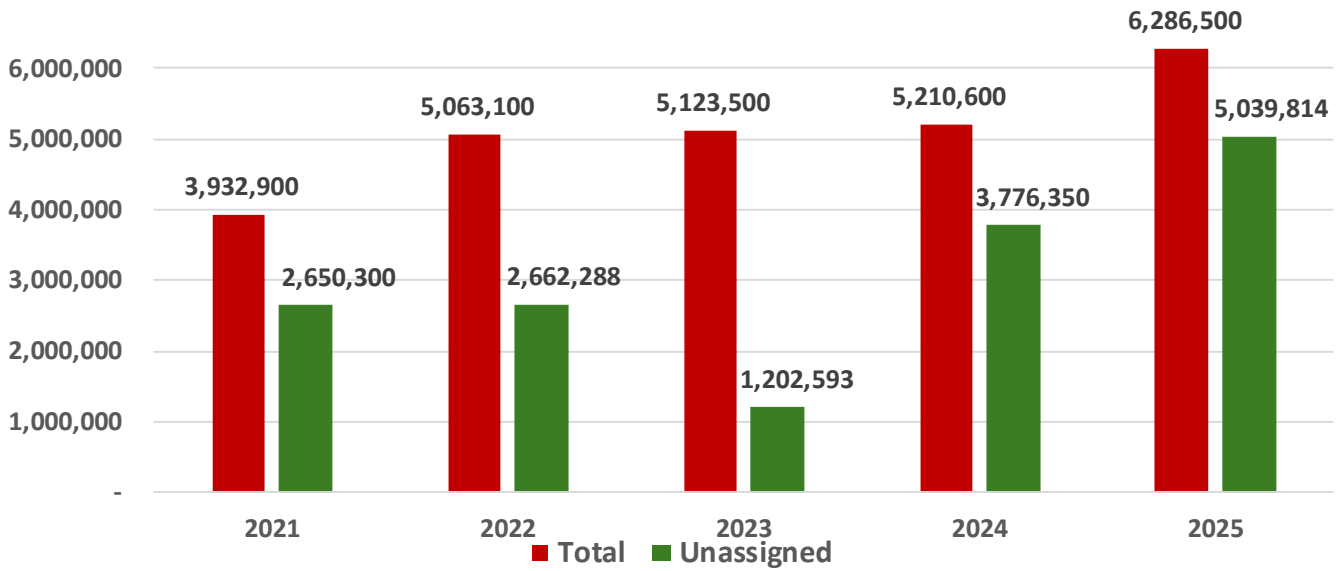
Governmental activities cash increased year over year, reflecting transfers in from business-type activities to support debt service and project-related costs. While this shift strengthened governmental balances, it correspondingly resulted in a slight decrease in business-type activity cash.

Overall reserves remain strong, with cash levels continuing to exceed peer benchmarks despite the internal reallocation. The movement between activities is consistent with planned financing of capital and debt obligations rather than an underlying change in operating performance.

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

A determination of the financial health of any government begins with an analysis of its General fund, or more specifically, the components of the General fund balance. The General fund’s unassigned fund balance is a vital component of this analysis, as it represents the portion of fund balance management, and the City Council has discretionary spending authority over. It is important for the City to maintain an adequate amount of unassigned fund balance to ensure resources are available to meet any unexpected disbursements during the year, as well as provide funding for city services between property tax and state aid collections.

**COMPONENTS OF FUND BALANCE – GENERAL FUND**



	2021	2022	2023	2024	2025
Fund balance percentage	72%	59%	24%	72%	107%
OSA recommended fund balance	\$ 1,852,000	\$ 2,257,000	\$ 2,516,000	\$ 2,621,000	\$ 2,348,000
Auditor recommended fund balance	\$ 2,778,000	\$ 3,386,000	\$ 3,774,000	\$ 3,931,000	\$ 3,523,000
Excess/(deficiency)	\$ (128,000)	\$ (724,000)	\$ (2,571,000)	\$ (155,000)	\$ 1,517,000

General Fund total fund balance continued to increase year over year, with notable growth in unassigned fund balance following the low point in 2023 when levels fell below recommended thresholds. The recovery trajectory accelerated in 2025, with unassigned fund balance rebounding to a level more consistent with historical norms and policy expectations.

The increase in 2025 was primarily driven by interfund transfers along with favorable budget performance, reflecting both improved operating results and intentional rebuilding of reserves. As a result, overall General Fund balance and flexibility improved materially compared to prior years.

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

Budgetary results of the General fund are an important observation over management’s ability to execute a financial plan to provide basic public services typically performed by the General fund. It is important for management to use all available information when constructing the annual budget, including 3-5 years of historical data and outside data sources when formulating its line-item budget. Creating or updating long-term capital and financial plans should also be considered during this process.

The results of the General fund’s budget for the most recent year-end are summarized below.

**BUDGET AND ACTUAL - GENERAL FUND**

	Final Budget	2025 Actual	Variance with Budget
<b>Revenues</b>	\$ 4,742,877	\$ 4,866,275	\$ 123,398
<b>Expenditures</b>			
Current	4,467,220	4,075,609	(391,611)
Capital outlay	1,280,079	592,675	(687,404)
Debt service	52,000	28,629	(23,371)
Total Disbursements	<u>5,799,299</u>	<u>4,696,913</u>	<u>(1,102,386)</u>
Revenues over (under) expenditures	<u>(1,056,422)</u>	<u>169,362</u>	<u>1,225,784</u>
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	-	-	-
Insurance proceeds	13,000	5,942	(7,058)
Transfers In	1,219,060	1,326,198	107,138
Transfers Out	(424,434)	(425,643)	(1,209)
Total Other Financing Sources (Uses)	<u>807,626</u>	<u>906,497</u>	<u>98,871</u>
<b>Change in Fund Balances</b>	<u>\$ (248,796)</u>	<u>\$ 1,075,859</u>	<u>\$ 1,324,655</u>

General Fund results came in favorable to budget, with revenues trending slightly above projections and expenditures coming in well under budget. The expenditure savings were driven primarily by underspending in the police department (approximately \$225K) and lower-than-anticipated capital outlay in public works (approximately \$630K), which together account for the majority of the positive expenditure variance.

In addition, transfers in exceeded budget and contributed materially to the increase in fund balance. The combination of positive operating results and higher-than-expected transfers resulted in a significant favorable variance overall, driving a stronger-than-expected increase in year-end fund balance.

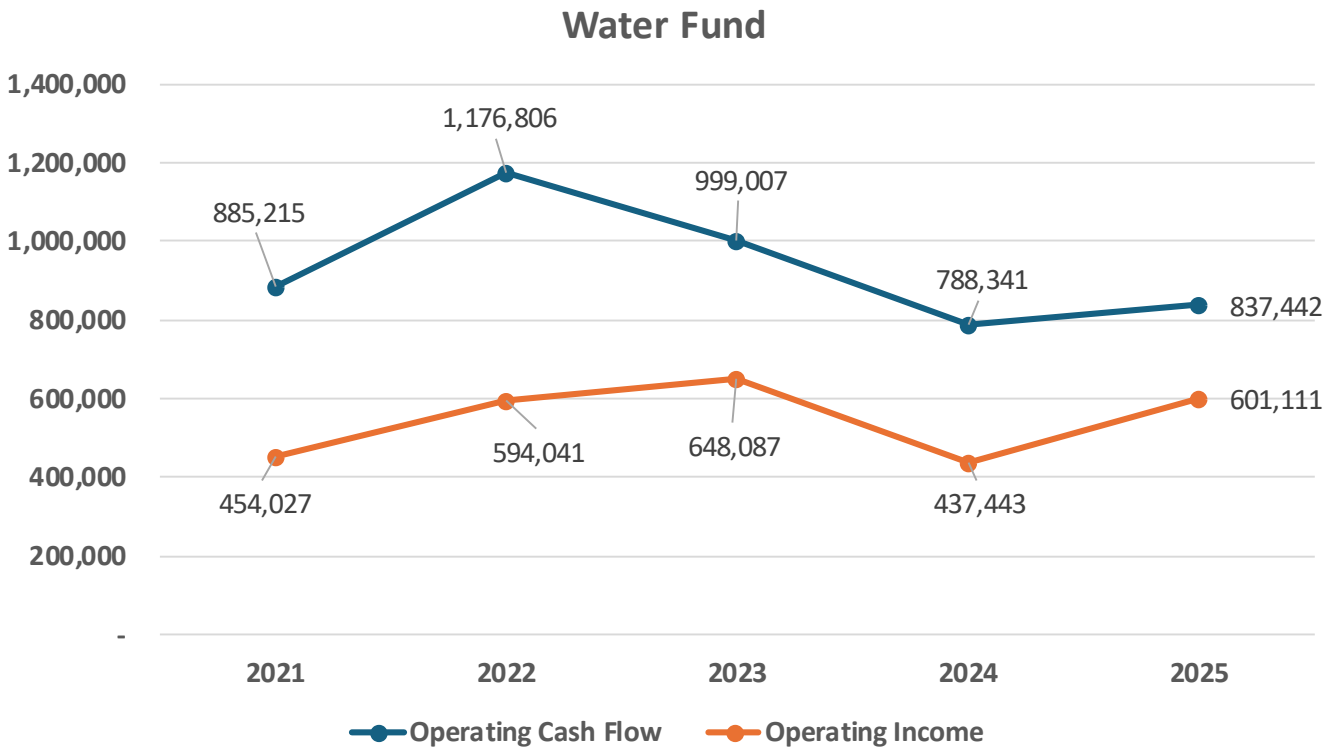
**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

The business-type activities, or *enterprise funds*, provide critical services to residents of the City. These activities are classified as business-type activities based on the presumption that they are operated in a manner intended to recover costs through user charges. While profitability is an important indicator and worthy of evaluation, it is not the sole measure of the financial performance or long-term sustainability of enterprise funds. Operating results can be influenced by factors outside of management’s direct control, including changes in net pension liabilities, as well as non-cash accounting adjustments required under generally accepted accounting principles.

Accordingly, we place greater emphasis on cash flow from operations as the primary indicator of enterprise fund financial health. Positive cash flow from operations is critical for enterprise funds for two principal reasons: (1) it provides the cash necessary to fund capital asset replacement and system reinvestment, and (2) it provides the cash required to service outstanding debt. When establishing and periodically reviewing user fee rates, management must consider the enterprise fund’s ongoing cash requirements related to both capital needs and debt service to ensure that rates are sufficient to support long-term financial sustainability.

The chart below summarizes cash flow from operations and operating income for the Water Fund for the current year and the prior four fiscal years.

**Operating Cash Flow Compared to Operating Income**



**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

Operating cash flow in the Water Fund reversed course in 2025 following three consecutive years of decline, increasing from 2024 levels and returning to a more stable range. Prior year fluctuations were influenced by nonrecurring activity, most notably the elevated 2022 results driven by a one-time intergovernmental receipt related to project work. Despite variability, operating cash flow has consistently exceeded annual debt service requirements of approximately \$575K, indicating rate structures remain sufficient to support ongoing operations and debt obligations.

Overall cash balances, however, decreased in 2025, driven primarily by approximately \$600K of interfund transfers. As a result, year-end cash declined to approximately \$200K, representing a notable reduction compared to prior years despite improved operating performance.

While operating cash flow is a primary indicator of enterprise fund performance, year-end cash balances are also affected by a variety of non-operating cash inflows and outflows. These items can significantly influence changes in cash and investment balances from year to year and are important to consider when evaluating the overall financial position of an enterprise fund. Such activity includes interfund transactions, tax and assessment collections, grant proceeds, debt issuances and repayments, capital asset acquisitions, and investment earnings.

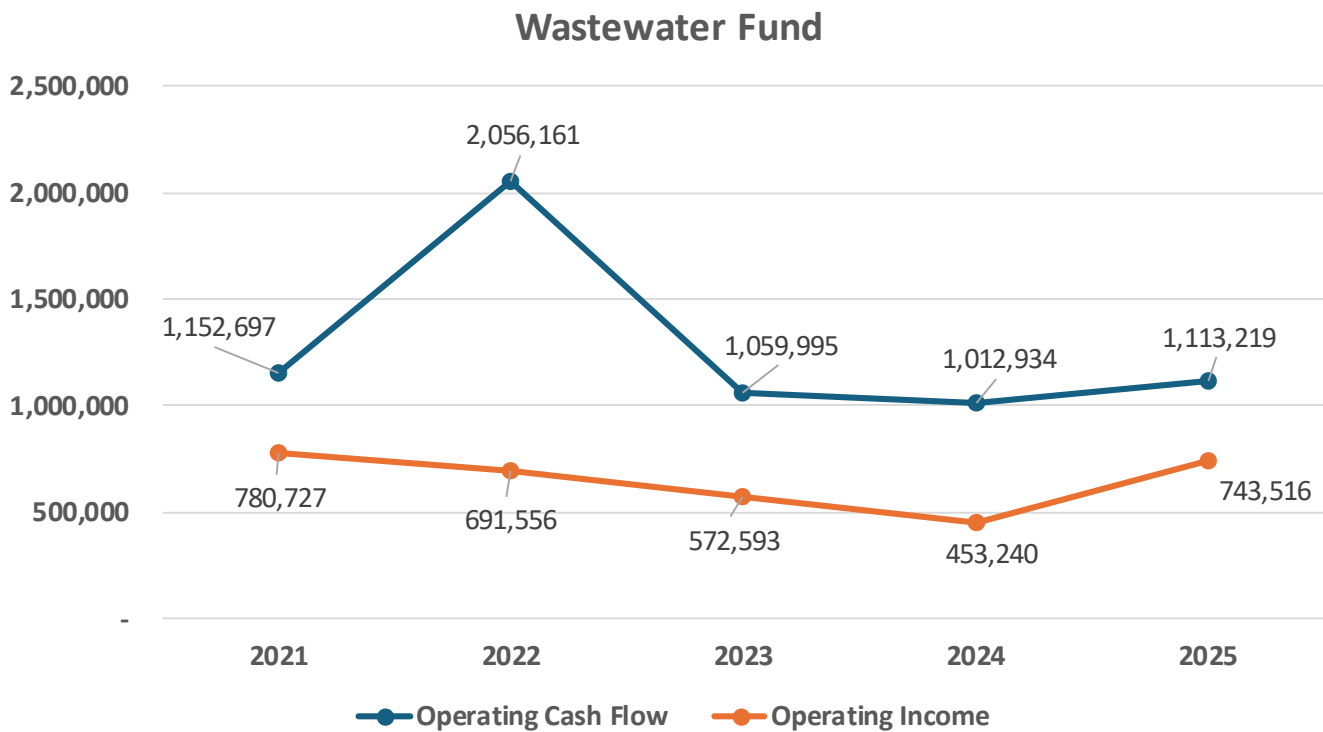
The table below summarizes other items affecting cash balances for the Water Fund over the past five fiscal years, along with year-end cash and investment balances.

	<b>Other item affecting cash balances</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Interfund activity	\$ (223,213)	\$ (251,498)	\$ (302,842)	\$ (190,430)	\$ (629,652)
Tax and assessments collected	-	-	5,347	4,710	868
Debt service payments	(614,365)	(527,739)	(564,680)	(585,183)	(559,376)
Debt issuance	392,066	795,000	-	-	312,340
Acquisition of capital assets	(1,022,219)	(1,076,250)	(98,774)	-	(235,152)
Investment earnings	3,108	14,637	24,961	24,467	25,426
Total	<u>\$ (1,464,623)</u>	<u>\$ (1,045,850)</u>	<u>\$ (935,988)</u>	<u>\$ (746,436)</u>	<u>\$ (1,085,546)</u>
Year end cash and investment balances	<u>\$ 272,258</u>	<u>\$ 403,214</u>	<u>\$ 466,233</u>	<u>\$ 448,988</u>	<u>\$ 198,277</u>

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

The discussion below applies this cash flow and cash balance analysis to the Wastewater Fund, which differs from the Water Fund in terms of operating cost variability, capital intensity, and financing activity. As a result, the Wastewater Fund’s financial trends warrant independent consideration when assessing the adequacy of current user charges and the fund’s ability to support ongoing operations, capital reinvestment, and debt service.

The chart and table that follow summarize operating cash flow, operating income, and other items affecting cash balances for the Wastewater Fund for the current and prior four fiscal years.



Operating cash flow in the Wastewater Fund has remained relatively stable over the past three years following the spike in 2022, which was driven by a one-time intergovernmental receipt related to project work. Since that time, cash flow has normalized and continues to exceed annual debt service of approximately \$830K, indicating the current rate structure is sufficient to support ongoing operations and debt requirements.

Year-end cash balances, however, decreased significantly in 2025, primarily due to interfund transfers out of approximately \$670K. As a result, cash declined from roughly \$1.75M in 2024 to approximately \$1.0M in 2025, mirroring the trend noted in the Water Fund where non-operating activity drove the reduction despite stable operating performance.

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

While operating cash flow is a primary indicator of enterprise fund performance, year-end cash balances for the Wastewater Fund are also influenced by a variety of non-operating cash inflows and outflows. These items can significantly affect changes in cash and investment balances from year to year and are important to consider when evaluating the fund's overall financial position. Such activity includes interfund transactions, tax and assessment collections, grant proceeds, debt issuances and repayments, capital asset acquisitions, and investment earnings.

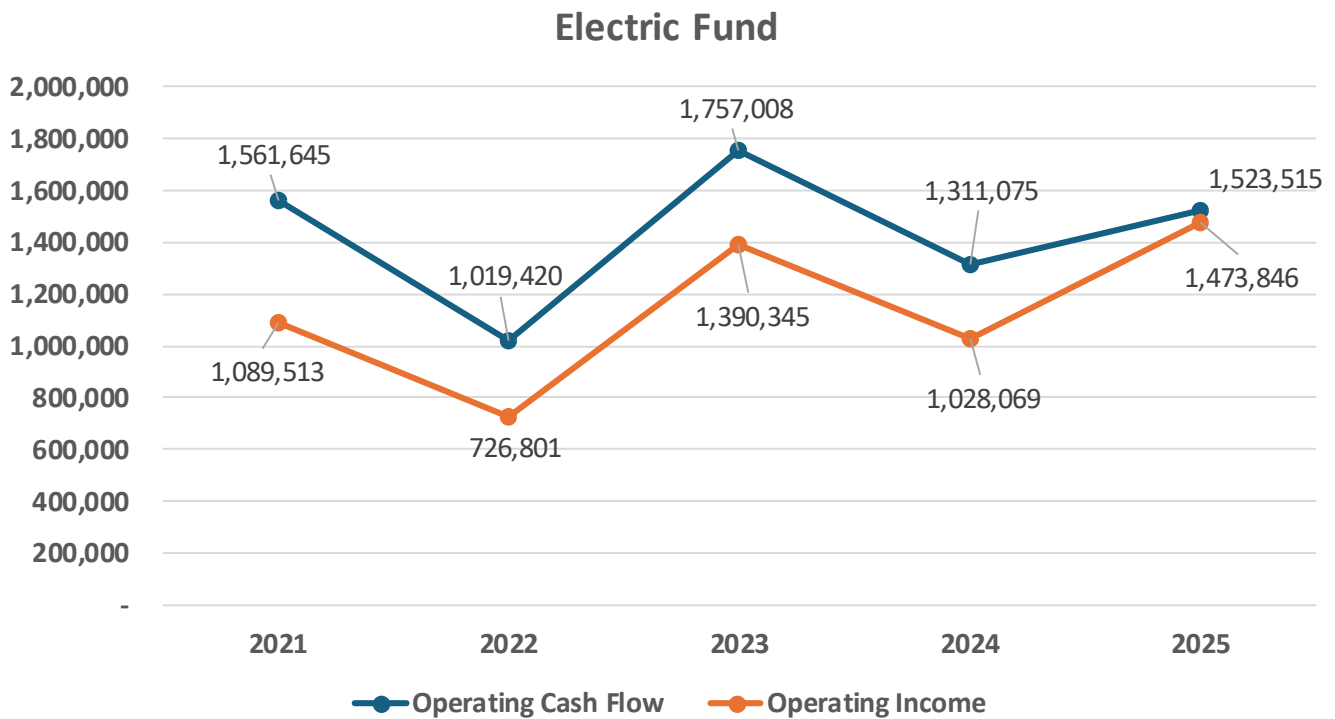
The table below summarizes other items affecting cash balances for the Wastewater Fund over the past five fiscal years, along with year-end cash and investment balances.

	<b>Other item affecting cash balances</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Interfund activity	\$ (139,414)	\$ (197,487)	\$ (163,819)	\$ 107,795	\$ (666,984)
Tax and assessments collected	-	-	1,527	2,538	1,492
Debt service payments	(669,585)	(692,054)	(793,521)	(818,154)	(828,392)
Debt issuance	2,601,684	429,300	-	-	244,440
Acquisition of capital assets	(1,356,992)	(1,637,254)	(1,285,301)	(71,163)	(638,578)
Investment earnings	4,069	49,450	89,728	67,953	74,412
Total	<u>\$ 439,762</u>	<u>\$ (2,048,045)</u>	<u>\$ (2,151,386)</u>	<u>\$ (711,031)</u>	<u>\$ (1,813,610)</u>
Year end cash and investment balances	<u>\$ 2,725,156</u>	<u>\$ 2,733,272</u>	<u>\$ 1,641,841</u>	<u>\$ 1,748,957</u>	<u>\$ 1,030,820</u>

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

The discussion below applies this cash flow and cash balance analysis to the Electric Fund, which differs from the Water and Wastewater Funds in terms of operating cost variability, capital intensity, and financing activity. As a result, the Electric Fund’s financial trends warrant independent consideration when assessing the adequacy of current user charges and the fund’s ability to support ongoing operations, capital reinvestment, and debt service.

The chart and table that follow summarize operating cash flow, operating income, and other items affecting cash balances for the Electric Fund for the current and prior four fiscal years.



Operating cash flow in the Electric Fund remains variable year to year, largely driven by seasonality and the timing of purchased power payables at year-end, rather than underlying changes in performance. Despite this variability, the overall trend reflects increasing operating cash flow, supported by generally higher revenues over the period.

The fund carries minimal debt service obligations but continues to reinvest in the system, with capital improvements averaging approximately \$300K annually over the past five years. Liquidity remains very strong, with cash increasing to approximately \$10.4M at year-end 2025, providing significant capacity to support ongoing operations and future capital needs.

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

While operating cash flow is a primary indicator of enterprise fund performance, year-end cash balances are also affected by a variety of non-operating cash inflows and outflows. These items can significantly influence changes in cash and investment balances from year to year and are important to consider when evaluating the overall financial position of an enterprise fund. Such activity includes interfund transactions, tax and assessment collections, grant proceeds, debt issuances and repayments, capital asset acquisitions, and investment earnings.

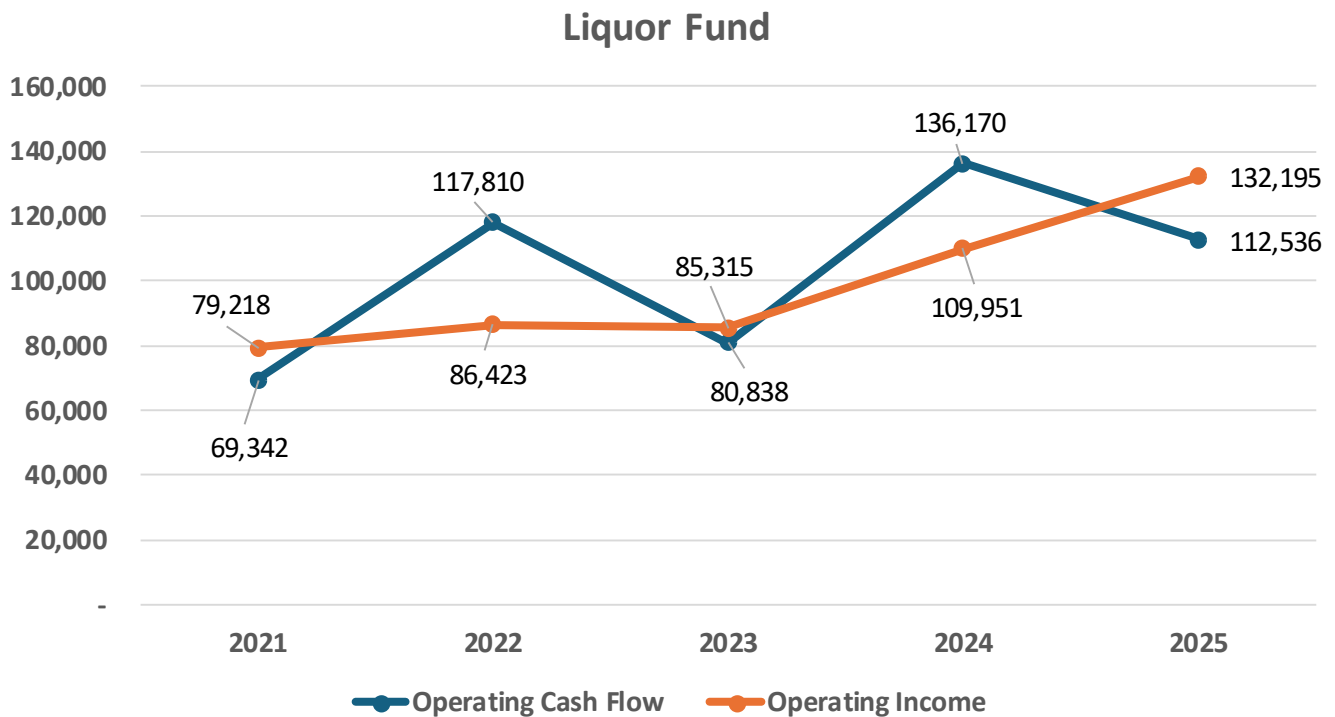
The table below summarizes other items affecting cash balances for the Electric Fund over the past five fiscal years, along with year-end cash and investment balances.

	<b>Other item affecting cash balances</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Interfund activity	\$ (360,000)	\$ (400,000)	\$ (646,000)	\$ (1,252,642)	\$ (890,000)
Debt service payments	\$ (179)	\$ (885)	\$ (483)	\$ (4,248)	\$ (4,826)
Acquisition of capital assets	(101,637)	(382,861)	(271,502)	(286,449)	(329,325)
Sale of capital assets	-	-	-	-	20,354
Investment earnings	16,304	124,360	325,656	384,582	407,638
Total	<u>\$ (445,512)</u>	<u>\$ (659,386)</u>	<u>\$ (592,329)</u>	<u>\$ (1,158,757)</u>	<u>\$ (796,159)</u>
Year end cash and investment balances	<u>\$ 7,799,267</u>	<u>\$ 8,338,305</u>	<u>\$ 9,491,556</u>	<u>\$ 9,627,389</u>	<u>\$ 10,403,382</u>

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

The discussion below applies this cash flow and cash balance analysis to the Liquor Fund, which differs from the other enterprise Funds in terms of scale, capital investment requirements, and financing activity. While the Liquor Fund operates with a more limited asset base and fewer long-term obligations, its financial trends still warrant independent consideration when assessing the adequacy of user charges and the fund's ability to support ongoing operations without drawing down limited reserves.

The chart and table that follow summarize operating cash flow, operating income, and other items affecting cash balances for the Liquor Fund for the current and prior four fiscal years.



Operating cash flow in the Liquor Fund has fluctuated year to year, with identifiable peaks and declines driven primarily by changes in inventory levels and related timing impacts. Despite this variability, the overall trend in operating results remains stable, with recent years showing improvement from the 2023 low point.

Cash flow from operations continues to be sufficient to support the annual transfers to the General Fund, with no indication that operating performance is constraining those distributions. The fund maintains adequate cash generation capacity despite the inherent variability in inventory-driven cycles.

**CITY OF ST. JAMES**  
**FINANCIAL POSITION AND RESULTS OF OPERATIONS**  
**December 31, 2025**

While operating cash flow is a primary indicator of enterprise fund performance, year-end cash balances for the Liquor Fund are also influenced by a variety of non-operating cash inflows and outflows. These items can significantly affect changes in cash and investment balances from year to year and are important to consider when evaluating the fund's overall financial position. Such activity includes interfund transactions, tax and assessment collections, grant proceeds, debt issuances and repayments, capital asset acquisitions, and investment earnings.

The table below summarizes other items affecting cash balances for the Liquor Fund over the past five fiscal years, along with year-end cash and investment balances.

	<b>Other item affecting cash balances</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Interfund activity	\$ (126,000)	\$ (189,042)	\$ (57,464)	\$ (122,414)	\$ (133,060)
Acquisition of capital assets	-	-	(61,381)	(47,915)	(7,141)
Investment earnings	1,536	10,554	21,848	23,046	23,969
Total	<u>\$ (124,464)</u>	<u>\$ (178,488)</u>	<u>\$ (96,997)</u>	<u>\$ (147,283)</u>	<u>\$ (116,232)</u>
Year end cash and investment balances	<u>\$ 676,675</u>	<u>\$ 646,361</u>	<u>\$ 630,202</u>	<u>\$ 612,734</u>	<u>\$ 609,336</u>

**CITY OF ST. JAMES**  
**FUTURE ACCOUNTING STANDARD CHANGES**  
**December 31, 2025**

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**GASB Statement No. 103, Financial Reporting Model Improvements**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to enhance the effectiveness of the financial reporting model for state and local governments by improving clarity, consistency, and usefulness of information presented in the basic financial statements and required supplementary information.

This Statement refines several key elements of the existing reporting model, with a focus on improving how financial information is organized, explained, and presented to financial statement users.

**Key provisions include:**

**1. Management’s Discussion and Analysis (MD&A)**

The Statement emphasizes that MD&A should provide an objective and easily readable analysis of the government’s financial activities. The focus should be on explaining the reasons for changes in financial position and results of operations, rather than restating amounts presented in the financial statements.

**2. Unusual or Infrequent Items**

Transactions or events that are unusual in nature or infrequent in occurrence are required to be presented separately as the last flow(s) of resources before the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

**3. Proprietary Fund Reporting**

The Statement clarifies the distinction between operating and nonoperating revenues and expenses. It introduces the concept of noncapital subsidies and requires a new subtotal, “Operating income (loss) and noncapital subsidies,” in the proprietary fund statement of revenues, expenses, and changes in fund net position.

**4. Major Component Unit Presentation**

Each major component unit is required to be presented separately in the reporting entity’s statements of net position and activities, unless doing so would reduce readability. In those cases, combining statements of major component units should be included in the basic financial statements.

**5. Budgetary Comparison Information**

Budgetary comparison schedules are required to be presented as required supplementary information (RSI) for the general fund and each major special revenue fund with a legally adopted annual budget. The option to present this information as a basic financial statement has been eliminated.

**CITY OF ST. JAMES**  
**FUTURE ACCOUNTING STANDARD CHANGES**  
**December 31, 2025**

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**How will this Statement improve accounting and financial reporting?**

This Statement improves financial reporting by enhancing transparency, comparability, and understandability of financial information. By refining MD&A requirements, clarifying presentation of unusual or infrequent items, and improving proprietary fund and component unit reporting, financial statement users are better able to assess a government's financial position, results of operations, and accountability.

**Effective date and transition**

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Governments should apply the provisions retroactively, restating prior periods if practicable.

**GASB Statement No. 104, Disclosure of Certain Capital Assets**

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to improve the clarity and consistency of capital asset disclosures by providing financial statement users with more decision-useful information about a government's capital assets.

This Statement focuses exclusively on disclosure requirements and does not change recognition or measurement of capital assets.

**Key provisions include:**

**1. Disaggregation of Capital Asset Disclosures**

Capital assets are required to be disclosed by major class. Lease assets, intangible right-to-use assets, and subscription-based information technology arrangement (SBITA) assets must be disclosed separately from other capital assets.

**2. Capital Assets Held for Sale**

The Statement establishes criteria for identifying capital assets held for sale and requires additional disclosures related to those assets. A capital asset is considered held for sale when the government has decided to pursue the sale and it is probable that the sale will be finalized within one year of the financial statement date.

**Additional Disclosure Requirements**

Governments are required to disclose ending balances of historical cost and accumulated depreciation by major class of capital asset. Additional disclosures are required for capital assets pledged as collateral for debt.

**CITY OF ST. JAMES**  
**FUTURE ACCOUNTING STANDARD CHANGES**  
**December 31, 2025**

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**How will this Statement improve accounting and financial reporting?**

This Statement enhances transparency by providing more detailed and consistent capital asset disclosures. The improved disaggregation allows financial statement users to better understand the composition of a government's capital assets and the nature of assets held for sale or pledged as collateral, improving assessment of financial position and long-term resource commitments.

**Effective date and transition**

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

**GASB Statement No. 105, Subsequent Events**

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to establish authoritative guidance for evaluating, recognizing, and disclosing events that occur after the financial statement date but before financial statements are issued or available to be issued.

This Statement provides a consistent framework for identifying subsequent events and determining the appropriate financial statement treatment.

**Key provisions include:**

**1. Classification of Subsequent Events**

Subsequent events are classified into two categories:

- Events that provide additional evidence about conditions that existed at the financial statement date.
- Events that provide evidence about conditions that arose after the financial statement date.

**2. Recognition and Disclosure**

Events that provide additional evidence about conditions existing at the financial statement date are required to be recognized in the financial statements. Events arising after the financial statement date are generally disclosed if they are significant.

**3. Disclosure Requirements**

Required disclosures include the nature of the subsequent event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

**CITY OF ST. JAMES**  
**FUTURE ACCOUNTING STANDARD CHANGES**  
**December 31, 2025**

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**How will this Statement improve accounting and financial reporting?**

This Statement improves consistency and comparability in evaluating subsequent events by establishing clear definitions and reporting requirements. It enhances transparency by ensuring that significant events occurring after the financial statement date are appropriately recognized or disclosed, providing financial statement users with more complete and relevant information.

**Effective date and transition**

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
<b>AA01</b>			
Write off receivables for the Industrial park and airport funds.dau			
443-13200	Due from Other Governments	0.00	64,751.84
443-43121-4900	Bad Debt Expense	64,751.84	0.00
612-13200	DUE FROM OTHER GOVERNMENTS	0.00	204,971.09
612-49853-4900	Bad Debt Expense	204,971.09	0.00
<b>Total</b>		<b><u>269,722.93</u></b>	<b><u>269,722.93</u></b>
<b>AA02</b>			
Adjusting capital accounts to fix errors in capitalized items. LJR			
101-43121-4040	MACHINERY & EQUIPMENT(E)	105,966.46	0.00
444-47600-3190	PROFESSIONAL SERVICES	159,696.00	0.00
601-16600	MOTOR VEHICLES	0.00	29,005.70
601-16800	ACCUM DEPRECIATION	2,939.90	0.00
601-16900	ACCUMULATED DEPRECIATION	0.53	0.00
601-17100	ACCUMULATED DEPRECIATION	29,762.02	0.00
601-49430-2270	UTILITY SYSTEM SUPPLIES(E)	17,000.00	0.00
601-49430-2290	REPAIR & MAINT SPLS(E)	33,400.00	0.00
601-49430-8000	GAIN(LOSS) ON SALE OF ASSETS	2,356.44	0.00
602-16300	DISTRIBUTION PLANT	1,967,684.00	0.00
602-16800	ACCUMULATED DEPRECIATION	9,273.00	0.00
602-49480-7250	TRANSFER TO	105,966.46	0.00
602-49970-5950	DEPRECIATION EXPENSE	39,920.00	0.00
604-16400	MACHINERY AND EQUIPMENT	0.00	50,860.62
604-16800	ACCUMULATED DEPRECIATION	24,196.48	0.00
604-49430-8000	GAIN(LOSS) ON SALE OF ASSETS	14,008.17	0.00
604-49565-2270	UTILITY SYSTEM SUPPLIES(E)	15,650.00	0.00
604-49570-2270	UTILITY SYSTEM SUPPLIES(E)	15,612.19	0.00
610-16900	ACCUMULATED DEPRECIATION	3,328.00	0.00
610-39203	TRANSFER FROM	159,696.00	0.00
800-16400	EQUIPMENT AND VEHICLES	99,544.25	0.00
800-26200	ACCUMULATED DEPRECIATION BLDGS	557.76	0.00
800-26300	ACCUMULATED DEPRECIATION INFRA	0.33	0.00
800-26500	ACCMLTD DEPRECIAT LAND IMPROVE	385.58	0.00
800-26600	ACCUMULATED DEPRECIATION VEHIC	17,665.96	0.00
800-28000	INVESTMENT IN GFA	354,185.37	0.00
101-39203	TRANSFER FROM(R)	0.00	105,966.46

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
444-46340-7600	TRANSFER TO FUND 610	0.00	159,696.00
601-16400	MACHINERY AND EQUIPMENT	0.00	50,400.00
601-16950	ACCUMULATED DEPR - LAND IMPROV	0.00	0.75
601-17000	ACCUMULATED DEPRECIATION	0.00	0.09
601-49430-4040	MACHINERY & EQUIPMENT/VEHICLE(E)	0.00	57.61
601-49430-5500	MOTOR VEHICLES(E)	0.00	2,356.44
601-49970-5950	DEPRECIATION EXPENSE	0.00	3,638.30
602-16400	MACHINERY AND EQUIPMENT	0.00	105,966.46
602-16500	CONSTRUCTION IN PROCESS	0.00	1,967,684.00
602-16900	ACCUMULATED DEPRECIATION	0.00	49,192.00
602-16950	ACCUMULATED DEPR - LAND IMPROV	0.00	1.00
604-49570-4040	MACHINERY & EQUIPMENT(E)	0.00	14,021.22
604-49970-5950	DEPRECIATION EXPENSE	0.00	4,585.00
610-16200	BUILDINGS	0.00	159,696.00
610-49970-5950	DEPRECIATION EXPENSE	0.00	3,328.00
800-16100	LAND	0.00	266,916.85
800-16200	BUILDINGS	0.00	133,968.87
800-16300	STREET IMPROVEMENTS	0.00	0.58
800-16500	SWIMMING POOL	0.00	18,471.19
800-16600	SEWER SYSTEMS	0.00	50,439.71
800-16900	CONSTRUCTION IN PROGRESS	0.00	0.04
800-26400	ACCUMULATED DEPRECIATION EQUIP	0.00	2,542.01
<b>Total</b>		<b><u>3,178,794.90</u></b>	<b><u>3,178,794.90</u></b>
 <b>AA03</b>			
Move land costs to land held for sale in EDA fund. LJR			
105-47003-5100	LAND	0.00	266,917.00
105-10100	CASH	266,917.00	0.00
227-10100	CASH	0.00	266,917.00
227-16100	LAND	266,917.00	0.00
<b>Total</b>		<b><u>533,834.00</u></b>	<b><u>533,834.00</u></b>
 <b>AA04</b>			
Put on receivable for the remaining MN Deed Grant that was a reversal in PY.dau			
443-13200	Due from Other Governments	64,751.84	0.00
443-33491	OTHER STATE GRANTS	0.00	64,751.84
612-13200	DUE FROM OTHER GOVERNMENTS	0.00	46,937.00

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
612-33491	OTHER STATE GRANTS(R)	46,937.00	0.00
<b>Total</b>		<b><u>111,688.84</u></b>	<b><u>111,688.84</u></b>
 <b>AA05</b>			
From Eide Bailly to adjust Ring Road project allocations			
440-10100	CASH	366,496.62	0.00
601-49410-3030	Engineering Fees	183,248.31	0.00
602-43250-3030	ENGINEER FEES	183,248.31	0.00
440-43121-3030	ENGINEER FEES	0.00	366,496.62
601-10100	CASH	0.00	183,248.31
602-10100	CASH	0.00	183,248.31
<b>Total</b>		<b><u>732,993.24</u></b>	<b><u>732,993.24</u></b>
 <b>AA06</b>			
From Eide Bailly final capital asset JEs			
445-49250-7900	TRANSFER TO	35,920.00	0.00
601-16300	DISTRIBUTION PLANT	183,248.31	0.00
601-49970-5950	DEPRECIATION EXPENSE	1,527.00	0.00
602-16300	DISTRIBUTION PLANT	183,248.31	0.00
602-49970-5950	DEPRECIATION EXPENSE	1,018.00	0.00
604-16400	MACHINERY AND EQUIPMENT	101,637.00	0.00
604-17100	ACCUMULATED DEPRECIATION	56,046.39	0.00
604-49430-8000	GAIN(LOSS) ON SALE OF ASSETS	54,979.24	0.00
604-49970-5950	DEPRECIATION EXPENSE	10,101.00	0.00
610-16500	CONSTRUCTION IN PROGRESS	35,920.00	0.00
800-26300	ACCUMULATED DEPRECIATION INFRA	3,054.00	0.00
800-28000	INVESTMENT IN GFA	363,443.00	0.00
445-43121-3030	ENGINEER FEES	0.00	35,920.00
601-17000	ACCUMULATED DEPRECIATION	0.00	1,527.00
601-49410-3030	Engineering Fees	0.00	183,248.31
602-16900	ACCUMULATED DEPRECIATION	0.00	1,018.00
602-43250-3030	ENGINEER FEES	0.00	183,248.31
604-16500	TRANSMISSION PLANT	0.00	101,637.00
604-16600	MOTOR VEHICLES	0.00	106,607.63
604-16800	ACCUMULATED DEPRECIATION	0.00	14,519.00
610-39203	TRANSFER FROM	0.00	35,920.00
800-16300	STREET IMPROVEMENTS	0.00	366,496.00
800-16900	CONSTRUCTION IN PROGRESS	0.00	1.00
<b>Total</b>		<b><u>1,030,142.25</u></b>	<b><u>1,030,142.25</u></b>

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
<b>AA07</b>			
Record accounts payable identified in testing.dau			
328-20200	Accounts Payable	0.00	67,521.67
328-47010-4380	REFUNDS & REIMBURSEMENTS	67,521.67	0.00
<b>Total</b>		<b><u>67,521.67</u></b>	<b><u>67,521.67</u></b>
<b>AA08</b>			
Reclassify 2025 bond proceeds per the bond transcripts.pfb			
601-23100	BONDS PAYABLE-NONCURRENT	131,560.00	0.00
601-10100	CASH	0.00	131,560.00
602-23100	BONDS PAYABLE	102,960.00	0.00
602-10100	CASH	0.00	102,960.00
440-39310	BOND PROCEEDS	0.00	234,520.00
440-10100	CASH	234,520.00	0.00
900-23110	GEN OBLG BONDS PAYBL-NON CURR	0.00	234,520.00
900-39310	BOND PROCEEDS	234,520.00	0.00
<b>Total</b>		<b><u>703,560.00</u></b>	<b><u>703,560.00</u></b>
<b>AA09</b>			
Record forgiveness of debt not recorded by city.pfb			
900-22700	PROMISSORY NOTE PAYABLE - CURR	25,000.00	0.00
900-39400	Forgiveness of Debt	0.00	25,000.00
<b>Total</b>		<b><u>25,000.00</u></b>	<b><u>25,000.00</u></b>
<b>NC01</b>			
Reclassify prepaid special assessment out of deferred revenues.pfb			
345-22200	DEFERRED REVENUES	38,984.31	0.00
345-36101	Loan/Assessment Principal	0.00	38,984.31
311-49360-7200	TRANSFER TO FUND	6,253.32	0.00
311-22200	DEFERRED REVENUES	0.00	6,253.32
332-22200	DEFERRED REVENUES	729.15	0.00
332-36210	INTEREST EARNINGS	5,524.17	0.00
332-39209	TRANSFER FROM	0.00	6,253.32
<b>Total</b>		<b><u>51,490.95</u></b>	<b><u>51,490.95</u></b>

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
<b>NC02 - R</b>			
Record due from other governments found in subsequent receipt testing.dau			
101-11520	ACCOUNTS REC. OTHER	8,973.00	0.00
101-43121-2210	EQUIPMENT PARTS(E)	0.00	8,973.00
612-13200	DUE FROM OTHER GOVERNMENTS	9,390.48	0.00
612-33491	OTHER STATE GRANTS(R)	0.00	9,390.48
<b>Total</b>		<b><u>18,363.48</u></b>	<b><u>18,363.48</u></b>
<b>NC03</b>			
Reclassify Water Treatment Plant final payment against retainage.dau			
602-20610	RETAINAGE PAYABLE	17,790.28	0.00
602-49480-4070	UTILITY MAINTENANCE(E)	0.00	17,790.28
<b>Total</b>		<b><u>17,790.28</u></b>	<b><u>17,790.28</u></b>
<b>NC04</b>			
Adjust retainage payable to zero.dau			
601-49420-2230	BUILDING REPAIR SUPPLIES(E)	0.00	2,608.78
601-20610	RETAINAGE PAYABLE	2,608.78	0.00
<b>Total</b>		<b><u>2,608.78</u></b>	<b><u>2,608.78</u></b>
<b>NC05</b>			
Record accounts payable entry proposed by EB.dau			
101-20200	ACCOUNTS PAYABLE	0.00	52,260.72
227-20200	ACCOUNTS PAYABLE	0.00	521.41
239-20200	Accounts Payable	0.00	19,898.21
440-20200	ACCOUNTS PAYABLE	0.00	182.50
601-20200	ACCOUNTS PAYABLE	0.00	17,958.94
602-20200	ACCOUNTS PAYABLE	0.00	15,125.77
604-20200	ACCOUNTS PAYABLE	0.00	370,645.06
609-20200	ACCOUNTS PAYABLE	0.00	12,368.76
610-20200	ACCOUNTS PAYABLE	0.00	1,574.77
612-20200	ACCOUNTS PAYABLE	0.00	23,589.15
617-20200	ACCOUNTS PAYABLE	0.00	1,315.65

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
650-20200	ACCOUNTS PAYABLE	0.00	1,938.10
329-20200	Accounts Payable	0.00	4,000.00
445-20200	Accounts Payable	0.00	20,511.70
101-41110-3310	TRAVEL EXPENSE(E)	6,400.00	0.00
101-41320-3220	POSTAGE	15.54	0.00
101-41420-2030	PRINTED FORMS AND PAPER(E)	468.98	0.00
101-41420-2090	OFFICE SUPPLIES(E)	127.24	0.00
101-41420-2110	CLEANING SUPPLIES(E)	3.94	0.00
101-41420-3190	PROFESSIONAL SERVICES(E)	12.18	0.00
101-41420-3220	POSTAGE(E)	343.28	0.00
101-41420-4130	OFFICE EQUIPMENT -LEASE(E)	195.00	0.00
101-41940-2190	OPERATING SUPPLIES	6.99	0.00
101-20802	LODGING TAX	660.02	0.00
101-42110-1590	WORKERS COMP(E)	500.00	0.00
101-42110-2090	OFFICE SUPPLIES(E)	300.54	0.00
101-42110-2120	MOTOR FUELS(E)	1,226.99	0.00
101-42110-2190	OPERATING SUPPLIES(E)	63.99	0.00
101-42110-2290	REPAIR & MAINT SPLS(E)	39.79	0.00
101-42110-2450	UNIFORMS(E)	110.00	0.00
101-42110-2490	EQUIP/FURN/FIXTURES(E)	357.00	0.00
101-42110-3190	PROFESSIONAL SERVICES(E)	837.53	0.00
101-42110-3210	TELEPHONE & FAX(E)	368.85	0.00
101-42110-4040	MACHINERY & EQUIPMENT(E)	4,769.13	0.00
101-42110-4050	MAINTENANCE AGREEMENT(E)	172.00	0.00
101-42110-4330	DUES AND SUBSCRIPTIONS(E)	630.00	0.00
101-42110-4390	MISCELLANEOUS(E)	243.75	0.00
101-42110-5500	MOTOR VEHICLES(E)	554.00	0.00
101-42210-2120	MOTOR FUELS(E)	136.60	0.00
101-42210-2210	EQUIPMENT PARTS(E)	120.00	0.00
101-42210-2290	REPAIR & MAINT SPLS(E)	13.99	0.00
101-42210-2410	SMALL TOOLS(E)	38.73	0.00
101-42210-2450	UNIFORMS(E)	3,090.00	0.00
101-42210-4090	REPAIR AND MAINTENANCE(E)	101.08	0.00
101-42401-2120	MOTOR FUELS(E)	25.66	0.00
101-42401-3110	TRAINING EXPENSE(E)	345.00	0.00
101-42401-3190	PROFESSIONAL SERVICES(E)	2.52	0.00
101-42401-3220	POSTAGE(E)	41.44	0.00
101-42401-4380	REFUNDS AND REIMBURSEMENTS(E)	55.00	0.00
101-43121-2120	MOTOR FUELS(E)	5,260.59	0.00
101-43121-2130	LUBRICANTS AND ADDITIVES(E)	58.38	0.00
101-43121-2190	OPERATING SUPPLIES(E)	808.22	0.00
101-43121-2210	EQUIPMENT PARTS(E)	401.13	0.00

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
101-43121-2220	TIRES(E)	2,794.56	0.00
101-43121-2260	SIGN REPAIR MATERIALS(E)	172.92	0.00
101-43121-2410	SMALL TOOLS(E)	49.99	0.00
101-43121-2420	MINOR EQUIPMENT(E)	258.98	0.00
101-43121-3050	MEDICAL AND DENTAL FEES(E)	104.00	0.00
101-43121-3190	PROFESSIONAL SERVICES(E)	1.01	0.00
101-43121-3490	ADVERTISING(E)	873.75	0.00
101-43121-5700	OTHER EQUIPMENT & FURNISHING(E)	4,600.00	0.00
101-43241-2190	OPERATING SUPPLIES(E)	53.81	0.00
101-45122-4390	MISCELLANEOUS(E)	14,155.49	0.00
101-45202-2190	OPERATING SUPPLIES(E)	248.28	0.00
101-49250-2181	ARPA COVID-19 EXPENSES	38.73	0.00
227-46530-3340	EDA MEETING EXPENSES(E)	44.66	0.00
227-46530-4340	LUNCH & LEARN MEETING EXPENSES(E)	233.75	0.00
227-46530-4370	LICENSE AND TAXES(E)	123.00	0.00
227-46530-4390	MISCELLANEOUS(E)	120.00	0.00
239-33491	IMPACT FUND GRANT	18,898.21	0.00
239-33492	IMPACT FUND ADM CHARGES	1,000.00	0.00
440-43121-3030	ENGINEER FEES	182.50	0.00
445-43121-3030	ENGINEER FEES	20,511.70	0.00
601-20801	SALES TAX PAYABLE	799.68	0.00
601-49410-3810	ELECTRIC UTILITIES(E)	2,149.65	0.00
601-49410-4370	LICENSE AND TAXES(E)	1,087.90	0.00
601-49420-2090	OFFICE SUPPLIES(E)	87.88	0.00
601-49420-2180	LAB SUPPLIES(E)	590.53	0.00
601-49420-2190	OPERATING SUPPLIES(E)	282.39	0.00
601-49420-2230	BUILDING REPAIR SUPPLIES(E)	44.97	0.00
601-49420-3090	EDP, SOFTWARE AND DESIGN(E)	630.00	0.00
601-49420-3190	PROFESSIONAL SERVICES(E)	7,847.32	0.00
601-49420-3210	TELEPHONE & FAX(E)	52.67	0.00
601-49420-3220	POSTAGE(E)	0.74	0.00
601-49430-2120	MOTOR FUELS(E)	244.99	0.00
601-49430-2270	UTILITY SYSTEM SUPPLIES(E)	3,991.64	0.00
601-49430-2410	SMALL TOOLS(E)	1.25	0.00
601-49430-2450	UNIFORMS(E)	34.99	0.00
601-49430-3110	CHEMICAL TESTING(E)	111.33	0.00
601-49430-3190	PROFESSIONAL SERVICES(E)	1.01	0.00
602-43250-3190	PROFESSIONAL SERVICES(E)	484.00	0.00
602-49480-2120	MOTOR FUELS(E)	247.35	0.00
602-49480-2270	UTILITY SYSTEM SUPPLIES(E)	697.87	0.00
602-49480-3110	CHEMICAL TESTING(E)	1,558.46	0.00

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
602-49480-3190	PROFESSIONAL SERVICES(E)	697.82	0.00
602-49480-3210	TELEPHONE & FAX(E)	96.80	0.00
602-49480-4050	MAINTENANCE AGREEMENT(E)	11,343.47	0.00
604-20801	SALES TAX PAYABLE	17,799.26	0.00
604-49561-2610	ELECTRIC(E)	81,234.20	0.00
604-49562-2610	ELECTRIC(E)	148,639.50	0.00
604-49563-2610	ELECTRIC(E)	76,070.58	0.00
604-49564-2610	ELECTRIC(E)	2,400.00	0.00
604-49565-2230	BUILDING REPAIR SUPPLIES(E)	1,205.40	0.00
604-49565-4070	UTILITY MAINTENANCE(E)	5,580.00	0.00
604-49570-2120	MOTOR FUELS(E)	799.55	0.00
604-49570-2130	LUBRICANTS AND ADDITIVES(E)	195.27	0.00
604-49570-2150	SHOP MATERIALS(E)	149.76	0.00
604-49570-2210	EQUIPMENT PARTS(E)	1,019.40	0.00
604-49570-2270	UTILITY SYSTEM SUPPLIES(E)	20,641.00	0.00
604-49570-2410	SMALL TOOLS(E)	171.78	0.00
604-49570-3080	INSTRUCTOR'S FEES(E)	13,211.75	0.00
604-49570-3090	EDP, SOFTWARE AND DESIGN(E)	100.00	0.00
604-49570-3190	PROFESSIONAL SERVICES(E)	698.84	0.00
604-49570-3830	GAS UTILITIES(E)	463.49	0.00
604-49570-4080	CUSTODIAL(E)	265.28	0.00
609-20801	SALES TAX PAYABLE	11,909.07	0.00
609-49750-2090	OFFICE SUPPLIES(E)	141.44	0.00
609-49750-2540	SOFT DRINK RESALE(E)	30.75	0.00
609-49750-3420	ENTERPRISES(E)	287.50	0.00
610-46330-2230	BUILDING REPAIR SUPPLIES(E)	15.66	0.00
610-46330-2290	REPAIR & MAINT SPLS(E)	140.58	0.00
610-46330-3190	PROFESSIONAL SERVICES(E)	1,260.00	0.00
610-46330-4010	BUILDINGS(E)	12.58	0.00
610-46330-4090	REPAIR AND MAINTENANCE(E)	145.95	0.00
612-49853-3030	ENGINEER FEES(E)	23,000.00	0.00
612-49853-3810	ELECTRIC UTILITIES	589.15	0.00
617-20801	SALES TAX PAYABLE	197.87	0.00
617-49850-2550	CONCESSIONS RESALE(E)	841.83	0.00
617-49850-3190	PROFESSIONAL SERVICES(E)	6.90	0.00
617-49850-3330	FREIGHT AND EXPRESS(E)	80.00	0.00
617-49850-3420	ENTERPRISES(E)	189.05	0.00
650-44000-2120	MOTOR FUELS(E)	472.95	0.00
650-44000-2190	OPERATING SUPPLIES(E)	623.97	0.00
650-44000-3190	PROFESSIONAL SERVICES(E)	7.74	0.00
650-44000-3210	TELEPHONE & FAX(E)	77.46	0.00
650-44000-4090	REPAIR AND MAINTENANCE(E)	25.98	0.00

**CITY OF ST. JAMES, MINNESOTA**  
**SIGNIFICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS**  
**December 31, 2025**

Account	Description	Debit	Credit
650-44000-4370	LICENSE AND TAXES(E)	730.00	0.00
329-47010-3190	PROFESSIONAL SERVICES(E)	4,000.00	0.00
101-20801	SALES TAX PAYABLE	4.12	0.00
<b>Total</b>		<b><u>541,890.74</u></b>	<b><u>541,890.74</u></b>
 <b>NC06</b>			
Adjust accounts payable after discussion with EB over beginning AP balance.dau			
650-20200	ACCOUNTS PAYABLE	8,049.60	0.00
650-44000-2190	OPERATING SUPPLIES(E)	0.00	8,049.60
<b>Total</b>		<b><u>8,049.60</u></b>	<b><u>8,049.60</u></b>
 <b>NC07</b>			
Update accrued interest payable as provided from EB.pfb			
601-22800	ACCRUED INTEREST PAYABLE	1,950.00	0.00
601-49420-6110	BOND INTEREST(E)	0.00	1,950.00
602-22800	ACCRUED INTEREST PAYABLE	1,526.00	0.00
602-49480-6110	BOND INTEREST(E)	0.00	1,526.00
900-22800	ACCRUED INTEREST PAYABLE	0.00	3,476.00
900-18100	AMOUNT AVAIL DEBT SERV FUNDS	3,476.00	0.00
<b>Total</b>		<b><u>6,952.00</u></b>	<b><u>6,952.00</u></b>
 <b>NC08</b>			
Fix incorrect Eide Bailly capital disposal entry. LJR			
800-41000-5950	DEPRECIATION EXPENSE	13,627.50	0.00
800-28000	INVESTMENT IN GFA	0.00	13,627.50
<b>Total</b>		<b><u>13,627.50</u></b>	<b><u>13,627.50</u></b>
 <b>GRAND TOTAL</b>		 <b><u>7,314,031.16</u></b>	 <b><u>7,314,031.16</u></b>