

# Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2023

City of Big Lake, Minnesota

160 Lake Street North, 763-263-2107, [www.biglakemn.org](http://www.biglakemn.org)





City of Big Lake  
Sherburne County, Minnesota

# Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023



Prepared by

THE FINANCE DEPARTMENT

Deb Wegeleben, Finance/HR Director  
Lisa Miller, Payroll Accountant/Deputy City Clerk  
Stacey Fox, Accounting Technician  
Julie Rathmanner, Accounting Technician

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## **INTRODUCTORY SECTION**





May 6, 2024

Honorable Mayor, Members of the City Council, and the Citizens of the City of Big Lake:

The City is pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Big Lake, Minnesota (the City) for the fiscal year ended December 31, 2023. The purpose of the report is to provide the Mayor, City Council, City staff, citizens, bondholders, and other interested parties with useful information concerning the City's operations and financial position.

This report was prepared by the City's Finance Department. Management assumes full responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules, and statistical tables contained in this report, based upon a comprehensive framework of internal control that has been established. The objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's ACFR has been audited by BerganKDV, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2023, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2023 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The preparation of this ACFR is a requirement of state law. Also, the ACFR is required by bond rating agencies before they will rate the City's bonds. The report can be used by the City Council and residents of the City to gain a better understanding of the financial condition of the City.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

The organization, form and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accounts, and the Minnesota Office of the State Auditor.

### **Profile of the City of Big Lake**

The City of Big Lake is one of the youngest and fastest growing Cities in the State of Minnesota. Located a short drive northwest of Minneapolis/St. Paul, Big Lake has long been a popular destination for quick escapes from the City for summer recreation. That same proximity now allows residents to commute to the Minneapolis/St. Paul urban area for work while enjoying the natural beauty of a "beyond the suburbs" community, with Interstate 94 and Highway 10 connecting the City of Big Lake to the Minneapolis/St Paul Metro Area as well as the St Cloud Area. It was incorporated in 1898 and covers 7.85 square miles.

The City is categorized as a 501(a) entity by IRS code and operates under a Plan A Statutory City with a City Council/City Administrator form of government. Policy making and legislative authority are vested in a governing council consisting of a Mayor and four Council Members elected at large on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected every two years. The Mayor is elected to a four-year term. The City Administrator is responsible for overseeing the day-to-day operations of the government, and to assign responsibility to City staff for the efficient and effective delivery of City Services. Currently the City has 48 Full-time positions, 19 part-time as well as 7 seasonal employees.

The Economic Development Authority (EDA) of the City was created in 1997 pursuant to *Minnesota Statute* Chapter 469 to carry out economic and industrial development and redevelopment consistent with policies established by the Council. Its board is comprised of two City Council members and five appointed at-large members. Although legally separate, the EDA is reported as if it were part of the primary government as for all practical purposes the EDA functions as a department of the City. In addition, any outstanding debt of the EDA is expected to be repaid almost entirely with recourses of the primary government.

The City provides a full range of municipal services to its citizens. This includes police services, fire protection services under a joint power agreement, zoning and code enforcement, municipal planning, building inspection, community development, recreational and cultural activities, the construction and maintenance of streets and other infrastructure, snow removal, fleet and equipment maintenance, parks and lake maintenance, provision of water, wastewater collection and treatment, and stormwater collection and treatment. The City has internal general government operations including administration, finance/accounting, human resources, and information systems to support the various services provided. The City also operates a municipal liquor store, Lake Liquors, located at 615 Rose Drive.

Financial planning and control for the City of Big Lake is based on the Annual Operating Budget and the multi-year Capital Improvement Program. Under Minnesota Statutes, a preliminary property tax levy must be adopted no later than September 30 of each year. This establishes a maximum levy that may be subsequently lowered, but not raised prior to the final tax levy that must be adopted in December of each year. The need to adopt a preliminary levy in September requires that a preliminary budget be prepared.

### **Profile of the City of Big Lake (Continued)**

The Finance Director, with the assistance of the City Administrator and Department Directors, prepares the annual budget to present to the City Council, prior to the consideration of the preliminary tax levy. In addition, the City Council reviews the recommended rates and charges for utilities funds and other operations on an annual basis as part of the budget process. Citizens receive a notice of taxes proposed for their individual properties in November based on the preliminary levies established by all taxing jurisdictions. All Citizens are invited to a public meeting in each taxing jurisdiction to review the preliminary levies. The City's meeting includes information about the proposed budget, the property tax levy, and the priorities of the City Council for the coming year as reflected in the proposed budget. Public comment is received and considered at this meeting. The City Council is required to adopt a final property tax levy and operating budgets by late December for the subsequent year.

### **Budget Controls**

The City maintains budgetary controls to assure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The activities of the General Fund are included in the annual appropriated budget. The level of the budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by department within the General Fund, and at fund level in all other funds. The City Council adopts a one year and four-year concept budget (to be used for planning purposes only) for the General Fund, the special revenue funds, enterprise funds and the capital infrastructure funds each year. The City also adopts a ten-year Capital Improvement Plan as a financial planning document for major purchases and projects. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

The City has legally adopted budgets for the General Fund, Big Lake Economic Authority special revenue fund, Farmers Market Special Revenue Fund, Music in the Park special revenue fund and American Rescue Plan special revenue fund. Expenditures may not legally exceed budgeted appropriations at the total fund level. Any amounts over budget would need to be approved by the City Council, either through a budget amendment or disbursement process. Although the City is not legally required to adopt annual budgets for the remainder of special revenue funds, debt service funds, capital project funds and enterprise funds, it does as a means of implementing an entity-wide view of the City's finances, all of which are included in the City's Long-Term Financial Plan, which is updated annually.

In addition, the Capital Improvement Plan is reviewed and revised during the budget process each year. This plan includes projects for which the City may issue debt or fund with internal cash reserves. These projects will also indicate any future increase to the operational budgets for planning purposes.

### **Financial Planning and the Local Economy**

The City's taxable market value is \$1,269,862,192 for taxes payable 2024, which is an increase of \$288,860,214 or 29% from 2022. The net tax capacity of the City is estimated at \$13,552,953 an increase of \$3,009,569 or 28%. The City's tax rate is estimated to decrease by 9.29% to 39.45%, this tax rate is below the average of 46.16% for Sherburne County. The impact on taxpayers for the average home in the City of Big Lake with a value of \$338,250 was projected at \$28, which was a \$2.34 a month increase. This was assuming the value of the parcel increased by 23%, which was the average for residential homes in the City of Big Lake. In 2022 the median value of an owner-occupied housing unit was \$266,600, compared to Sherburne County of \$306,000 and to the United States of \$281,900. The median household income in 2022 was \$100,188 for the City of Big Lake compared to Sherburne County of \$99,431 and to the United States of \$75,149.

### **Financial Planning and the Local Economy (Continued)**

Big Lake tax base majority is residential; however Big Lake has seen new growth in the commercial base. Total market value has fluctuated over the past 14 years. The total taxable market value has increased 107% over the last twelve years from \$727 million in 2010 to \$1.285 billion in 2023. In years 2011-2014, market value growth decreased by 31.05%, then in 2015 market values increased by 10.45%. In the next five years 2016-2020, market values increased by 38.30%. In 2021 market values increased by 7.73%, and for 2022 the market values increased by 9.44%. For 2023 market values across the States have increase substantially, for Sherburne County the projected valuation increase was 30%. For Big Lake the projected increase in market value is 31.03%, with about 3.13% contributed to new construction. The information used to determine the market value would have been the new construction, improvements to existing property and the sales of property from October 2020 to September 30,2021. In addition, the market values must be within 90% - 105% of the actual sales prices made during the same time frame. Staff does feel 2024 will also see an increase in market values.

While property tax revenue provides a significant share of the City's revenue, the other major revenue sources are the transfer from the Liquor Store of \$450,000 (budgeted each year), franchise fees, licenses and permits, along with state aid for street maintenance and police state aid. The City does not budget for the local government aid (LGA) received from the state in the General Fund, instead this aid is allocated to the City's capital improvement funds for the funding of capital equipment and projects. In addition, the City has budgeted conservatively over the years, resulting in very modest growth in the property tax levy. The City continues to look for other funding sources to maintain the modest growth in the property tax levy.

Past utility infrastructure investments have prepared Big Lake for capacity expansion for years to come and have created unique opportunities to reduce risk for developers. Multiple sites have been certified under the Shovel Ready program that offer public utilities, three phased electricity, along with a high-speed fiber broadband connection.

Established and prospective businesses will have a positive development and/or expansion experience including: a welcoming and friendly relationship with City staff, local and regional financial incentives, a workforce with Midwest talent and ethics, variety of housing types, strong school district, access to a full-service community hospital and opportunity to participate in many exciting community events that Big Lake has found to be successful.

Big Lakes population is approximately 12,462 and is primarily young families with a median age of 31 years. Big Lake values the quality of life that its residents have come to love. Big Lake ensures quality of life by actively enhancing community cohesiveness, cultural events, parks and natural resources, technology advancements, and financial transparency. Big Lake's population is an ideal workforce – prosperous, family-oriented, and highly educated. It also supports a robust partnership with the Big Lake School District.

Engaged Big Lake citizens find ideal recreational opportunities in 19 well-appointed and maintained City parks, 20 miles of hiking and biking trails, and a beautiful swimming beach. Weekly Farmer's Market and Music in the Park events highlight the summer season; similar community gatherings are scheduled year-around

### **Debt Administration**

As of December 31, 2023, the City's outstanding debt total is \$22,476,807. This includes \$13,752,611 supported by a debt tax levy and special assessments and \$8,508,000 supported by revenues (utilities fees) from the Water and Wastewater funds.

## Debt Administration (Continued)

In 2022 S&P Global Ratings affirmed its 'AA' rating on Big Lake, Minn.'s general obligation (GO) debt. The rationale for S&P was that the economy has been largely resilient during the pandemic with a mix of new residential and commercial building or expansion over the past year that management expects to continue based on demand need for single family and affordable housing and both residential and commercial development proposals, which should extend the steady growth trend for the City's major revenue sources in our view given the ebbing pandemic and overall economic outlook. Given these trends in parallel with the ongoing economic development and a management team we view as strong, S&P believes the credit will remain stable over the outlook horizon.

The 'AA' rating reflects S&P view of the City's:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with "strong" financial policies and practices under S&P Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with operating results that we expect could weaken in the near term relative to fiscal 2020, which closed with operating surpluses in the general fund and at the total governmental fund level in fiscal 2020;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2020 of 91% of operating expenditures;
- Very strong liquidity, with total government available cash at 1.7x total governmental fund expenditures and 7.2x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 23.9% of expenditures and net direct debt that is 153.9% of total governmental fund revenue, but rapid amortization, with 93.8% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

## City Initiatives

In recent years, the City has conducted several long-term strategic planning studies to shape its future development and redevelopment including the Comprehensive Plan, Parks Master Plan and strategic updates. These plans are guiding documents that are periodically reviewed and updated.

The City's Economic Development Authority (EDA) initiated a branding campaign and identity design project with the help of the Community to market Big Lake. The campaign goals are to generate community pride and sense of place. It will assist in marketing the City, as well as create a visual identity of the City. In addition, the EDA has purchased prime property in the downtown area of the City for a future redevelopment project. This project will include the property that the current City Hall is located at; staff and council are in the beginning stages of determining the new location for City Hall.

The City is also in the beginning stages of a major expansion to the Wastewater treatment facility to continue to support the expansion of development within the City of Big Lake. The Facility Plan will be approved in 2024, with construction expected in 2026 through 2028.

The staff and City Council will review the City's Vision, Objectives and Goals in 2024 to continue to ensure that the City is providing the best services to our taxpayers. Staff along with Council is very supportive of our local community organizations and businesses. We encourage everyone to Live Big! by enjoying Big Lake's many amenities and choosing local options for goods and services.

### Internal Control

The management of the City is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and that adequate and accurate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The City's internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of cost and benefit requires estimates and judgments by management. The City's internal controls are subject to periodic evaluation by management and the finance department staff of the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose.

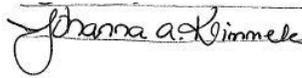
### Acknowledgements

The 2023 ACFR meets the highest professional standards and was prepared in a timely and cost-effective manner. We wish to express our appreciation to the Finance Department staff for their diligent work in preparing this report. The preparation of this report would not have been possible without the cooperation and support from other City departments and with the helpful guidance and assistance from our auditing firm BerganKDV. We also wish to thank the Mayor and members of the City Council for support in planning and conducting the financial operations of the City in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully Submitted,



Deb Wegeleben  
City Finance Director



Hanna Klimmek  
City Administrator

City of Big Lake  
City Officials



Left to Right, Front to Back

Councilmember Kim Noding – Term Expires 12/31/2026

Councilmember Sam Hanson – Term Expires 12/31/2024

Councilmember Paul Seefeld – Term Expires 12/31/2024

Mayor Paul Knier – Term Expires 12/31/2024

Councilmember Ken Halverson – Term Expires 12/31/2026

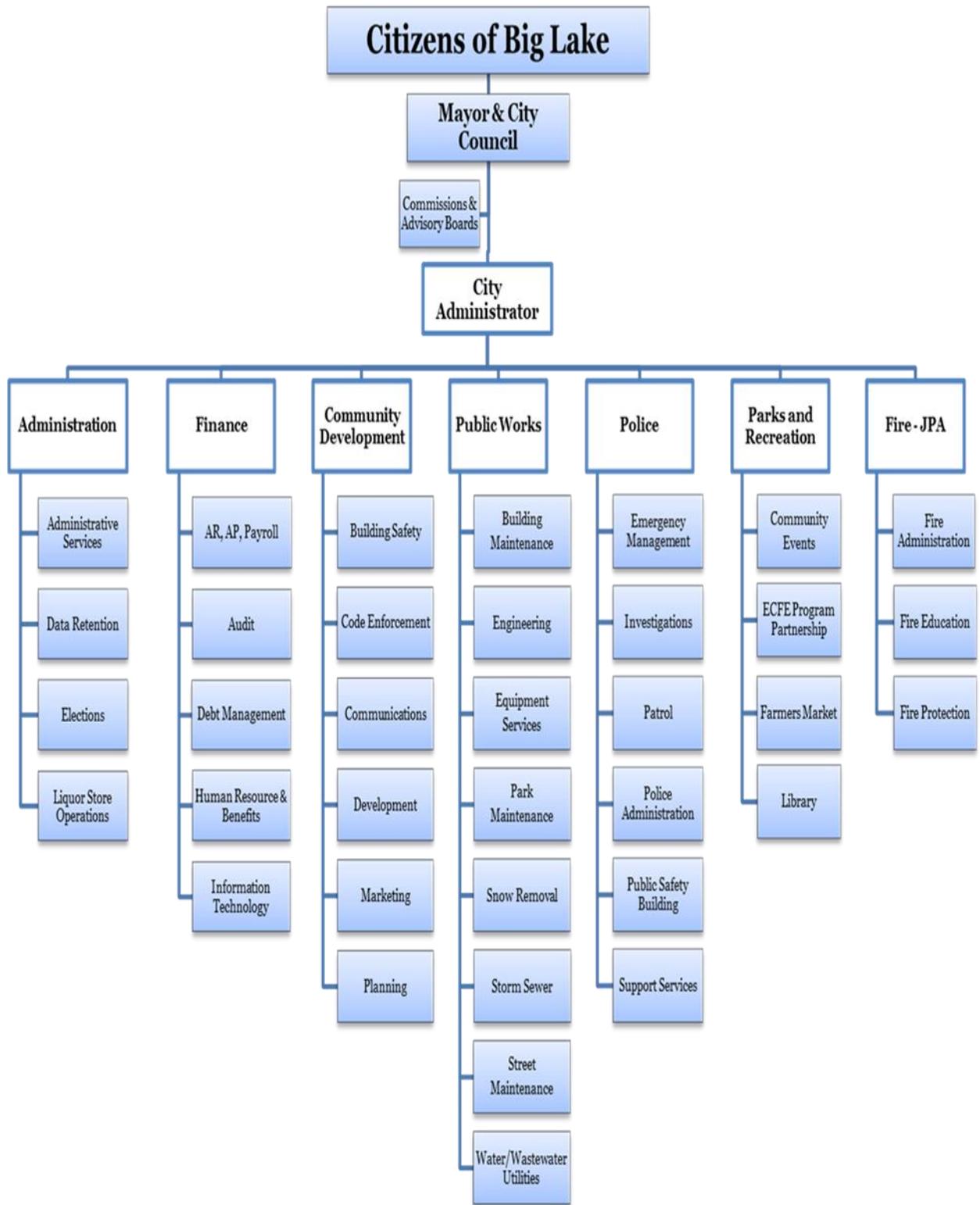
**City of Big Lake  
City Management**

<b>Position</b>	<b>Name</b>
City Administrator	Hanna Klimmek
City Clerk	Gina Wolbeck
Finance Director	Deb Wegeleben
Community Development Director	Therese Haffner
Chief of Police	John Kaczmarek
Fire Chief – Paid on Call	Seth Hansen
City Engineer	Layne Otteson
Streets/Parks/Fleet Superintendent	Norm Michels
Water/Wastewater Superintendent	Dan Childs
Liquor Store Manager	Greg Zurbey
Assistant Liquor Store Manager	Megan Knopik

**Professional Services**

<b>Position</b>	<b>Name</b>
City Attorney	Campbell Knutson, P.A.
Financial Advisor	Northland Securities, Inc.
Information Technically Services	Sherburne County Sheriff IT Dept

# City of Big Lake Organizational Chart



**City of Big Lake**  
**Vision, Tag Line and Mission Statement**

**Vision**

*Big Lake is vibrant, active, and safe community that focuses on excellence in service while promoting balanced growth through responsible leadership*

**Community Slogan**

*Live Big!*

**Mission Statement**

*Provide responsible governance through respect and trust while enhancing partnerships within the community and establish reasonable service expectations to meet the needs of the residents and business owners.*





## FINANCIAL SECTION





## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Big Lake  
Big Lake, Minnesota

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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 Big Lake, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Big Lake's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Lake, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Big Lake's basic financial statements. The accompanying Combining and Individual Fund Financial Statements and Schedules identified in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

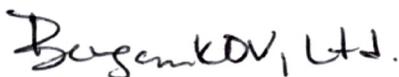
### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2024, on our consideration of the City of Big Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Big Lake's internal control over financial reporting and compliance.



St. Cloud, Minnesota  
May 6, 2024





## **Management's Discussion and Analysis**



## **Management's Discussion and Analysis**

### **December 31, 2023**

As management of the City of Big Lake (the "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 in December 31, 2023. We encourage readers to consider the information presented here.

#### **FINANCIAL HIGHLIGHTS**

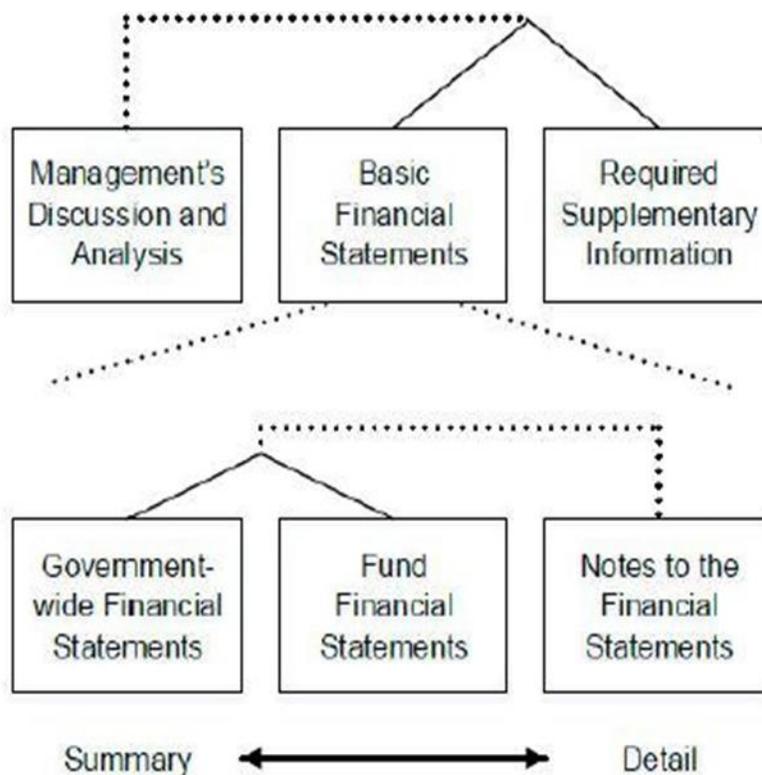
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows resources at the close of the most recent fiscal year by \$78,713,569. Of this amount, \$18,654,774 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased \$6,666,516 from the prior year. Of the increase, 73% was attributable to governmental activities and 27% to business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,397,209, an increase of \$1,420,350 from the previous year. This was due to increases in property taxes, special assessments for road constructions, permits and licenses, one-time state aid for public safety, investment earnings and savings in the general fund expenditure budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,131,954 (not including those funds in the balance that are designed for specific purposes) or 70%, of the total General Fund expenditures not including transfers out. When transfers out are included the unassigned fund balance is at 62%.
- The City's total outstanding debt decreased by \$3,486,676 during the current fiscal year. In 2023, there was no new bonded debt issued. The total outstanding bonded debt is \$22,476,807, of which \$13,776,133 is governmental activities and supported by the Debt Levy and Special Assessments. The remaining \$8,700,674 is contributed to business-type activities. Total indebtedness is down by 13% compared to 2022. The decrease was a result of the scheduled debt service payments.
- In 2022, the City implemented GASB 87, which is the recording of leased liabilities. For 2023, the total leased liabilities for the City is \$216,196, of which 11% or \$23,522 is for the leased office equipment of the general government and the remaining \$192,674 or 89% is for the leased land with the railroad for the water and sewer infrastructure.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining, and individual fund financial statements and schedules that further explain and support the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and related to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor government funds, which are added together and presented in single columns in the basic financial statements.

FIGURE 1  
REQUIRED COMPONENTS OF  
THE ANNUAL COMPREHENSIVE FINANCIAL REPORT



**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Figure 2 summarizes the major features of the City's financial statements, including the portion of the City Government they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis explains the structure and contents of each statement.

**FIGURE 2  
MAJOR FEATURES OF THE GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

### Government-Wide Financial Statements

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

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include general government, public safety, streets and highways, economic development, culture and recreation and interest/fiscal charges on long term debt. The business-type activities of the City include water, wastewater(sewer), storm sewer and liquor operations.

The government-wide financial statements include the City itself (known as the primary government). The Economic Development Authority (EDA), although legally separate, functions for all practical purposes as a department of the City and, therefore, has been included within the general government activities of the primary government.

The government-wide financial statements can be found on pages 42-45 of this report.

### Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

### Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

### **Governmental Funds (Continued)**

The City maintains 33 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund as it is considered a major fund and for the Street Improvement Capital Projects Fund, and the Infrastructure Improvement Capital Projects Fund and the Equipment and Building Replacement Capital Projects Fund, and the GO Improvement Bonds 2021A Debt Service Fund and for the GO Improvement Bonds 2022A Debt Service Fund. Data from the other 27 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its General Fund and certain special revenue funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 46-53 of this report

### **Proprietary Funds**

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm sewer, and liquor operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, storm sewer and liquor operations, all of which are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 54-56 of this report.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Financial Statements can be found on pages 57-90 of this report.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information pertaining to the net pension liability can be found on pages 92-99.

### **Other Information**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements and required supplementary information. Combining and individual fund statements and schedules can be found on pages 104-121 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows or resources exceeded liabilities and deferred inflows of resources by \$78,713,569 at the close of the most recent fiscal year.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

### Government-wide Financial Analysis (Continued)

Approximately 67% of the City's net position reflect its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 10%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$18,654,774 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in all categories of the governmental activities and business-type activities.

<b>City of Big Lake's Net Position</b>									
	<u>Governmental Activities</u>			<u>Business-type Activities</u>			<u>Total</u>		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
<b>Assets</b>									
Current and Other Assets	\$22,446,927	\$19,474,537	\$ 2,972,390	\$12,361,981	\$11,234,698	\$ 1,127,283	\$34,808,908	\$30,709,235	\$ 4,099,673
Capital Assets	35,628,356	35,548,084	80,272	39,723,886	41,146,092	(1,422,206)	75,352,242	76,694,176	(1,341,934)
Total Assets	<u>58,075,283</u>	<u>55,022,621</u>	<u>3,052,662</u>	<u>52,085,867</u>	<u>52,380,790</u>	<u>(294,923)</u>	<u>110,161,150</u>	<u>107,403,411</u>	<u>2,757,739</u>
<b>Deferred Outflows of Resources</b>									
Deferred pension resources	<u>2,775,209</u>	<u>3,324,484</u>	<u>(549,275)</u>	<u>302,168</u>	<u>501,598</u>	<u>(199,430)</u>	<u>3,077,377</u>	<u>3,826,082</u>	<u>(748,705)</u>
<b>Liabilities</b>									
Long-term Liabilities Outstanding	14,956,447	19,989,982	(5,033,535)	8,080,960	10,356,868	(2,275,908)	23,037,407	30,346,850	(7,309,443)
Other Liabilities	<u>5,096,431</u>	<u>5,198,799</u>	<u>(102,368)</u>	<u>2,487,656</u>	<u>2,794,629</u>	<u>(306,973)</u>	<u>7,584,087</u>	<u>7,992,428</u>	<u>(408,341)</u>
Total Liabilities	<u>20,052,878</u>	<u>25,188,781</u>	<u>(5,135,903)</u>	<u>10,568,616</u>	<u>13,151,497</u>	<u>(2,582,881)</u>	<u>30,621,494</u>	<u>38,339,278</u>	<u>(7,717,784)</u>
<b>Deferred Inflows of Resources</b>									
Deferred pension resources	2,745,638	91,525	2,654,113	361,022	26,913	334,109	3,106,660	118,438	2,988,222
Deferred lease resources	236,472	151,502	<u>84,970</u>	560,332	572,222	<u>(11,890)</u>	796,804	723,724	<u>73,080</u>
Total Deferred Inflows of Resources	<u>2,982,110</u>	<u>243,027</u>	<u>2,739,083</u>	<u>921,354</u>	<u>599,135</u>	<u>322,219</u>	<u>3,903,464</u>	<u>842,162</u>	<u>3,061,302</u>
<b>Net Position</b>									
Net Investment in Capital Assets	21,456,642	21,405,841	50,801	30,907,470	30,567,887	339,583	52,364,112	51,973,728	390,384
Restricted	7,694,683	5,520,302	2,174,381	-	-	-	7,694,683	5,520,302	2,174,381
Unrestricted	<u>8,664,179</u>	<u>5,989,154</u>	<u>2,675,025</u>	<u>9,990,595</u>	<u>3,563,869</u>	<u>6,426,726</u>	<u>18,654,774</u>	<u>14,553,023</u>	<u>4,101,751</u>
<b>Total Net Position</b>	<u><b>\$37,815,504</b></u>	<u><b>\$32,915,297</b></u>	<u><b>\$ 4,900,207</b></u>	<u><b>\$40,898,065</b></u>	<u><b>\$34,131,756</b></u>	<u><b>\$ 6,766,309</b></u>	<u><b>\$78,713,569</b></u>	<u><b>\$72,047,053</b></u>	<u><b>\$ 6,666,516</b></u>
<b>Net Position as a Percent of Total</b>									
Net Investment in Capital Assets	57%	65%		76%	93%		67%	72%	
Restricted	20%	17%		0%	0%		10%	8%	

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

### Government-wide Financial Analysis (Continued)

The City's net position increased by \$6,666,516 during the current fiscal year. Of this increase, governmental activities increased the City's net position by 15% or \$4,900,207 and business type activities increased by \$1,766,309 or 57%. The City's total other liabilities decreased by \$409,341, for governmental activities the decrease was \$102,368. The business type activities had a decrease in other liabilities of \$306,973. Long-term liabilities decreased by \$7,309,443, this reflects the decrease in net pension liability, the reduction on debt due to the yearly scheduled debt payments, as well as escrow payables for those funds previously held for public improvements that were to be completed by developers as part of the development agreement and unearned revenue. The American Rescue Plan Act funds that were received in 2021 and 2022 were budgeted for the replacement of water meters within the community and that project began in 2023.

### Governmental Activities

As indicated in the table that follows there was an overall increase of \$3,478,737 in Governmental activities revenues that increased the City's net position. The increase was in Capital Grants and Contributions, Property Taxes, State Aid and Unrestricted Investment earnings. The increase for capital grants and contributions were contributed to the increase in special assessment for street projects. The 2021 Street project was certified to the County in 2022 for 2023 Tax Payables and the prepayment of special assessments for the 2022 Street project that was certified to the County in 2023 for 2024 Tax Payables. The City received a one-time state aid for Public Safety in the amount of \$532,344, these funds will be used for future police and fire capital equipment as well as future police personnel costs. In 2023, the City had a positive market to market adjustment on investment held as well as an increase in investment earnings. The overall tax levy for 2023 was an increase of 4.12% over 2022, which would represent the increase in property taxes. In 2023, the City issued 28 new single-family building permits. The City also welcomed new developments in the commercial construction of Beautiful You Dermatology, Big Lake Mega Storage USA, Nord Excavating, Jerry's of Elk River and Big Lake Car Condos Third Addition. Overall, in 2023 the City added to the property tax valuation a total of \$71,990,240 with the new development in housing and commercial/industrial.

City of Big Lake's Change in Net Position

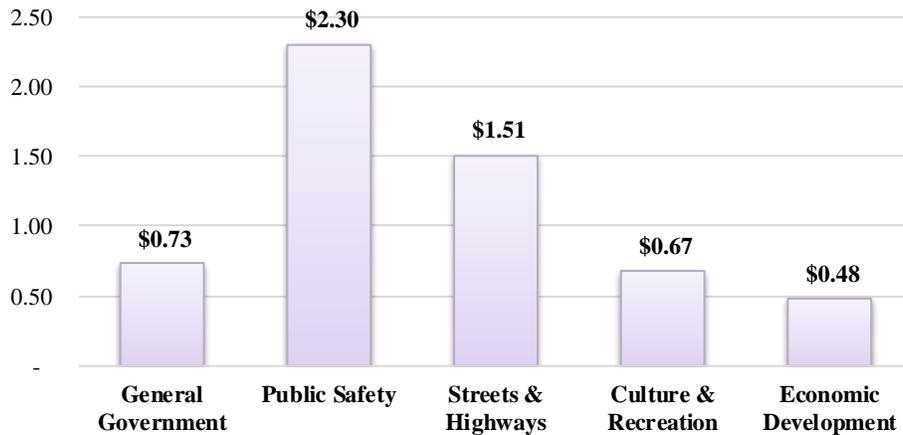
	Governmental Activities			Business-type Activities			Total		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
<b>REVENUE:</b>									
<b>Program Revenues:</b>									
Charges for Services	\$ 1,148,619	\$ 1,173,461	\$ (24,842)	\$ 11,336,131	\$ 11,078,787	\$ 257,344	\$ 12,484,750	\$ 12,252,248	\$ 232,502
Operating Grants and Contributions	520,496	550,242	(29,746)	36,921	19,793	17,128	557,417	570,035	(12,618)
Capital Grants and Contributions	3,736,904	2,220,263	1,516,641	747,605	1,162,644	(415,039)	4,484,509	3,382,907	1,101,602
<b>General Revenues:</b>									
Property Taxes and Tax Increment and Franchise Fees	6,032,796	5,787,257	245,539	-	-	-	6,032,796	5,787,257	245,539
State Aids	1,363,346	820,985	542,361	-	-	-	1,363,346	820,985	542,361
Unrestricted Investment Earnings	810,271	(425,427)	1,235,698	354,446	163,529	190,917	1,164,717	(261,898)	1,426,615
Other Income	48,390	55,304	(6,914)	9,975	-	9,975	58,365	55,304	3,061
<b>Total Revenues</b>	<b>13,660,822</b>	<b>10,182,085</b>	<b>3,478,737</b>	<b>12,485,078</b>	<b>12,424,753</b>	<b>60,325</b>	<b>26,145,900</b>	<b>22,606,838</b>	<b>3,539,062</b>
<b>EXPENSES:</b>									
General Government	1,120,773	1,189,587	(68,814)	-	-	-	1,120,773	1,189,587	(68,814)
Public Safety	3,541,163	3,291,228	249,935	-	-	-	3,541,163	3,291,228	249,935
Streets and Highways	2,317,949	2,152,571	165,378	-	-	-	2,317,949	2,152,571	165,378
Culture and Recreation	1,036,531	910,885	125,646	-	-	-	1,036,531	910,885	125,646
Economic Development	737,615	832,922	(95,307)	-	-	-	737,615	832,922	(95,307)
Interest on Long-Term Debt	319,346	419,548	(100,202)	-	-	-	319,346	419,548	(100,202)
Water	-	-	-	2,163,027	2,142,217	20,810	2,163,027	2,142,217	20,810
Sewer	-	-	-	2,966,902	2,933,413	33,489	2,966,902	2,933,413	33,489
Municipal Liquor	-	-	-	4,888,158	5,007,633	(119,475)	4,888,158	5,007,633	(119,475)
Storm Sewer	-	-	-	387,920	421,859	(33,939)	387,920	421,859	(33,939)
<b>Total Expenses</b>	<b>9,073,377</b>	<b>8,796,741</b>	<b>276,636</b>	<b>10,406,007</b>	<b>10,505,122</b>	<b>(99,115)</b>	<b>19,479,384</b>	<b>19,301,863</b>	<b>177,521</b>
<b>Increase (Decrease) in Net Position</b>									
before Transfers & Capital Contributions	4,587,445	1,385,344	3,202,101	2,079,071	1,919,631	159,440	6,666,516	3,304,975	3,361,541
Transfers	312,762	544,063	(231,301)	(312,762)	(544,063)	231,301	-	-	-
<b>Increase (Decrease) in Net Position</b>	<b>4,900,207</b>	<b>1,929,407</b>	<b>2,970,800</b>	<b>1,766,309</b>	<b>1,375,568</b>	<b>390,741</b>	<b>6,666,516</b>	<b>3,304,975</b>	<b>3,361,541</b>
Net Position - Beginning	32,915,297	30,985,890	1,929,407	39,131,756	37,756,188	1,375,568	72,047,053	68,742,078	3,304,975
<b>Net Position - Ending</b>	<b>\$ 37,815,504</b>	<b>\$ 32,915,297</b>	<b>\$ 4,900,207</b>	<b>\$ 40,898,065</b>	<b>\$ 39,131,756</b>	<b>\$ 1,766,309</b>	<b>\$ 78,713,569</b>	<b>\$ 72,047,053</b>	<b>\$ 6,666,516</b>

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

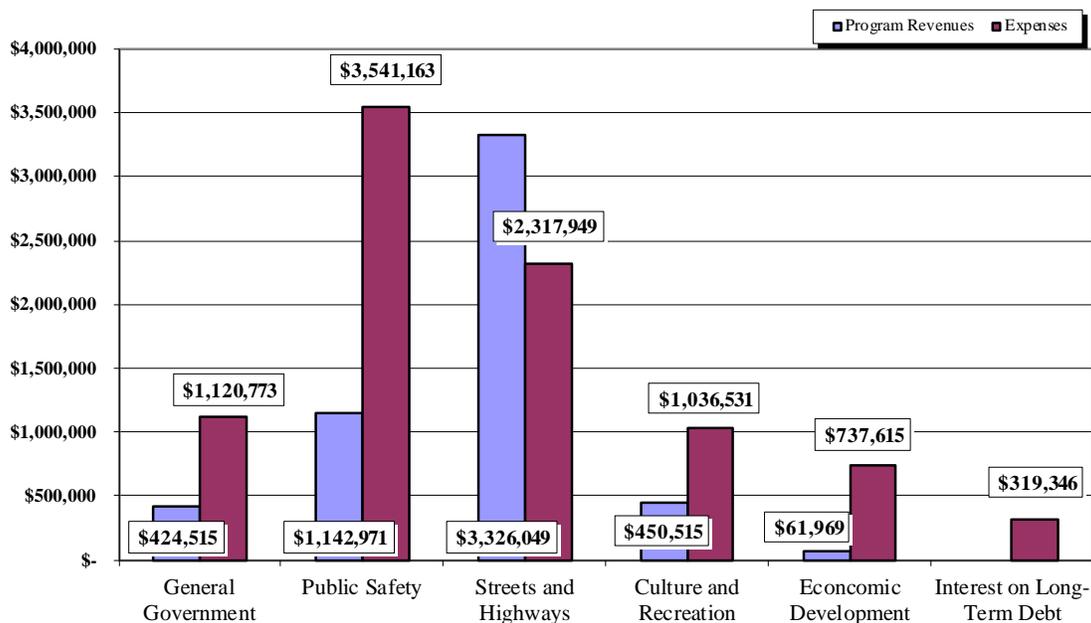
In 2023, the City of Big Lake was voted one of the 10 safest cities in the state of Minnesota, for City population over 10,000, but less than 20,000. In 2023, 39% of the total governmental activities' expenses were attributed to public safety. The cost to provide City Services for 2023 for each household and business was \$5.69 per day. With this cost, the citizens and business' get the best public safety around which includes the police, fire and building departments contributing to the City being awarded one the Safest City in Minnesota.

**2023 Cost per day to provide City services for each household and business was \$5.69**



The following graphs depicts various government activities and shows the revenue and expenses directly related to those activities

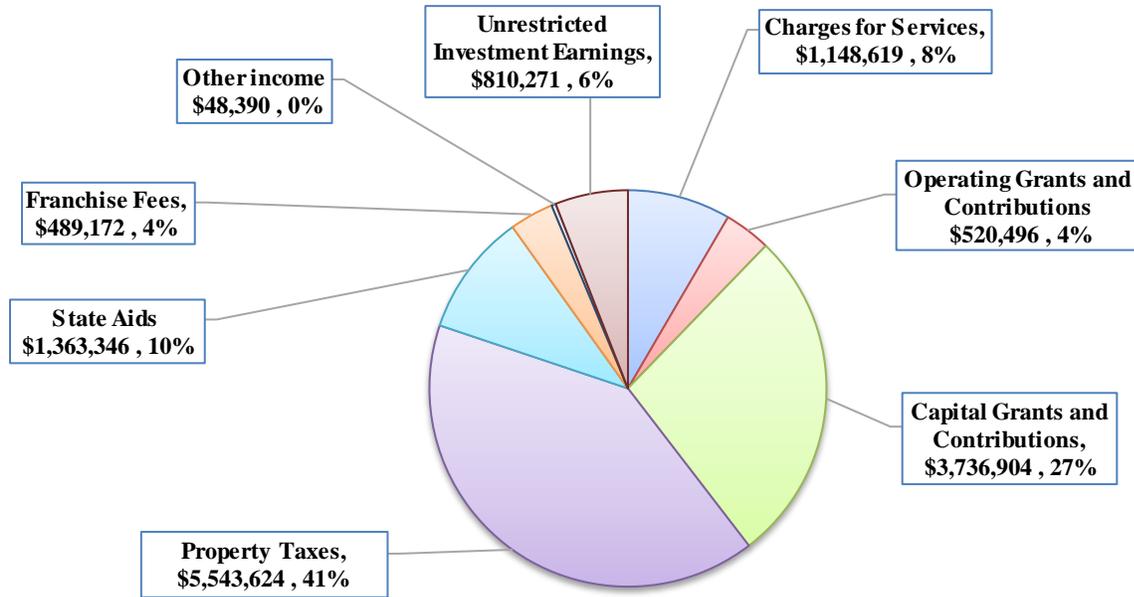
**Expenses and Program Revenues - Governmental Activities**



OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

**Revenue by Source - Governmental Activities**



**Business-Type Activities**

Business-type activities increased the City's net position by \$1,766,309, resulting in 27% of the total increase in the government's net position. The City's Liquor Store contributed \$450,000 to the General Fund. In 2023, the Liquor Store saw a slight decrease of 3% in sales compared to 2022. In 2023, the Liquor Store had net profits of \$160,920 after transfers and depreciation expense.

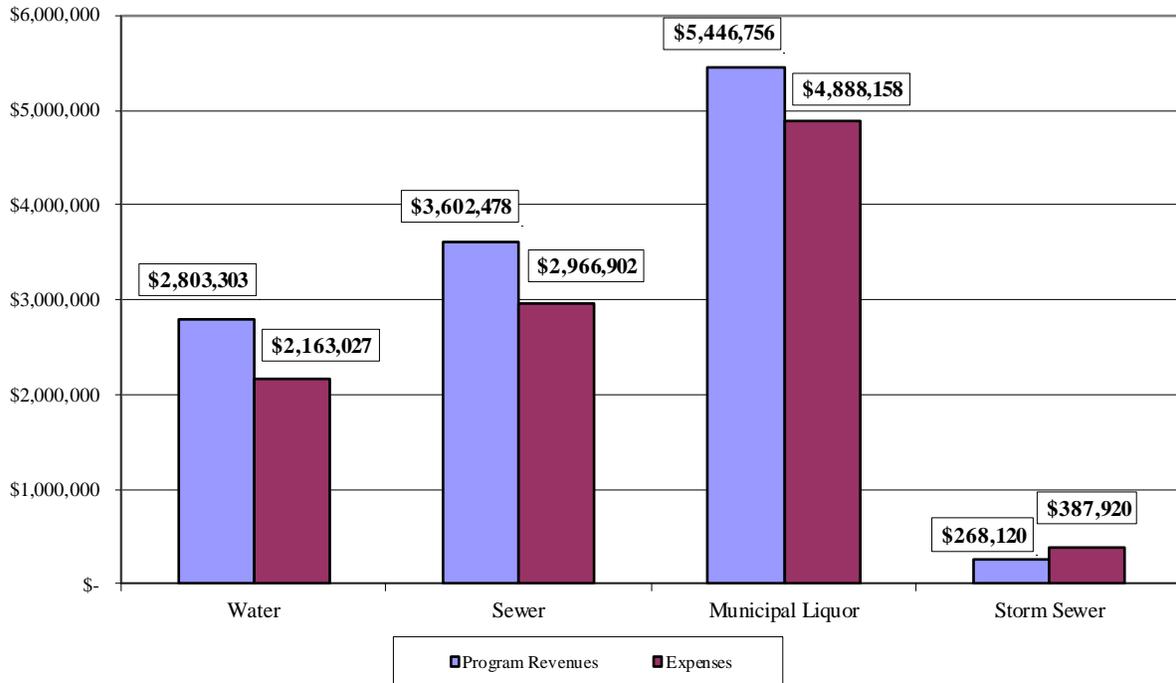
For the Utility funds, Water usage was up 10%, a reflection of the drought in Minnesota, In addition the Water usage rates were the same as in 2022. Development was down from 2022, which was a decrease in water access charges and trunk fees, however overall revenues ended with an increase of \$104,560. Wastewater (Sewer) sales were up compared to 2022, as billing is based on water usage, however overall revenues were down compared to 2022. The rates remained the same as in 2022. Development in 2023 represents the normal and anticipated development the City expects for 2024 in regards to multi-family, residential and commercial development, as well as for long-term planning. Storm Sewer showed a decrease in total revenues compared to 2022.

The Liquor Store total revenues were down by 3% compared to 2022, with overall expenses, including transfers, also down by 3% compared to 2022. Personnel costs represented 11% of total sales. In 2023 the Liquor Store transferred \$450,000 to the General Fund, which was used to help offset the levy needs for the City. The Liquor Store ended 2023 with a 3% Net Profit, which covered depreciation expense as well as the transfer to the General Fund. Without the continuous support from the residents of Big Lake the City would not be able to transfer the funds from the Liquor Store to help offset the levy needs for the City and would have to either raise the levy or cut services provided.

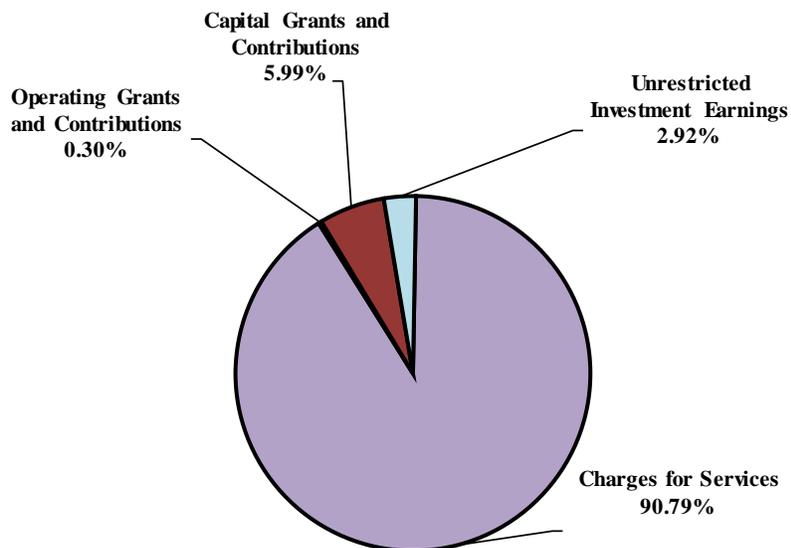
OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Business-Type Activities (Continued)

**Expenses and Program Revenues - Business-Type Activities**



**Revenue by Source - Business-Type Activities**



## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

### Business-Type Activities (Continued)

The total revenues collected from business-type activities for 2023 was \$12,485,078; of this 91% is revenues received from services provided or \$11,336,131, this is an increase of \$257,344 over 2022. This increase is a representation of the increase in water usage, which impacts both the Water fund and the Wastewater fund. Investment earnings totaled \$354,446 or 3% of total revenues, is up from 2022. Operating Grants and Contributions revenues received for the year totaled \$36,921, which is up from 2022 and consistent with prior years. Finally, Capital Grants and Contributions for the year totaled \$747,605 or 6% of total revenues, this included the WAC/SAC received from new development within the City, this is a decrease from 2022. The increase in revenues over 2022 was \$60,325 and can be contributed to the slowdown of development. The total increase of net position for business-type activities was \$1,766,309.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted 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's governmental funds reported combined ending fund balances of \$15,397,209, an increase of \$1,420,350 from the previous year. Approximately 69% of this total amount, \$10,619,130, constitutes assigned and unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted, committed or non-spendable to indicate that it is not available for new spending because it has external spending requirements.

Fund Balance	General Fund	GO	GO	Street Improvements	Infrastructure Improvement Fund	Equipment Building Replacement Fund	Other Governmental Funds	Total	Prior Year Total	Increase (Decrease)
		Improvement Bonds 2021A	Improvement Bonds 2022A							
Nonspendable	\$ 114,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428	\$ 115,088	\$ 101,255	\$ 13,833
Restricted	-	551,651	1,058,313	-	-	-	2,181,727	3,791,691	3,529,118	262,573
Committed	-	-	-	-	-	-	871,300	871,300	860,891	10,409
Assigned	96,668	-	-	155,432	1,100,139	2,427,438	3,274,187	7,053,864	6,461,326	592,538
Unassigned	4,131,954	-	-	-	-	-	(566,688)	3,565,266	3,024,269	540,997
<b>Total</b>	<b>\$ 4,343,282</b>	<b>\$ 551,651</b>	<b>\$ 1,058,313</b>	<b>\$ 155,432</b>	<b>\$ 1,100,139</b>	<b>\$ 2,427,438</b>	<b>\$ 5,760,954</b>	<b>\$15,397,209</b>	<b>\$13,976,859</b>	<b>\$ 1,420,350</b>

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Governmental Funds (Continued)**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,131,954, while total fund balance reached \$4,343,282. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62% of the total General Fund expenditures and transfers out, while total fund balance represents 65% of that same amount.

	Current Year Ending Balance	Prior Year Ending Balance	Increase (Decrease)
General Fund, Fund Balance			
Nonspendable	\$ 114,660	\$ 101,247	\$ 13,413
Assigned	96,668	65,748	30,920
Unassigned	<u>4,131,954</u>	<u>3,596,606</u>	<u>535,348</u>
Total	<u>\$ 4,343,282</u>	<u>\$ 3,763,601</u>	<u>\$ 579,681</u>
General Fund expenditures and transfers out	\$ 6,665,626	\$ 6,025,234	
Unassigned as a percent of expenditures	62%	61%	
Total Fund Balance as a percent of expenditures	65%	62%	

The fund balance of the City's General Fund increased by \$579,681 during the current fiscal year. Total revenues and other sources in were \$738,656 over the amended budget. Majority of the increase is due to the market to market adjustment or fair market value of investments at year end in the amount of \$309,836, compared to a loss of \$652,546 in 2022. This was due to investment interest rate being up in 2023, compared to 2022. In addition, interest earnings were up compared to 2022 by \$59,383. Expenditures and transfers out ended 2023 over the amended budget by \$158,975, primarily due to an approved transfer of \$250,000 to the Capital Street Maintenance Funds for future street improvements/projects and a \$100,000 transfer to the Capital Parks and Trail Improvement fund for future parks and trails at year end per the City's financial policies. The policies state that any excess fund balance over 42% of the next years' expenditure budget can be transferred to the Capital Improvement funds at year end.

Other major governmental funds analysis are shown below:

	Current Year Ending Balance	Prior Year Ending Balance	Increase (Decrease)
GO Improvement Bonds 2021A Fund Balance	\$ 551,651	\$ 454,106	\$ 97,545

The increase is due to interest and the prepayment of special assessments

	Current Year Ending Balance	Prior Year Ending Balance	Increase (Decrease)
GO Improvement Bonds 2022A Fund Balance	\$ 1,058,313	\$ 782,332	\$ 275,981

The increase is due to interest and the prepayment of special assessments

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Continued)

	<u>Current Year Ending Balance</u>	<u>Prior Year Ending Balance</u>	<u>Increase (Decrease)</u>
Street Improvements Fund Balance	\$ 155,432	\$ 1,264,369	\$ (1,108,937)

The decrease was due to planned street projects

	<u>Current Year Ending Balance</u>	<u>Prior Year Ending Balance</u>	<u>Increase (Decrease)</u>
Infrastructure Improvement Fund Balance	\$ 1,100,139	\$ 1,096,022	\$ 4,117

The increase was due to investment earnings

	<u>Current Year Ending Balance</u>	<u>Prior Year Ending Balance</u>	<u>Increase (Decrease)</u>
Equipment/Building Replacement Fund Balance	\$ 2,427,438	\$ 1,292,487	\$ 1,134,951

The increase is due to the one-time Public Safety State Aid, as well as future planned equipment purchases

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water operations at the end of the year was \$2,231,013; for the wastewater (sewer) operations the year ended at \$5,471,950 and the storm water operations was \$521,190. For the liquor store operation, the year ended at \$1,766,442. The changes in net position for each of the utility funds were as follows: water an increase of \$1,420,856, wastewater (sewer) an increase of \$324,207, and storm water a decrease of \$(139,674). The liquor fund saw an increase of \$160,920. Below is the total ending net position for each fund.

	<u>Ending Net Position 2023</u>	<u>Ending Net Position 2022</u>	<u>Increase (Decrease)</u>
Water Fund	\$ 14,597,614	\$ 13,176,758	\$ 1,420,856
	<u>Ending Net Position 2023</u>	<u>Ending Net Position 2022</u>	<u>Increase (Decrease)</u>
Waterwaster (Sewer) Fund	\$ 20,855,662	\$ 20,531,455	\$ 324,207
	<u>Ending Net Position 2023</u>	<u>Ending Net Position 2022</u>	<u>Increase (Decrease)</u>
Liquor Store Fund	\$ 2,720,057	\$ 2,559,137	\$ 160,920
	<u>Ending Net Position 2023</u>	<u>Ending Net Position 2022</u>	<u>Increase (Decrease)</u>
Storm Water Fund	\$ 2,724,732	\$ 2,864,406	\$ (139,674)

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Proprietary Funds (Continued)**

The water operations increase in net position pertained to the transfers in for the funding of the water meter project as well as additional investment earnings and trunk and access charges for new water services. The wastewater operations increase to net position pertains to the additional investment earnings as well as increase to the utility fee for usage and trunk and access charges for new wastewater services. The liquor store operations increase to net position pertains to the increase in investment earnings and a slight decrease in cost of goods sold. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was one (1) amendment to the General Fund Budget. The budget called for revenues to equal expenditures. The original budget was \$6,295,651, with the budget amendment to both revenues and expenditures of \$211,000, leaving the amended budget totals at \$6,506,651.

**General Fund 2023 Budget**

	Final Budget Amount	Actual Amounts	Variance with Final Budget
Revenues	\$ 6,002,651	\$ 6,717,419	\$ 714,768
Expenditures	<u>6,058,040</u>	<u>5,869,559</u>	<u>(188,481)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(55,389)</u>	<u>847,860</u>	<u>903,249</u>
Other Financing Uses			
Proceeds from Sale of Capital Assets	500	699	199
Insurance Recoveries	53,500	77,189	23,689
Transfers In	450,000	450,000	-
Transfers Out	<u>(448,611)</u>	<u>(796,067)</u>	<u>(347,456)</u>
Total Other Financing Sources (Uses)	55,389	(268,179)	(323,568)
Net Change in Fund Balance	<u>-</u>	579,681	<u>579,681</u>
Fund Balance, January 1		<u>3,763,601</u>	
Fund Balance, December 31		<u>\$ 4,343,282</u>	

Actual revenues were over final budget amounts in the amount of \$714,768 for the following reasons:

- Taxes were over budget by \$72,573 due to budgeting conservatively.
- Licenses and Permits revenues were over budget by \$86,734, due to budgeting conservatively.
- Intergovernmental revenues were over budget by \$85,180, due to unbudgeted state aid.
- Charges for Services were over budget by \$20,744.
- Donations and Contributions were over budget by \$20,970.
- Other Miscellaneous and Insurance Recoveries were over budget by \$18,061.
- Investment Income was over budget by \$428,332, due to the positive market to market adjustment made to investment, plus the increase in investment earnings and rates.

## GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Actual expenditures and transfers were over final budgets amounts in the amount of \$158,975, for the following reasons:

- Operating budgets for departments were under final budget amounts by \$188,481
- Transfer outs were over final budget amounts by \$347,456, this was for the year-end transfer of excess fund balance based on the City's financial policies of \$350,000 to the Capital Improvement Funds.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to \$75,352,242 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, improvements, infrastructure, collection and distribution systems, buildings, machinery and equipment, as well as leased assets per new General Accounting Standard Board requirements. Major capital assets events during the current fiscal year include the following:

- New roof for the police department.
- New security cameras at Lakeside Park.
- Updated GIS web design.
- Computer replacement program including new server.
- Police fleet replacement program.
- Police Tasers and Body Cameras.
- Fire Pumper.
- Streets division equipment purchases – compressor, grinder, locate machine and a trailer.
- CR 81 utility extension for both water and wastewater lines.
- Well equipment improvements.
- Water filling station for bulk water sales.
- Lift stations improvements.
- Wastewater utility vehicle.
- Upgrades to Liquor Store equipment.
- Construction in progress.
  - Fire Department Engine
  - CR 43 project
  - CR 73 Highland Drive project
  - 2021 & 2022 Street Improvements
  - Well 1 & 2 improvements
  - Water meter project
  - Wastewater facility expansion

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

**City of Big Lake's Capital Assets**  
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 8,007,824	\$ 8,007,824	\$ 1,534,320	\$ 1,534,320	\$ 9,542,144	\$ 9,542,144
Construction in Progress	8,177,775	7,331,832	1,282,506	568,985	9,460,281	7,900,817
Leased Asset	-	-	187,752	193,442	187,752	193,442
Leasehold Improvements	349,857	310,158	55,572	61,615	405,429	371,773
Infrastructure	14,829,174	15,877,812	-	-	14,829,174	15,877,812
Collection and Distribution Systems	-	-	19,301,760	20,648,954	19,301,760	20,648,954
Buildings	2,006,091	2,161,489	16,554,033	17,475,637	18,560,124	19,637,126
Machinery and Equipment	2,234,875	1,820,047	807,943	663,139	3,042,818	2,483,186
Machinery and Equipment-Leased	22,760	38,922	-	-	22,760	38,922
<b>Total</b>	<b>\$ 35,628,356</b>	<b>\$ 35,548,084</b>	<b>\$ 39,723,886</b>	<b>\$ 41,146,092</b>	<b>\$ 75,352,242</b>	<b>\$ 76,694,176</b>

The City does lease office equipment that is recognized in government activities as a right to use lease asset and does amortize the asset over the term of the lease. The City does lease land for use of by the water and wastewater division. This lease is recognized in the business-type activities and is amortized over the term of the lease. Additional information on the City's capital assets can be found in Note 6 on pages 72-74 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the City had a total debt outstanding of \$22,476,807. Of this amount, \$1,124,000 comprises of debt backed by the full faith and credit of the government and \$11,400,000 is improvement debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's debt represents bonds secured by specific revenue sources (i.e., tax increment financing [TIF] bonds, revenue bonds, lease revenue bonds, lease liability, financed purchase).

**City of Big Lake's Outstanding Bonded Debt**

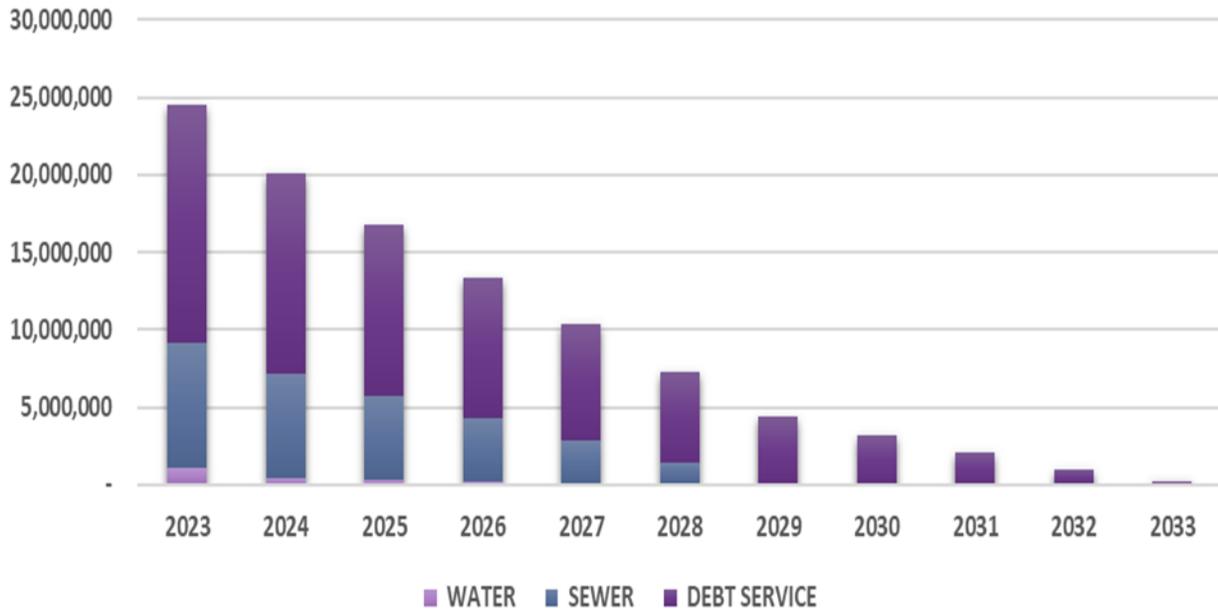
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
G.O. Bonds/Notes	\$ 1,124,000	\$ 1,304,000	\$ -	\$ -	\$ 1,124,000	\$ 1,304,000
G.O. Tax Increment Bonds	1,180,000	1,460,000	-	-	1,180,000	1,460,000
G.O. Improvement Bonds	11,400,000	12,695,000	-	-	11,400,000	12,695,000
PFA Drinking Water Revolving Loan	-	-	565,000	1,116,000	565,000	1,116,000
PFA Clean Water Revolving Loan	-	-	5,418,000	6,248,000	5,418,000	6,248,000
G.O. Taxable Tax Abatement Bonds	-	-	-	-	-	-
G.O. Revenue Bonds/Notes	-	-	2,525,000	2,905,000	2,525,000	2,905,000
Finance Purchase	48,611	-	-	-	48,611	-
Lease Liability	23,522	39,531	192,674	195,952	216,196	235,483
<b>Total</b>	<b>\$ 13,776,133</b>	<b>\$ 15,498,531</b>	<b>\$ 8,700,674</b>	<b>\$ 10,464,952</b>	<b>\$ 22,476,807</b>	<b>\$ 25,963,483</b>

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

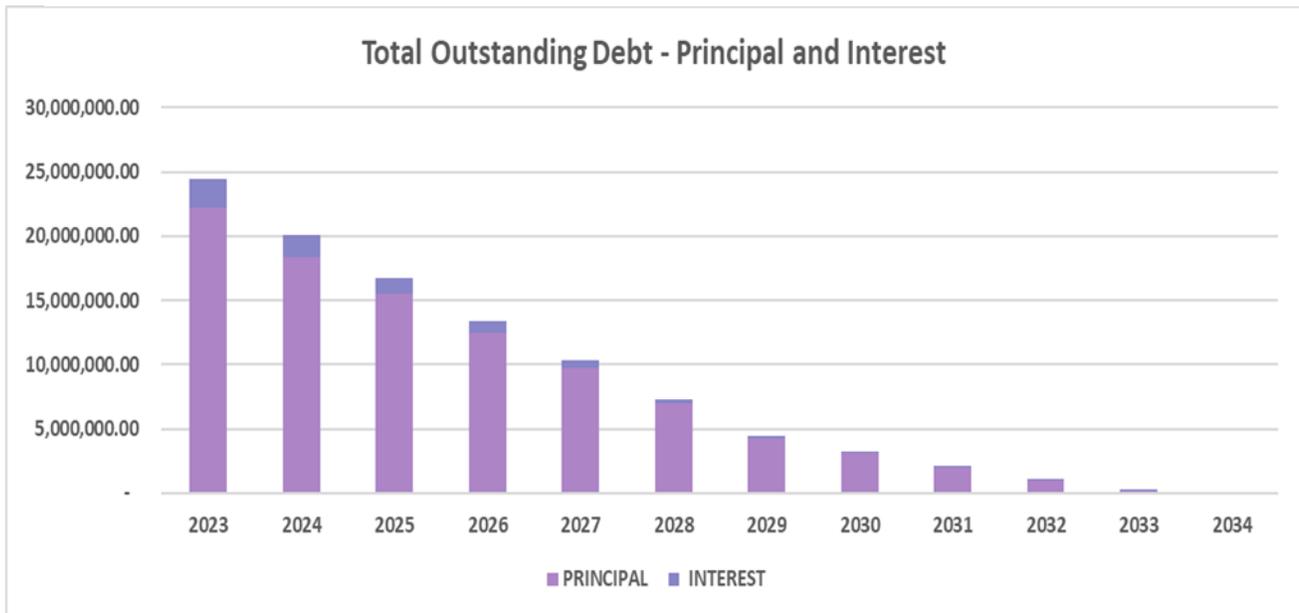
**Long-Term Debt (Continued)**

The following graph shows the amount of existing outstanding principal debt for the City of Big Lake based on activities and how it has decreased over the years. The total outstanding debt decreased by \$3,486,676. The City did not issue any new debt for 2023. Shown below is the outstanding principal and interest debt for the City.

**Outstanding Debt - Principal and Interest**



**Total Outstanding Debt - Principal and Interest**



Additional information on the City's long-term debt can be found in Note 7 on pages 74-78 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Budgeted spending for the City's General Fund for 2024 was increased by 7.68% over the 2023 budget; for an overall balanced budget of \$6,778,875. In 2023, the City did budget for an 8.41% increase in personnel, with the increase to the City's pay plan, increase in staffing for the police department, reallocation between the General Fund and the Enterprise Funds for Water/Wastewater staff union insurance and administrative support, and increase cost of insurance as well as workers compensation.
- A market-rate increase to the City's pay plan for 2024 of 3% increases.
- Budget a yearly amount for the Advance Resignation Notice program
- The 2024 total levy amount of \$5,607,316 was a 4.88% increase over the 2023 amount.
- In 2023, the City will begin levying for an Abatement Property tax levy for the Carlson Group, which is for Premier Marine. The Tax Abatement note is for 12 years or \$1,200,000, whichever comes first and must be levied as a special levy. The City also levies for the Lupulin/Garage Guys Tax Abatement note, which was entered into in 2020 and was for \$284,000 or 15 years. For 2024 the tax abatement levies totaled \$57,050, beginning in 2025 the tax abatement levy is projected to increase to \$87,050, to reflect the increase taxable value of the Premier Marine project.
- The Net Tax capacity is projected to increase by 11% for 2024 with Taxable Market Value increasing by 10%. Of the increase, approximately 1.89% is contributed to new construction.
- In 2024, the City anticipates receiving approximately \$877,751 in Local Government Aid (LGA), as compared to \$792,209 received in 2023. The City continues to budget the LGA in the Capital Improvement and Equipment replacement funds instead of the general operating fund. These funds will be used for future purchase or improvement of Capital Assets. LGA payments are typically received in July and December.
- In 2023, the water usage rates did not change from 2022. Sewer usage rates will increase by 2% and the base fees will remain flat. Municipal water usage rates will increase 5% and Industrial rates will increase 8%.
- For 2024, water and sewer usage rates will remain flat as well as the base fees for residential, multi-family and commercial. Municipal water usage rates will increase 5% and Industrial rates will increase 8%. For the next coming years, it is projected that the water rates will need to increase by 1% to cover the increasing cost of treatment as well as needed infrastructure. Sewer usage will need to increase 10 percent to cover the rising cost of infrastructure replacement and treatment.
- Building Permits for single family homes continues to grow, and the City will need additional development of plats to accommodate the growth. In 2023 the City was anticipating approximately 40 new permits, which is more consistent of year over year compared, however only 28 new home permits were issued. Future long-term planning is projecting only 25 new home permits until additional plats are developed to accommodate the additional needs.
- The City did see current business expand their operations as well as an increase in housing projects that should be completed in the coming years. However, 2024, staff is predicting a slight pause on development due to the current economy. Staff does feel development will begin to grow again in 2025. For new projects, the City has seen the following, however some developments are currently waiting until 2024 and 2025 to move forward:
  - Marketplace Crossing – 60 Market Rate & Affordable Units – in the beginning stages of development
  - Aeon-Goldenrod Glen – 74 Senior Affordable Rental Units – in the beginning stages of development
  - Prairie Meadows 3<sup>rd</sup> Addition – 75 Single-Family Twin Homes/Townhomes – in the beginning stages of development
  - Prairie Rose – 135 Single-Family Detached Townhomes – in the beginning stages of development
  - Big Lake Car Condos – phases 1-3
  - Beautiful You Dermatology
  - Big Lake Mega Storage USA
  - Nord Excavating
  - Jerry's of Elk River

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

- The City began the street reconstruction projects in 2018. In 2020 the projects were postponed until 2021. In 2022 the City did several street projects that were planned in 2023-2027 to take advantage of the low borrowing rate. This saved the tax payers approximately \$500,000 in interest.
- The City began the Code Revision project for the zoning, subdivision and sign ordinance in 2022. This project was completed in April of 2023.
- The City Five-Year plan for the General Fund reflects tax levy increases necessary to deliver the current scope of services and capital replacement plans, assuming the normal budget "pressures" as stated below:
  - Health Insurance – the plan reflects a 10 percent increase each year to the budget
  - Wages – the plan reflects a 6 percent increase each year to the budget to reflect the step increases as well as market value increases to the total pay plan to remain competitive in the market.
  - Building Permits – the plan reflects growth at a slow and steady pace with 25 new home permits a year.
  - Operational Expenditures – the plan reflects a three percent increase in some expenditures such as supplies and utilities.
  - Transfer of a portion of the Franchise fees beginning in 2023 to the Street Improvement Capital Fund for future street projects.
  - Increase in General levy beginning in 2026 for the same amount that the debt levy decreases. This will reflect additional transfer to the Street Improvement Capital Fund for future projects.
  - Transfer of \$100,000 to the Parks-Trail Improvement Capital fund for years 2023-2026 and then beginning in 2027, the \$150,000 would be an allocation from the Local Government Aid received.
  - Beginning in 2027, a \$150,000 would be allocated from the Local Government Aid to the Street Improvement Capital funds for future street projects.
  - The tax capacity would increase three (3) percent and the increase to the total levy would be in the five (5) percent to seven (7) percent increase, which would take into consideration the growth anticipated for upcoming years as well as future debt levies.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be submitted in writing and addressed to: City of Big Lake, Attn: Finance Director, 160 Lake Street North, Big Lake, Minnesota 55309





## BASIC FINANCIAL STATEMENTS

**City of Big Lake**  
**Statement of Net Position**  
**December 31, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments (including cash equivalents)	\$ 17,610,142	\$ 9,772,366	\$ 27,382,508
Receivables			
Property tax receivable	50,718	-	50,718
Accounts receivable	169,521	573,914	743,435
Interest receivable	36,508	-	36,508
Notes receivable	220,000	-	220,000
Lease Receivable	236,472	560,332	796,804
Special assessments receivable			
Delinquent	5,581	3,308	8,889
Deferred	3,599,878	8,875	3,608,753
Due from other governments	618,978	125	619,103
Advances to other funds (internal balances)			
Within one year	(82,085)	82,085	-
After one year	(665,654)	665,654	-
Inventories	272	486,109	486,381
Land held for resale	531,788	-	531,788
Prepaid items	114,808	83,656	198,464
Restricted cash and cash equivalents	-	125,557	125,557
Capital assets not being depreciated/amortized			
Land	8,007,824	1,534,320	9,542,144
Construction in progress	8,177,775	1,282,506	9,460,281
Capital assets being depreciated/amortized			
Infrastructure	41,953,591	-	41,953,591
Buildings	4,979,619	27,648,091	32,627,710
Leasehold improvements	419,830	223,833	643,663
Leased Asset	55,084	199,130	254,214
Machinery and equipment	7,194,209	2,227,939	9,422,148
Collection and distribution systems	-	49,185,281	49,185,281
Less accumulated depreciation/amortization	(35,159,576)	(42,577,214)	(77,736,790)
<b>Total assets</b>	<b>58,075,283</b>	<b>52,085,867</b>	<b>110,161,150</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	2,775,209	302,168	3,077,377
<b>Total assets and deferred outflows of resources</b>	<b>\$ 60,850,492</b>	<b>\$ 52,388,035</b>	<b>\$ 113,238,527</b>

**City of Big Lake**  
**Statement of Net Position**  
**December 31, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 251,226	\$ 161,311	\$ 412,537
Salaries and benefits payable	115,980	70,963	186,943
Escrow payable	730,280	125,000	855,280
Contracts payable	251,010	23,725	274,735
Due to other governments	184,803	64,254	249,057
Interest payable	159,541	85,619	245,160
Unearned revenue	989,204	-	989,204
Net G.O. Bonds Principal Payable			
Payable within one year	1,890,000	-	1,890,000
Payable after one year	11,703,427	-	11,703,427
G.O. Revenue Bonds and Notes Payable			
Payable within one year	-	1,800,000	1,800,000
Payable after one year	-	6,800,017	6,800,017
Notes payable			
Payable within one year	138,000	-	138,000
Payable after one year	726,000	-	726,000
Financed purchase payable			
Payable within one year	11,881	-	11,881
Payable after one year	36,730	-	36,730
Lease liability			
Payable within one year	16,512	3,278	19,790
Payable after one year	7,010	189,396	196,406
Compensated absences payable			
Payable within one year	310,192	153,506	463,698
Severance payable			
Payable within one year	47,802	-	47,802
Net pension liability	2,483,280	1,091,547	3,574,827
Total liabilities	<u>20,052,878</u>	<u>10,568,616</u>	<u>30,621,494</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to lease receivable	236,472	560,332	796,804
Deferred inflows of resources related to pensions	2,745,638	361,022	3,106,660
Total deferred inflows of resources	<u>2,982,110</u>	<u>921,354</u>	<u>3,903,464</u>
<b>Net Position</b>			
Net investment of capital assets	21,456,642	30,907,470	52,364,112
Restricted for			
Debt service	6,144,849	-	6,144,849
Tax increment	118,443	-	118,443
Parkland dedication	871,592	-	871,592
Other purposes	559,799	-	559,799
Unrestricted	8,664,179	9,990,595	18,654,774
Total net position	<u>37,815,504</u>	<u>40,898,065</u>	<u>78,713,569</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 60,850,492</u>	<u>\$ 52,388,035</u>	<u>\$ 113,238,527</u>



**City of Big Lake  
Statement of Activities  
Year Ended December 31, 2023**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>							
General government	\$ 1,120,773	\$ 164,223	\$ 13,811	\$ 246,481	\$ (696,258)	\$ -	\$ (696,258)
Public safety	3,541,163	678,289	389,682	75,000	(2,398,192)	-	(2,398,192)
Streets and highways	2,317,949	190,373	45,056	3,090,620	1,008,100	-	1,008,100
Culture and recreation	1,036,531	96,887	71,947	281,681	(586,016)	-	(586,016)
Economic development	737,615	18,847	-	43,122	(675,646)	-	(675,646)
Interest on long-term debt	319,346	-	-	-	(319,346)	-	(319,346)
Total governmental activities	<u>9,073,377</u>	<u>1,148,619</u>	<u>520,496</u>	<u>3,736,904</u>	<u>(3,667,358)</u>	<u>-</u>	<u>(3,667,358)</u>
<b>Business-type activities</b>							
Water	2,163,027	2,481,378	24,071	297,854	-	640,276	640,276
Sewer	2,966,902	3,141,635	11,092	449,751	-	635,576	635,576
Liquor	4,888,158	5,445,462	1,294	-	-	558,598	558,598
Storm sewer	387,920	267,656	464	-	-	(119,800)	(119,800)
Total business-type activities	<u>10,406,007</u>	<u>11,336,131</u>	<u>36,921</u>	<u>747,605</u>	<u>-</u>	<u>1,714,650</u>	<u>1,714,650</u>
<b>Total governmental and business-type activities</b>	<u>\$ 19,479,384</u>	<u>\$ 12,484,750</u>	<u>\$ 557,417</u>	<u>\$ 4,484,509</u>	<u>(3,667,358)</u>	<u>1,714,650</u>	<u>(1,952,708)</u>
<b>General revenues</b>							
Property taxes					5,327,902	-	5,327,902
Franchise Fees					489,172	-	489,172
Tax increments					215,722	-	215,722
State aids					1,363,346	-	1,363,346
Unrestricted investment and other interest income					810,271	354,446	1,164,717
Other general revenue					6,440	-	6,440
Gain on sale of assets					41,950	9,975	51,925
Transfers					312,762	(312,762)	-
Total general revenues and transfers					<u>8,567,565</u>	<u>51,659</u>	<u>8,619,224</u>
Change in net position					<u>4,900,207</u>	<u>1,766,309</u>	<u>6,666,516</u>
Net position - beginning					<u>32,915,297</u>	<u>39,131,756</u>	<u>72,047,053</u>
Net position - ending					<u>\$ 37,815,504</u>	<u>\$ 40,898,065</u>	<u>\$ 78,713,569</u>

See notes to basic financial statements.

**City of Big Lake**  
**Balance Sheet - Governmental Funds**  
**December 31, 2023**

	General (101)	Capital Projects		
		Equipment and Building Replacements (199)	Infrastructure Improvement Fund (198)	Street Improvement (175)
<b>Assets</b>				
Cash and investments	\$ 4,413,463	\$ 2,492,438	\$ 1,108,716	\$ 401,997
Taxes receivable - delinquent	37,893	-	1,381	-
Accounts receivable	141,815	-	-	-
Interest receivable	36,508	-	-	-
Due from other governments	185,812	-	415,072	-
Notes receivable	-	-	-	-
Lease receivable	141,816	-	-	-
Special assessment receivable				
Delinquent	574	-	1,403	-
Deferred	3,558	-	180,270	-
Inventories	272	-	-	-
Land held for resale	-	-	-	-
Prepaid items	114,388	-	-	-
<b>Total assets</b>	<b>\$ 5,076,099</b>	<b>\$ 2,492,438</b>	<b>\$ 1,706,842</b>	<b>\$ 401,997</b>
<b>Liabilities</b>				
Accounts payable	\$ 79,719	\$ 65,000	\$ -	\$ 3,929
Salaries and benefits payable	112,914	-	-	-
Escrow payable	321,048	-	6,509	10,000
Contracts payable	-	-	2,574	232,636
Due to other governments	7,413	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	27,882	-	-	-
<b>Total liabilities</b>	<b>\$ 548,976</b>	<b>\$ 65,000</b>	<b>\$ 9,083</b>	<b>\$ 246,565</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - notes receivables	-	-	-	-
Deferred inflows of resources related to lease receivables	141,816	-	-	-
Unavailable revenue - property taxes	37,893	-	1,381	-
Unavailable revenue - special assessments	4,132	-	181,673	-
Unavailable revenue - state shared taxes	-	-	414,566	-
<b>Total deferred inflows of resources</b>	<b>183,841</b>	<b>-</b>	<b>597,620</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	114,660	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	96,668	2,427,438	1,100,139	155,432
Unassigned	4,131,954	-	-	-
<b>Total fund balances</b>	<b>4,343,282</b>	<b>2,427,438</b>	<b>1,100,139</b>	<b>155,432</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,076,099</b>	<b>\$ 2,492,438</b>	<b>\$ 1,706,842</b>	<b>\$ 401,997</b>

Debt Service			
GO Improvement Bond 2021A (228)	GO Improvement Bond 2022A (229)	Other Governmental Funds	Total Governmental Funds
\$ 548,129	\$ 1,058,313	\$ 7,587,086	\$ 17,610,142
1,553	-	9,891	50,718
-	-	27,706	169,521
-	-	-	36,508
3,522	-	14,572	618,978
-	-	220,000	220,000
-	-	94,656	236,472
2,263	-	1,341	5,581
1,129,541	1,921,992	364,517	3,599,878
-	-	-	272
-	-	531,788	531,788
-	-	420	114,808
<u>\$ 1,685,008</u>	<u>\$ 2,980,305</u>	<u>\$ 8,851,977</u>	<u>\$ 23,194,666</u>
-	-	\$ 102,578	\$ 251,226
-	-	3,066	115,980
-	-	392,723	730,280
-	-	15,800	251,010
-	-	177,390	184,803
-	-	747,739	747,739
-	-	961,322	989,204
-	-	<u>2,400,618</u>	<u>3,270,242</u>
-	-	220,000	220,000
-	-	94,656	236,472
1,553	-	9,891	50,718
1,131,804	1,921,992	365,858	3,605,459
-	-	-	414,566
<u>1,133,357</u>	<u>1,921,992</u>	<u>690,405</u>	<u>4,527,215</u>
-	-	428	115,088
551,651	1,058,313	2,181,727	3,791,691
-	-	871,300	871,300
-	-	3,274,187	7,053,864
-	-	(566,688)	3,565,266
<u>551,651</u>	<u>1,058,313</u>	<u>5,760,954</u>	<u>15,397,209</u>
<u>\$ 1,685,008</u>	<u>\$ 2,980,305</u>	<u>\$ 8,851,977</u>	<u>\$ 23,194,666</u>



**City of Big Lake**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2023**

Total fund balances - governmental funds	\$ 15,397,209
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	70,787,932
Less accumulated depreciation/amortization	(35,159,576)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
G.O. bonds principal payable	(12,840,000)
Unamortized bond premiums	(753,427)
Notes payable	(864,000)
Financed purchase payable	(48,611)
Lease liability	(23,522)
Compensated absences payable	(310,192)
Severance payable	(47,802)
Net pension liability	(2,483,280)
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	50,718
Special assessments	5,581
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(2,745,638)
Deferred outflows of resources related to pensions	2,775,209
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments	3,599,878
Notes receivable	220,000
State shared taxes	414,566
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	
	(159,541)
Total net position - governmental activities	\$ 37,815,504

**City of Big Lake**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2023**

	General (101)	Capital Projects		
		Equipment and Building Replacements (199)	Infrastructure Improvement Fund (198)	Street Improvement (175)
<b>Revenues</b>				
Property taxes	\$ 4,121,506	\$ -	\$ 1,617	\$ -
Tax increments	-	-	-	-
Franchise fees	461,496	-	-	-
Special assessments	834	-	16,240	-
Licenses and permits	704,763	-	-	-
Intergovernmental	591,170	1,377,622	-	-
Charges for services	295,689	-	-	-
Fines and forfeitures	42,848	-	-	-
Miscellaneous				
Investment and other interest income	445,332	55,460	40,015	13,347
Contributions and donations	27,270	17,500	-	-
Other	26,511	-	-	-
Total revenues	<u>6,717,419</u>	<u>1,450,582</u>	<u>57,872</u>	<u>13,347</u>
<b>Expenditures</b>				
Current				
General government	963,689	26,412	-	-
Public safety	2,921,997	-	-	-
Streets and highways	952,491	-	3,887	2,160
Culture and recreation	797,819	1,949	-	-
Economic development	153,114	-	-	-
Debt service				
Principal	16,009	11,706	-	-
Interest and other charges	1,188	905	-	-
Capital outlay				
General government	-	-	-	-
Public safety	3,591	258,229	-	-
Streets and highways	8,756	108,151	17,223	1,470,601
Culture and recreation	50,905	35,638	-	-
Economic development	-	-	-	-
Total expenditures	<u>5,869,559</u>	<u>442,990</u>	<u>21,110</u>	<u>1,472,761</u>
Excess of revenues over (under) expenditures	847,860	1,007,592	36,762	(1,459,414)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	699	41,251	-	-
Proceeds from financed purchase	-	60,317	-	-
Insurance recoveries	77,189	-	-	-
Transfers in	450,000	29,611	-	350,477
Transfers out	(796,067)	(3,820)	(32,645)	-
Total other financing sources (uses)	<u>(268,179)</u>	<u>127,359</u>	<u>(32,645)</u>	<u>350,477</u>
Net change in fund balances	579,681	1,134,951	4,117	(1,108,937)
<b>Fund Balances</b>				
Beginning of year	<u>3,763,601</u>	<u>1,292,487</u>	<u>1,096,022</u>	<u>1,264,369</u>
End of year	<u>\$ 4,343,282</u>	<u>\$ 2,427,438</u>	<u>\$ 1,100,139</u>	<u>\$ 155,432</u>

See notes to basic financial statements.

Debt Service

GO Improvement Bond 2021A (228)	GO Improvement Bond 2022A (229)	Other Governmental Funds	Total Governmental Funds
\$ 212,825	\$ -	\$ 1,003,162	\$ 5,339,110
-	-	215,722	215,722
-	-	27,676	489,172
225,167	542,437	159,347	944,025
-	-	4,930	709,693
-	-	496,828	2,465,620
-	-	206,204	501,893
-	-	54,979	97,827
12,231	67,045	176,841	810,271
-	-	86,312	131,082
-	-	1,899	28,410
<u>450,223</u>	<u>609,482</u>	<u>2,433,900</u>	<u>11,732,825</u>
-	-	19,563	1,009,664
-	-	18,059	2,940,056
-	-	-	958,538
-	-	64,849	864,617
-	-	402,818	555,932
275,000	-	1,480,000	1,782,715
71,520	249,821	195,566	519,000
-	-	67,582	67,582
-	-	2,329	264,149
-	-	-	1,604,731
-	-	23,669	110,212
-	-	127,497	127,497
<u>346,520</u>	<u>249,821</u>	<u>2,401,932</u>	<u>10,804,693</u>
103,703	359,661	31,968	928,132
-	-	-	41,950
-	-	-	60,317
-	-	-	77,189
-	-	1,002,804	1,832,892
(6,158)	(83,680)	(597,760)	(1,520,130)
<u>(6,158)</u>	<u>(83,680)</u>	<u>405,044</u>	<u>492,218</u>
97,545	275,981	437,012	1,420,350
454,106	782,332	5,323,942	13,976,859
<u>\$ 551,651</u>	<u>\$ 1,058,313</u>	<u>\$ 5,760,954</u>	<u>\$ 15,397,209</u>

**City of Big Lake**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to the**  
**Statement of Activities - Governmental Funds**  
**Year Ended December 31, 2023**

Total net change in fund balances - governmental funds \$ 1,420,350

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation/amortization expense.

Capital outlays	1,846,460
Depreciation/amortization expense	(1,766,188)

Compensated absences and severance are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(33,406)
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	1,782,715
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Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	115,652
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus, requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	84,002
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Proceeds from long-term debt are recognized as another financing source in the governmental funds but have no impact on the changes in net position in the Statement of Activities.	(60,317)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments	1,584,430
Long-term notes receivable	(40,000)
State shared taxes	271,004

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	(293,287)
Pension expense	

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(11,208)
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Change in net position - governmental activities	\$ 4,900,207
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**City of Big Lake**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 3,998,933	\$ 4,048,933	\$ 4,121,506	\$ 72,573
Franchise fees	447,904	447,904	461,496	13,592
Special assessments	3,000	3,000	834	(2,166)
Licenses and permits	548,029	618,029	704,763	86,734
Intergovernmental	465,990	505,990	591,170	85,180
Charges for services	274,945	274,945	295,689	20,744
Fines and forfeitures	62,100	62,100	42,848	(19,252)
Miscellaneous revenues				
Investment income	17,000	17,000	445,332	428,332
Contributions and donations	16,300	16,300	27,270	10,970
Other	8,450	8,450	26,511	18,061
Total revenues	5,842,651	6,002,651	6,717,419	714,768
<b>Expenditures</b>				
<b>Current</b>				
General government	954,205	989,206	963,689	(25,517)
Public safety	3,008,208	3,048,208	2,921,997	(126,211)
Streets and highways	920,607	981,607	952,491	(29,116)
Culture and recreation	784,645	808,644	797,819	(10,825)
Economic development	164,375	164,375	153,114	(11,261)
<b>Capital outlay</b>				
General government	-	-	-	-
Public safety	15,000	15,000	3,591	(11,409)
Streets and highways	-	-	8,756	8,756
Culture and recreation	-	51,000	50,905	(95)
Economic development	-	-	-	-
<b>Debt service</b>				
Principal	-	-	16,009	16,009
Interest and other charges	-	-	1,188	1,188
Total expenditures	5,847,040	6,058,040	5,869,559	(188,481)
Excess of revenues over (under) expenditures	(4,389)	(55,389)	847,860	903,249
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	500	500	699	199
Insurance recoveries	2,500	53,500	77,189	23,689
Transfers in	450,000	450,000	450,000	-
Transfers out	(448,611)	(448,611)	(796,067)	(347,456)
Total other financing sources (uses)	4,389	55,389	(268,179)	(323,568)
Net change in fund balances	\$ -	\$ -	579,681	\$ 579,681
<b>Fund Balances</b>				
Beginning of year			3,763,601	
End of year			\$ 4,343,282	

**City of Big Lake**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2023**

	Water (301, 399)	Sewer (401, 499)	Liquor (501, 599)	Storm Sewer (601, 699)	Total
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,557,934	\$ 4,902,392	\$ 1,726,078	\$ 585,962	\$ 9,772,366
Accounts receivable	190,574	355,910	1,318	26,112	573,914
Advances to other funds - within one year	-	82,085	-	-	82,085
Due from other governments	-	125	-	-	125
Lease receivable	-	560,332	-	-	560,332
Special assessment receivable					
Delinquent	1,853	1,300	-	155	3,308
Deferred	4,932	3,556	-	387	8,875
Inventories	-	-	486,109	-	486,109
Prepaid items	36,372	28,436	13,626	5,222	83,656
Total current assets	<u>2,791,665</u>	<u>5,934,136</u>	<u>2,227,131</u>	<u>617,838</u>	<u>11,570,770</u>
<b>Noncurrent assets</b>					
Restricted cash and cash equivalents	-	125,557	-	-	125,557
Advances to other funds - after one year	-	665,654	-	-	665,654
Capital assets not being depreciated					
Land	277,006	1,257,023	-	291	1,534,320
Construction in progress	1,184,954	97,552	-	-	1,282,506
Capital assets being depreciated					
Buildings	9,651,417	15,996,156	1,915,613	84,905	27,648,091
Collection and distribution systems	16,823,886	25,642,404	-	6,718,991	49,185,281
Leasehold improvements	166,068	-	57,765	-	223,833
Leased Asset	99,565	99,565	-	-	199,130
Machinery and equipment	588,710	1,052,640	284,862	301,727	2,227,939
Total capital assets	<u>28,791,606</u>	<u>44,145,340</u>	<u>2,258,240</u>	<u>7,105,914</u>	<u>82,301,100</u>
Less accumulated depreciation	<u>(15,220,964)</u>	<u>(21,149,253)</u>	<u>(1,304,625)</u>	<u>(4,902,372)</u>	<u>(42,577,214)</u>
Net capital assets	<u>13,570,642</u>	<u>22,996,087</u>	<u>953,615</u>	<u>2,203,542</u>	<u>39,723,886</u>
Total noncurrent assets	<u>13,570,642</u>	<u>23,787,298</u>	<u>953,615</u>	<u>2,203,542</u>	<u>40,515,097</u>
Total assets	<u>16,362,307</u>	<u>29,721,434</u>	<u>3,180,746</u>	<u>2,821,380</u>	<u>52,085,867</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows of resources related to city pensions	96,572	96,948	86,942	21,706	302,168
Total assets and deferred outflows of resources	<u>\$ 16,458,879</u>	<u>\$ 29,818,382</u>	<u>\$ 3,267,688</u>	<u>\$ 2,843,086</u>	<u>\$ 52,388,035</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 92,240	\$ 45,465	\$ 23,606	\$ -	\$ 161,311
Contracts payable	23,725	-	-	-	23,725
Salaries and benefits payable	23,122	23,122	20,056	4,663	70,963
Interest payable	10,809	74,810	-	-	85,619
Due to other governments	11,243	-	53,011	-	64,254
Current compensated absences	55,571	55,571	33,015	9,349	153,506
Amount due within one year	662,977	1,140,301	-	-	1,803,278
Total current liabilities	<u>879,687</u>	<u>1,339,269</u>	<u>129,688</u>	<u>14,012</u>	<u>2,362,656</u>
<b>Noncurrent liabilities</b>					
Lease liability	96,337	96,337	-	-	192,674
Escrow payable	-	125,000	-	-	125,000
G.O. Revenue Bonds, net of unamortized premium	518,979	2,098,038	-	-	2,617,017
PFA G.O. Revenue notes	565,000	5,418,000	-	-	5,983,000
Net pension liability	348,857	350,214	314,067	78,409	1,091,547
Less amount due within one year	<u>(662,977)</u>	<u>(1,140,301)</u>	<u>-</u>	<u>-</u>	<u>(1,803,278)</u>
Total noncurrent liabilities	<u>866,196</u>	<u>6,947,288</u>	<u>314,067</u>	<u>78,409</u>	<u>8,205,960</u>
Total liabilities	<u>1,745,883</u>	<u>8,286,557</u>	<u>443,755</u>	<u>92,421</u>	<u>10,568,616</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources related to lease receivable	-	560,332	-	-	560,332
Deferred inflows of resources related to city pensions	115,382	115,831	103,876	25,933	361,022
Total deferred inflows of resources	<u>115,382</u>	<u>676,163</u>	<u>103,876</u>	<u>25,933</u>	<u>921,354</u>
<b>Net Position</b>					
Net investment in capital assets	12,366,601	15,383,712	953,615	2,203,542	30,907,470
Unrestricted	2,231,013	5,471,950	1,766,442	521,190	9,990,595
Total net position	<u>14,597,614</u>	<u>20,855,662</u>	<u>2,720,057</u>	<u>2,724,732</u>	<u>40,898,065</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 16,458,879</u>	<u>\$ 29,818,382</u>	<u>\$ 3,267,688</u>	<u>\$ 2,843,086</u>	<u>\$ 52,388,035</u>

See notes to basic financial statements.

**City of Big Lake**  
**Statement of Revenues, Expenses, and Changes**  
**in Net Position - Proprietary Funds**  
**Year Ended December 31, 2023**

	Water (301, 399)	Sewer (401, 499)	Liquor (501, 599)	Storm Sewer (601, 699)	Totals
<b>Sales and Cost of Sales</b>					
Sales	\$ -	\$ -	\$ 5,445,462	\$ -	\$ 5,445,462
Cost of sales	-	-	3,929,410	-	3,929,410
Gross profit	-	-	1,516,052	-	1,516,052
<b>Operating Revenues</b>					
Charges for services	2,476,967	3,125,717	-	267,656	5,870,340
<b>Operating Expenses</b>					
Wages and salaries	518,418	520,385	454,447	115,452	1,608,702
Employee benefits	188,131	194,812	169,420	32,361	584,724
Materials and supplies	66,593	161,122	10,549	125	238,389
Repairs and maintenance	55,481	92,433	15,971	18,003	181,888
Professional services	133,530	92,806	120,953	12,000	359,289
Insurance	39,976	31,096	14,656	5,226	90,954
Utilities and refuse	138,640	238,050	51,362	-	428,052
Depreciation/amortization	896,849	1,417,659	72,720	201,588	2,588,816
Travel	8,345	8,232	35	-	16,612
Bad debt expense	1	-	-	-	1
Equipment	6,002	8,402	10,271	-	24,675
Advertising	963	963	11,366	1,005	14,297
Dues, memberships, and training	13,814	4,325	16,422	-	34,561
Telephone	8,279	11,152	8,235	373	28,039
Postage	19,393	6,241	376	1,335	27,345
Water meters	34,001	-	-	-	34,001
Uniforms	1,709	1,684	435	-	3,828
Rental expense and real estate taxes	1,896	-	-	452	2,348
Miscellaneous	-	-	1,530	-	1,530
Total operating expenses	<u>2,132,021</u>	<u>2,789,362</u>	<u>958,748</u>	<u>387,920</u>	<u>6,268,051</u>
Operating income (loss)	344,946	336,355	557,304	(120,264)	1,118,341
<b>Nonoperating Revenues (Expenses)</b>					
Investment and other interest income	68,526	213,831	52,322	19,767	354,446
Gain on sale of asset	-	9,975	-	-	9,975
Refunds and reimbursements	3,921	11,092	1,294	464	16,771
Trunk and access charges	297,854	449,751	-	-	747,605
Interest expense	(35,832)	(193,950)	-	-	(229,782)
Amortization of premium	4,826	16,410	-	-	21,236
Rent	-	15,793	-	-	15,793
Other income	24,561	125	-	-	24,686
Total nonoperating revenues (expenses)	<u>363,856</u>	<u>523,027</u>	<u>53,616</u>	<u>20,231</u>	<u>960,730</u>
Income (loss) before transfers	708,802	859,382	610,920	(100,033)	2,079,071
Transfers in	754,121	-	-	-	754,121
Transfers out	(42,067)	(535,175)	(450,000)	(39,641)	(1,066,883)
Change in net position	1,420,856	324,207	160,920	(139,674)	1,766,309
<b>Net Position</b>					
Beginning of year	<u>13,176,758</u>	<u>20,531,455</u>	<u>2,559,137</u>	<u>2,864,406</u>	<u>39,131,756</u>
End of year	<u>\$ 14,597,614</u>	<u>\$ 20,855,662</u>	<u>\$ 2,720,057</u>	<u>\$ 2,724,732</u>	<u>\$ 40,898,065</u>

**City of Big Lake**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2023**

	Water (301, 399)	Sewer (401, 499)	Liquor (501, 599)	Storm Sewer (601, 699)	Total
<b>Cash Flows - Operating Activities</b>					
Receipts from customers and users	\$ 2,466,031	\$ 3,158,462	\$ 5,444,144	\$ 265,818	\$ 11,334,455
Payments to suppliers	(730,877)	(679,016)	(4,416,373)	(46,137)	(5,872,403)
Payments to employees	(676,509)	(683,727)	(604,398)	(148,313)	(2,112,947)
Net cash flows - operating activities	<u>1,058,645</u>	<u>1,795,719</u>	<u>423,373</u>	<u>71,368</u>	<u>3,349,105</u>
<b>Cash Flows - Noncapital</b>					
<b>Financing Activities</b>					
Receipt of advances to other funds	-	32,004	-	-	32,004
Refunds and reimbursements	3,921	11,092	1,294	464	16,771
Transfer from other funds	754,121	-	-	-	754,121
Transfer to other funds	(42,067)	(535,175)	(450,000)	(39,641)	(1,066,883)
Net cash flows - noncapital financing activities	<u>715,975</u>	<u>(492,079)</u>	<u>(448,706)</u>	<u>(39,177)</u>	<u>(263,987)</u>
<b>Cash Flows - Capital and Related</b>					
<b>Financing Activities</b>					
Trunk and access charges	297,854	449,751	-	-	747,605
Principal paid on debt	(646,755)	(1,114,245)	-	-	(1,761,000)
Interest paid on debt	(42,823)	(205,826)	-	-	(248,649)
Payments paid on leases	(1,639)	(1,639)	-	-	(3,278)
Payments received on leases	-	11,890	-	-	11,890
Interest received on leases	-	3,903	-	-	3,903
Proceeds from sale of capital assets	-	9,975	-	-	9,975
Acquisition of capital assets	(753,988)	(396,468)	(6,291)	-	(1,156,747)
Net cash flows - capital and related financing activities	<u>(1,147,351)</u>	<u>(1,242,659)</u>	<u>(6,291)</u>	<u>-</u>	<u>(2,396,301)</u>
<b>Cash Flows - Investing Activities</b>					
Interest and dividends received	<u>68,526</u>	<u>213,831</u>	<u>52,322</u>	<u>19,767</u>	<u>354,446</u>
Net change in cash and cash equivalents	695,795	274,812	20,698	51,958	1,043,263
<b>Cash and Cash Equivalents, January 1 (including restricted cash of \$125,418)</b>	<u>1,862,139</u>	<u>4,753,137</u>	<u>1,705,380</u>	<u>534,004</u>	<u>8,854,660</u>
<b>Cash and Cash Equivalents, December 31 (including restricted cash of \$125,557)</b>	<u>\$ 2,557,934</u>	<u>\$ 5,027,949</u>	<u>\$ 1,726,078</u>	<u>\$ 585,962</u>	<u>\$ 9,897,923</u>
<b>Reconciliation of Operating</b>					
<b>Income (Loss) to Net Cash Flows -</b>					
<b>Operating Activities</b>					
Operating income (loss)	\$ 344,946	\$ 336,355	\$ 557,304	\$ (120,264)	\$ 1,118,341
Adjustments to reconcile operating income (loss) to net cash flows -					
Operating activities					
Other revenues	24,561	125	-	-	24,686
Depreciation/amortization expense	896,849	1,417,659	72,720	201,588	2,588,816
Net pension liability expense	27,576	29,006	23,291	2,272	82,145
Accounts receivable	(36,755)	27,332	(1,318)	(2,094)	(12,835)
Special assessments receivable	974	3,844	-	220	5,038
Due from other governments	284	1,444	-	36	1,764
Prepaid items	(1,950)	10,131	(430)	(565)	7,186
Inventory	-	-	(129,067)	-	(129,067)
Accounts payable	(202,806)	(32,641)	(92,807)	(7,053)	(335,307)
Due to other governmental units	2,502	-	(2,498)	-	4
Salaries payable	54	54	(449)	414	73
Compensated absences payable	2,410	2,410	(3,373)	(3,186)	(1,739)
Total adjustments	<u>713,699</u>	<u>1,459,364</u>	<u>(133,931)</u>	<u>191,632</u>	<u>2,230,764</u>
Net cash flows - operating activities	<u>\$ 1,058,645</u>	<u>\$ 1,795,719</u>	<u>\$ 423,373</u>	<u>\$ 71,368</u>	<u>\$ 3,349,105</u>

See notes to basic financial statements.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Big Lake is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, account groups, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Unit - Reported as if it is part of the City.

Related Organization - The relationship of the City with the entity is disclosed.

Joint Ventures and Jointly Governed Organization - The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

**1. Blended Component Unit**

The Big Lake Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Big Lake EDA is reported as if it were part of the primary government because the component unit's total debt outstanding is expected to be repaid almost entirely with resources of the primary government. Separate financial statements are not prepared for the Big Lake EDA.

**2. Joint Ventures and Jointly Governed Organization**

**a. Big Lake Volunteer Fire Department**

The Big Lake Volunteer Fire Department (the "Fire Department") was created to provide fire services to the residents of the City, the Town of Big Lake, and the Town of Orrock, Minnesota.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**2. Joint Ventures and Jointly Governed Organization (Continued)**

**a. Big Lake Volunteer Fire Department (Continued)**

On January 1, 2018, the City entered into an agreement with the Town of Big Lake to establish a joint powers agreement for fire protections services. The Big Lake Fire Department Joint Powers Board is a legal entity separate from the City. Each party appoints two members of the governing body. Separate audited financial statements are issued for the Fire Department and annual financial statements are submitted to the State of Minnesota.

The City and the Town shall each contribute 50% of the total operating budget to the department. For the year ended December 31, 2023, the City contributed \$188,278 to the department.

**b. Central Mississippi River Regional Planning Partnership**

The Central Mississippi River Regional Planning Partnership (the "Partnership") was created to develop and implement a compelling regional vision and framework that guides local decisions on thoughtful and collaborative planning, growth, and development to benefit both individual jurisdictions and the region as a whole with the City of Monticello, City of Big Lake, City of Becker, Big Lake and Becker Townships, and Sherburne and Wright Counties.

On November 13, 2019, the City entered into an agreement with the Partnership to establish a joint powers agreement for developing and implementing a compelling regional vision and framework. The Partnership Board is a legal entity separate from the City. Each party appoints one member of the governing body.

In January of each year, each partner shall contribute its share of the Partnership's annual budget based on the following formula: the two counties to evenly split 50% of the total budget and the City and Township partners to evenly split the remaining 50% of the total budget. The City contributed \$7,143 in 2023.

**B. Government-Wide and Fund 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 activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues, instead, they are properly reported as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**Description of Funds:**

**Major Governmental Funds:**

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

Equipment and Building Replacements Capital Projects Fund - This fund accounts for all the costs associated with the replacement of equipment and buildings within the City.

Infrastructure Improvement Capital Projects Fund - This fund accounts for all the costs associated with infrastructure improvements within the City.

Street Improvement Capital Projects Fund - This fund accounts for all the costs associated with various street improvement projects within the City.

G.O. Improvement Bond 2021A Debt Service Fund - This fund accounts for all the debt service payments associated with the GO Improvement Bond 2021A.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Description of Funds: (Continued)**

Major Governmental Funds: (Continued)

G.O. Improvement Bond 2022A Debt Service Fund - This fund accounts for all the debt service payments associated with the G.O. Improvement Bond 2022A.

Major Proprietary Funds:

Water Fund - This fund accounts for the operations of the City's water utility.

Sewer Fund - This fund accounts for the operations of the City's sanitary sewer utility.

Liquor Fund - This fund accounts for the activities of the City's liquor store operations.

Storm Sewer Fund - This fund accounts for the operations of the City's storm sewer utility.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 enterprise funds 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Further, the City's applies unrestricted funds in this order if various levels of unrestricted fund balances exists: committed, assigned, and unassigned.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**1. Cash and Investments**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**1. Cash and Investments (Continued)**

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.

*Minnesota Statute* § 118A authorizes allowable investments including, obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 3. 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.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days' interest on the amount withdrawn. Redemptions from the LTD Fund may only be made on the third Wednesday of each month upon at least two weeks advance notice.

**2. Restricted Cash**

Resources are restricted within the Sewer Fund for the solar garden decomposition escrow deposit.

**3. Receivables/Property Taxes**

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Sherburne County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

**City of Big Lake  
Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**3. Receivables/Property Taxes (Continued)**

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

**4. Inventory and Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 asset lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30
Leasehold improvements	10 - 30
Machinery and equipment	5 - 10
Utility collection and distribution system	30
Infrastructure	30
Police Vehicles and Software	3

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**6. Lease Receivable**

The City is a lessor for numerous noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization.

The City determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**7. Right to Use Lease Assets/Lease Liabilities**

The City recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, *Leases*. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, (3) lease payments, and (4) amortization.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**8. 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 represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one item that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets 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 six types of items that qualify for reporting in this category. Four of the items reported arise under the modified accrual basis of accounting and are reported in the Governmental Funds Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from four sources: notes receivable, property taxes, special assessments, and state shared taxes. Additionally, the City reports deferred inflows related to lease receivables in the Governmental Funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to lease receivables and to pensions for various estimate differences that will be amortized and recognized over future years.

**9. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. Compensated Absences**

Employees who retire are compensated for their unused sick leave. After 800 hours have accrued, employees can either take vacation or get paid for half of every hour earned in excess of 800 hours on an annual basis. Upon separation from the City, employees are eligible to 20 days of sick leave to be paid out if they have 10 years of employment.

In addition, employees are granted vacation based on their years of service. Employees can accrue up to 25 days of vacation. At year-end, any hours over 200 are forfeited. All employees will receive a lump sum payment for the balance of accumulated vacation leave upon a voluntary termination.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**11. Severance**

Severance benefits are paid upon termination of employment for the City Administrator. The City Administrator receives three months of salary and benefits in a lump sum payment.

**12. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums, and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**13. Fund Equity**

**a. Classification**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- ◆ Nonspendable Fund Balances - These are amounts that cannot be spent because they are not in spendable form.
- ◆ Restricted Fund Balances - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- ◆ Committed Fund Balances - These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (highest level of decision making authority). The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to commit those amounts.
- ◆ Assigned Fund Balances - These are amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments may be made by the city's finance director based on the city council's delegation.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**13. Fund Equity (Continued)**

**a. Classification (Continued)**

- ◆ Unassigned Fund Balances - These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

**b. Minimum Fund Balance**

The City will strive to maintain an unrestricted fund balance of between 42% and 50% of the next year's budgeted expenditures in the General Fund.

**14. Net Position**

Net Position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**15. Use of Estimates**

The preparation of the basic 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.

**16. Budgetary Information**

The City Council adopts an annual budget. The amounts shown in the financial statements as "budget" represent the original budgeted amounts and all revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. Budget requests are submitted by all department heads to the City Administrator and Finance Director. The Finance Director compiles the budget requests into an overall preliminary City budget.
- b. The Finance Director presents the proposed budget to the City Council. The budget resolution adopted by the City Council sets forth the budgets at the function level for the General Fund, American Rescue Plan Special Revenue Fund, EDA Special Revenue Fund, Farmer's Market Special Revenue Fund, and Music in the Park Special Revenue Fund.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**16. Budgetary Information (Continued)**

- c. Formal budgetary integration is employed as a management control device during the year for the General Fund, American Rescue Plan Special Revenue Fund, EDA Special Revenue Fund, Farmer's Market Special Revenue Fund, and Music in the Park Special Revenue Fund. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through G.O. bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
- d. The budgets for the General Fund, American Rescue Plan Special Revenue Fund, EDA Special Revenue Fund, Farmer's Market Special Revenue Fund, and Music in the Park Special Revenue Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at year-end.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balances**

The following Funds had a deficit fund balance at December 31, 2023:

Non-Major Governmental Fund	
Industrial Park Expansion Land Purchase Capital Projects Fund	\$ 566,680

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**A. Deposits**

In accordance with applicable *Minnesota Statutes* the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy states all deposits will be insured or collateralized in accordance with *Minnesota Statutes* § 118.A. At December 31, 2023, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by pledging financial institutions trust department or agent and in the City's name.

Savings	\$ 20,078
Certificates of deposit	243,350
	<hr/>
Total	<u>\$ 263,428</u>

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

At December 31, 2023, the City had the following investments:

Investment Type	Total Fair Value	Investment Maturities			
		Less Than One Year	1-2 Years	2-5 years	5+ years
Pooled Investments					
Brokered Certificates of Deposit	\$ 8,344,276	\$ 1,413,188	\$ 1,411,087	\$ 5,045,739	\$ 474,261
Cash and Brokered Money Market Accounts	87,746	87,746	-	-	-
Municipal Bonds	867,751	100,000	391,190	136,908	239,654
4M Fund	13,532,204	13,532,204	-	-	-
4M LTD	3,134,127	3,134,127	-	-	-
4M Plus	563,896	563,896	-	-	-
<b>Total</b>	<b>26,530,000</b>	<b>18,831,161</b>	<b>1,802,277</b>	<b>5,182,647</b>	<b>713,915</b>
Non-Pooled Cash and Cash Equivalents					
4M Fund	711,742	711,742	-	-	-
<b>Total Investments</b>	<b>\$ 27,241,742</b>	<b>\$ 19,542,903</b>	<b>\$ 1,802,277</b>	<b>\$ 5,182,647</b>	<b>\$ 713,915</b>

The City has the following recurring fair value measurements as of December 31, 2023:

- ◆ \$9,212,027 of investments are valued using a matrix pricing model (Level 2 inputs)

**Interest Rate Risk:** This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City will minimize interest rate risk by reviewing cash flow requirements and making investments to meet the shorter cash flow needs, thereby avoiding the need to sell securities in the open market prior to maturity. It also includes specific limits on investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. The average maturity of the overall portfolio is to be consistent with the risk profile of the City not to extend beyond seven years.

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* §§ 118A.04 and 118A.05 limit investments that are allowed. The City's investment policy limits its investments to those specified in these Statutes, and furthermore specified based on the list in their investment policy. The City's investment in a municipal bond is rated AA3 by Moody's.

**Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The City's investment policy states that they will diversify the investment portfolio so the impact of potential losses from any one type of security or from any individual issuer will be minimized.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Custodial Credit Risk - Investments: This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states that the City Finance Director shall maintain a list of financial institutions authorized to provide investment services. Financial service providers who wish to offer investments must provide the City Finance Director with a list of items before they become authorized.

Summary of cash, deposits, and investments as of December 31, 2023:

Petty cash	\$ 2,895
Deposits (Note 3.A.)	263,428
Investments (Note 3.B.)	<u>27,241,742</u>
Total deposits and investments	<u><u>\$ 27,508,065</u></u>

Cash, deposits, and investments are presented in the December 31, 2023, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 27,382,508
Restricted cash and cash equivalents	<u>125,557</u>
Total	<u><u>\$ 27,508,065</u></u>

**NOTE 4 - NOTES RECEIVABLE AND LEASE RECEIVABLE**

Governmental funds notes receivable includes receivables from the Big Lake Township for their portion of debt payments on the Taxable G.O. Refunding Bonds, Series 2016A, for \$220,000. Principal and interest are due in semiannual installments through February 1, 2028.

The City has entered into a Tower Lease agreement with Tower Co, SBA for space leased on the tower located at the Wastewater Treatment Facility. This lease was entered in to in 2018 and will continue through the end of 2031. This lease includes variable payments based on the Consumer Price Index for all Urban Consumers for the U.S. City Average for All Items. The City received payments of \$5,577 in principal and \$1,558 in interest payments in 2023. The deferred inflow and receivable balance related to this lease is \$51,419 as of December 31, 2023.

The City has entered into a Communication Site Lease Agreement with Nextel West Corp. for the water tower on Lake Shore Drive. This lease was entered into in 2018 and continued through 2023. The payment due in 2023 was \$13,203. The City received payments of \$10,510 in principal and \$2,693 in interest payments in 2023. The deferred inflow and receivable balance related to this lease is \$0 as of December 31, 2023.

**City of Big Lake  
Notes to Basic Financial Statements**

**NOTE 4 - NOTES RECEIVABLE AND LEASE RECEIVABLE**

The City has entered into a Tower Lease agreement with APT Minneapolis, Inc. for the water tower located on Lake Shore Drive. This lease was entered into in 2018 and will continue to 2024. The lease payment was \$23,841 for 2023 and will increase by 2% yearly. The City received payments of \$22,280 in principal and \$1,561 in interest payments in 2023. The deferred inflow and receivable balance related to this lease is \$46,684 as of December 31, 2023.

The City has entered into a Communication Site Lease Agreement with Palmer Wireless, LLC for space for Equipment Shelter. This lease was entered into in 2017 and will continue to 2043. The rent owed is \$150 monthly and will increase by 5% at the beginning of each year starting in 2024. The City received payments of \$1,566 in principal and \$114 in interest payments in 2023. The deferred inflow and receivable balance related to this lease is \$43,101 as of December 31, 2023.

The City has entered into a Solar Energy Facility Lease and Easement agreement with Big Lake Holdco LLC. for land. This lease was entered into in 2017 and will continue to 2050. Rental payments vary from year to year based on the lease agreement. The City received payments of \$11,813 in principal and \$9,805 in interest payments in 2023. The deferred inflow and receivable balance related to this lease is \$556,205 as of December 31, 2023.

The City has entered into a Lease agreement with Ewing Farms, Inc for property to be used for agricultural purposes. This lease was entered into in 2019 and will continue to 2025. The annual rent due is \$4,175 for the length of the term. The City received payments of \$3,980 in principal and \$195 in interest payments in 2023. The deferred inflow and receivable balance related to this lease is \$4,127 as of December 31, 2023.

The City entered into a Lease agreement with Floaters Recreational Rentals, LLC for operating rental equipment business. This lease was entered into in 2023 and will continue to 2024. The annual rent due is \$500 for the length of the term. The City received payments of \$359 in principal and \$141 in interest payments in 2023. The deferred inflow and receivable balance related to this lease is \$612 as of December 31, 2023.

The City entered into a Lease agreement with Pizza Da Pie of Big Lake, Inc for use of space for business. This lease was entered into in 2023 and will continue to 2028. The monthly rent due is \$2,000 for the length of the term. The City received payments of \$15,733 in principal and \$1,267 in interest payments in 2023. The deferred inflow and receivable balance related to this lease is \$94,656 as of December 31, 2023.

**NOTE 5 - INTERFUND BALANCES AND TRANSFERS**

**A. Advances to/from Other Funds**

The composition of advances as of December 31, 2023, was as follows:

	Advances To Sewer Fund
Advances from Other Governmental Funds	\$ 747,739

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 5 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

**A. Advances to/from Other Funds (Continued)**

The amounts due to the Sewer Fund represent interfund loans to absorb temporary negative cash balances and to temporarily fund capital projects.

**B. Interfund Transfers**

The composition of interfund transfers as of December 31, 2023, was as follows:

	Transfers In					Total
	General Fund	Equipment and Building Replacements	Water	Street Improvement	Other Governmental Funds	
Transfers Out						
General Fund	\$ -	\$ 29,611	\$ -	\$ -	\$ 766,456	\$ 796,067
Infrastructure Improvement Fund	-	-	-	32,645	-	32,645
Equipment and Building Replacements	-	-	3,820	-	-	3,820
GO Improvement Bond 2021A	-	-	-	6,158	-	6,158
GO Improvement Bond 2022A	-	-	-	83,680	-	83,680
Other Governmental Funds	-	-	246,481	227,994	123,285	597,760
Liquor Fund	450,000	-	-	-	-	450,000
Water Fund	-	-	-	-	42,067	42,067
Sewer Fund	-	-	503,820	-	31,355	535,175
Storm Sewer Fund	-	-	-	-	39,641	39,641
<b>Total</b>	<u>\$ 450,000</u>	<u>\$ 29,611</u>	<u>\$ 754,121</u>	<u>\$ 350,477</u>	<u>\$ 1,002,804</u>	<u>\$ 2,587,013</u>

The above transfers were made for the following reasons: debt service payments, operating transfers to cover Tax Increment Financing (TIF) administrative expenditures, capital projects, closing funds, and other administrative items.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 8,007,824	\$ -	\$ -	\$ 8,007,824
Construction in progress	7,331,832	1,342,603	496,660	8,177,775
Total capital assets not being depreciated	<u>15,339,656</u>	<u>1,342,603</u>	<u>496,660</u>	<u>16,185,599</u>
Other capital assets				
Infrastructure	41,953,591	-	-	41,953,591
Buildings	4,979,619	-	-	4,979,619
Leasehold improvements	360,170	59,660	-	419,830
Machinery and equipment	6,401,378	940,857	148,026	7,194,209
Machinery and equipment - leased	55,084	-	-	55,084
Total other capital assets	<u>53,749,842</u>	<u>1,000,517</u>	<u>148,026</u>	<u>54,602,333</u>
Less accumulated depreciation/ amortization for				
Infrastructure	26,075,779	1,048,638	-	27,124,417
Buildings	2,818,130	155,398	-	2,973,528
Leasehold improvements	50,012	19,961	-	69,973
Machinery and equipment	4,581,331	526,029	148,026	4,959,334
Machinery and equipment - leased	16,162	16,162	-	32,324
Total accumulated depreciation/amortization	<u>33,541,414</u>	<u>1,766,188</u>	<u>148,026</u>	<u>35,159,576</u>
Total other capital assets, net	<u>20,208,428</u>	<u>(765,671)</u>	<u>-</u>	<u>19,442,757</u>
Governmental activities capital assets, net	<u>\$ 35,548,084</u>	<u>\$ 576,932</u>	<u>\$ 496,660</u>	<u>\$ 35,628,356</u>

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated/amortized				
Land	\$ 1,534,320	\$ -	\$ -	\$ 1,534,320
Construction in progress	568,985	899,770	186,249	1,282,506
Total capital assets not being depreciated/amortized	<u>2,103,305</u>	<u>899,770</u>	<u>186,249</u>	<u>2,816,826</u>
Capital assets being depreciated/amortized				
Buildings	27,648,091	-	-	27,648,091
Collection and distribution systems	49,017,022	168,259	-	49,185,281
Leased asset	199,130	-	-	199,130
Leasehold improvements	223,833	-	-	223,833
Machinery and equipment	1,995,033	284,830	51,924	2,227,939
Total capital assets being depreciated/amortization	<u>79,083,109</u>	<u>453,089</u>	<u>51,924</u>	<u>79,484,274</u>
Less accumulated depreciation/ amortization for				
Buildings	10,172,454	921,604	-	11,094,058
Collection and distribution systems	28,368,068	1,515,453	-	29,883,521
Leased assets	5,690	5,688	-	11,378
Leasehold improvements	162,219	6,042	-	168,261
Machinery and equipment	1,331,891	140,029	51,924	1,419,996
Total accumulated depreciation/amortization	<u>40,040,322</u>	<u>2,588,816</u>	<u>51,924</u>	<u>42,577,214</u>
Total capital assets being depreciated/amortized, net	<u>39,042,787</u>	<u>(2,135,727)</u>	<u>-</u>	<u>36,907,060</u>
Business-type activities capital assets, net	<u>\$ 41,146,092</u>	<u>\$ (1,235,957)</u>	<u>\$ 186,249</u>	<u>\$ 39,723,886</u>

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

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

Governmental activities	
General government	\$ 89,839
Public safety	328,692
Streets and highways	1,131,491
Culture and recreation	167,392
Economic development	<u>48,774</u>
Total depreciation expense - governmental activities	<u>\$ 1,766,188</u>
Business-type activities	
Water	\$ 896,849
Sewer	1,417,659
Liquor	72,720
Storm sewer	<u>201,588</u>
Total depreciation expense - business-type activities	<u>\$ 2,588,816</u>

**NOTE 7 - LONG-TERM DEBT**

**A. General Obligation Bonds**

The City issues General Obligation (G.O.) bonds to provide for financing the construction of street improvements, tax increment projects and to refinance (refund) previous bond issues. Debt service is covered respectively by tax increments, revenue generated from projects and special assessments against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 10-year serial bonds with equal debt service payments each year.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**B. Components of Long-Term Liabilities**

	Issue Year	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
Governmental activities						
G.O. Bonds, including Refunding bonds						
G.O. Refunding Bonds of 2015A	2015	2.00%-3.00%	\$ 4,330,000	2029	\$ 695,000	\$ 400,000
G.O. Capital Improvement Bonds of 2016B	2016	1.00%-2.25%	590,000	2028	260,000	50,000
G.O. Refunding Improvement Bonds of 2016C	2016	2.00%	1,875,000	2026	960,000	310,000
G.O. Improvement Bonds of 2018A	2018	3.00%-3.30%	2,350,000	2034	1,815,000	140,000
G.O. Improvement Bonds of 2021A	2021	1.05%-3.00%	3,140,000	2032	2,865,000	285,000
G.O. Improvement Bonds of 2022A	2022	2.00%-4.00%	5,065,000	2033	5,065,000	425,000
Taxable G.O. Refunding Bonds						
Taxable G.O. Refunding Bond of 2016A	2016	0.90%-3.10%	2,885,000	2030	1,180,000	280,000
Notes payable from direct borrowing						
Transportation Revolving Loan Fund	2010	1.726%	2,465,000	2029	864,000	138,000
Total					<u>13,704,000</u>	<u>2,028,000</u>
Premium on bonds payable					753,427	-
Lease liability					23,522	16,512
Financed purchase					48,611	11,881
Severance					47,802	47,802
Compensated absences					310,192	310,192
Total governmental activities					<u>14,887,554</u>	<u>2,414,387</u>
Business-type activities						
G.O. Revenue Bonds, including Refunding Bonds						
G.O. Refunding Bonds of 2015A	2015	2.00%-3.00%	4,955,000	2029	2,525,000	385,000
Total business-type activities					<u>2,525,000</u>	<u>385,000</u>
Notes from direct borrowing						
Public Facility Authority Drinking Water G.O. Revenue Note						
Public Facility Authority Clean Water G.O. Revenue Note of 2009	2004	2.53%	9,787,000	2024	565,000	565,000
Water G.O. Revenue Note of 2009	2009	2.41%	13,470,120	2029	5,418,000	850,000
Total notes from direct borrowing					<u>5,983,000</u>	<u>1,415,000</u>
Premium on bonds payable					92,017	-
Lease liability					192,674	3,278
Compensated absences					153,506	153,506
Total business-type activities					<u>8,946,197</u>	<u>1,956,784</u>
Total all long-term liabilities					<u>\$ 23,833,751</u>	<u>\$ 4,371,171</u>

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**C. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. Improvement Bonds	\$ 13,000,000	\$ -	\$ 1,340,000	\$ 11,660,000	\$ 1,610,000
Taxable G.O. Refunding Bonds	1,460,000	-	280,000	1,180,000	280,000
Notes payable from direct borrowing	999,000	-	135,000	864,000	138,000
Premium on bonds	869,079	-	115,652	753,427	
Total bonds payable	<u>16,328,079</u>	<u>-</u>	<u>1,870,652</u>	<u>14,457,427</u>	<u>2,028,000</u>
Lease liability	39,531	-	16,009	23,522	16,512
Financed purchase	-	60,317	11,706	48,611	11,881
Compensated absences	282,973	320,039	292,820	310,192	310,192
Severance	41,615	6,187	-	47,802	47,802
Total governmental activities	<u>16,692,198</u>	<u>386,543</u>	<u>2,191,187</u>	<u>14,887,554</u>	<u>2,414,387</u>
Business-type activities					
Bonds payable					
G.O. Revenue Bonds	2,905,000	-	380,000	2,525,000	385,000
Premium on bonds	113,253	-	21,236	92,017	-
Total bonds payable	<u>3,018,253</u>	<u>-</u>	<u>401,236</u>	<u>2,617,017</u>	<u>385,000</u>
Notes from direct borrowing					
PFA G.O. Revenue Notes	<u>7,364,000</u>	<u>-</u>	<u>1,381,000</u>	<u>5,983,000</u>	<u>1,415,000</u>
Lease liability	195,952	-	3,278	192,674	3,278
Compensated absences	<u>155,245</u>	<u>161,441</u>	<u>163,180</u>	<u>153,506</u>	<u>153,506</u>
Total business-type activities	<u>10,733,450</u>	<u>161,441</u>	<u>1,948,694</u>	<u>8,946,197</u>	<u>1,956,784</u>
Total long-term liabilities	<u>\$ 27,425,648</u>	<u>\$ 547,984</u>	<u>\$ 4,139,881</u>	<u>\$ 23,833,751</u>	<u>\$ 4,371,171</u>

The General Fund typically liquidates the governmental activities lease liability, compensated absences, and severance payable.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**D. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire non-compensated absence liabilities:

Year Ending December 31,	Governmental Activities					
	G.O. Bonds			Lease Liability		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,610,000	\$ 308,838	\$ 1,918,838	\$ 16,512	\$ 496	\$ 17,008
2025	1,315,000	266,613	1,581,613	6,624	81	6,705
2026	1,365,000	226,038	1,591,038	386	2	388
2027	1,075,000	187,206	1,262,206	-	-	-
2028	1,105,000	150,413	1,255,413	-	-	-
2029-2033	5,000,000	300,414	5,300,414	-	-	-
2034	190,000	3,135	193,135	-	-	-
<b>Total</b>	<b>\$ 11,660,000</b>	<b>\$ 1,442,657</b>	<b>\$ 13,102,657</b>	<b>\$ 23,522</b>	<b>\$ 579</b>	<b>\$ 24,101</b>

Year Ending December 31,	Governmental Activities					
	Notes Payable from Direct Borrowing			Financed Purchase Payable		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 138,000	\$ 14,912	\$ 152,912	\$ 11,881	\$ 729	\$ 12,610
2025	140,000	12,530	152,530	12,060	551	12,611
2026	143,000	10,114	153,114	12,241	370	12,611
2027	145,000	7,646	152,646	12,429	186	12,615
2028	148,000	5,144	153,144	-	-	-
2029	150,000	2,590	152,590	-	-	-
<b>Total</b>	<b>\$ 864,000</b>	<b>\$ 52,936</b>	<b>\$ 916,936</b>	<b>\$ 48,611</b>	<b>\$ 1,836</b>	<b>\$ 50,447</b>

Year Ending December 31,	Governmental Activities					
	Taxable G.O. Refunding Bond			Total Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 280,000	\$ 29,500	\$ 309,500	\$ 2,056,393	\$ 354,475	\$ 2,410,868
2025	170,000	23,930	193,930	1,643,684	303,705	1,947,389
2026	180,000	19,200	199,200	1,700,627	255,724	1,956,351
2027	185,000	13,998	198,998	1,417,429	209,036	1,626,465
2028	190,000	8,370	198,370	1,443,000	163,927	1,606,927
2029-2033	175,000	5,502	180,502	5,325,000	308,506	5,633,506
2034	-	-	-	190,000	3,135	193,135
<b>Total</b>	<b>\$ 1,180,000</b>	<b>\$ 100,500</b>	<b>\$ 1,280,500</b>	<b>\$ 13,776,133</b>	<b>\$ 1,598,508</b>	<b>\$ 15,374,641</b>

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**D. Minimum Debt Payments (Continued)**

Year Ending December 31,	Business-Type Activities					
	G.O. Revenue Bonds			Notes from Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 385,000	\$ 57,000	\$ 442,000	\$ 1,415,000	\$ 145,085	\$ 1,560,085
2025	400,000	48,650	448,650	870,000	110,272	980,272
2026	410,000	39,281	449,281	892,000	89,270	981,270
2027	415,000	29,225	444,225	913,000	67,736	980,736
2028	450,000	18,413	468,413	935,000	45,698	980,698
2029	465,000	6,394	471,394	958,000	23,126	981,126
Total	<u>\$ 2,525,000</u>	<u>\$ 198,963</u>	<u>\$ 2,723,963</u>	<u>\$ 5,983,000</u>	<u>\$ 481,187</u>	<u>\$ 6,464,187</u>

Year Ending December 31,	Business-Type Activities					
	Lease Liability			Total Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 3,278	\$ 6,028	\$ 9,306	\$ 1,803,278	\$ 208,113	\$ 2,011,391
2025	3,487	5,819	9,306	1,273,487	164,741	1,438,228
2026	3,597	5,709	9,306	1,305,597	134,260	1,439,857
2027	3,710	5,596	9,306	1,331,710	102,557	1,434,267
2028	3,827	5,479	9,306	1,388,827	69,590	1,458,417
2029-2033	21,394	25,912	47,306	1,444,394	55,432	1,499,826
2034-2038	24,155	21,599	45,754	24,155	21,599	45,754
2039-2043	28,642	17,888	46,530	28,642	17,888	46,530
2044-2048	33,437	13,093	46,530	33,437	13,093	46,530
2049-2053	38,334	7,421	45,755	38,334	7,421	45,755
2054-2057	28,813	1,403	30,216	28,813	1,403	30,216
Total	<u>\$ 192,674</u>	<u>\$ 115,947</u>	<u>\$ 308,621</u>	<u>\$ 8,700,674</u>	<u>\$ 796,097</u>	<u>\$ 9,496,771</u>

**E. Lease Liability**

On March 17, 2021, the City entered into a lease agreement with Pitney Bowes. The lease agreement includes monthly principal and interest payments of \$129. The lease agreement expires in 2026.

On April 21, 2020, the City entered into a lease agreement with Marco for copiers. The lease agreement includes monthly principal and interest payments of \$1,142. The lease agreement expires in 2025.

On April 21, 2020, the City entered into a lease agreement with Minnesota Computer Systems, Inc. (MCSI) for the use of copiers. The lease agreement includes monthly principal and interest payments of \$146. The lease agreement expires in 2025.

In June 1979, the City entered into a lease agreement with Railroad Crossing for the use of railroad. The lease agreement includes monthly principal and interest payments of \$775. The lease agreement expires in 2056.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 8 - FUND BALANCE DETAIL**

Fund equity balances are classified as follows on the chart below to reflect the limitations and restrictions of the respective funds.

	General	Equipment and Building Replacements	Infrastructure Improvement	Street Improvement	GO Improvement Bond 2021A	GO Improvement Bond 2022A	Nonmajor Governmental Fund	Total
<b>Nonspendable</b>								
Land held for resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ 8
Inventory	272	-	-	-	-	-	-	272
Prepaid items	114,388	-	-	-	-	-	420	114,808
Total nonspendable	<u>114,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428</u>	<u>115,088</u>
<b>Restricted</b>								
Debt service	-	-	-	-	551,651	1,058,313	1,046,459	2,656,423
Park development	-	-	-	-	-	-	871,592	871,592
Small Cities Development Program	-	-	-	-	-	-	7,250	7,250
TIF	-	-	-	-	-	-	118,443	118,443
Police traffic safety	-	-	-	-	-	-	21	21
DWI forfeiture	-	-	-	-	-	-	32,233	32,233
Farmers market	-	-	-	-	-	-	25,663	25,663
Narcotic forfeiture	-	-	-	-	-	-	80,066	80,066
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,651</u>	<u>1,058,313</u>	<u>2,181,727</u>	<u>3,791,691</u>
<b>Committed</b>								
Economic development	-	-	-	-	-	-	837,732	837,732
Veterans memorial	-	-	-	-	-	-	25,665	25,665
Music in the park	-	-	-	-	-	-	7,903	7,903
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>871,300</u>	<u>871,300</u>
<b>Assigned</b>								
Street improvement	-	-	-	155,432	-	-	-	155,432
Local development	-	-	-	-	-	-	143,543	143,543
Capital infrastructure replacement	-	-	1,100,139	-	-	-	-	1,100,139
Computer replacement	-	-	-	-	-	-	207,096	207,096
Lake maintenance	-	-	-	-	-	-	60,308	60,308
Police capital purchases	40,089	-	-	-	-	-	-	40,089
Street maintenance	-	-	-	-	-	-	2,307,194	2,307,194
Equipment and building replacements	-	2,427,438	-	-	-	-	-	2,427,438
Administration	6,000	-	-	-	-	-	-	6,000
Statewide Affordable Housing Aid	34,074	-	-	-	-	-	-	34,074
Wellness program	2,074	-	-	-	-	-	-	2,074
ECFE - Reading in the park program	4,020	-	-	-	-	-	-	4,020
Movie in the park program	10,411	-	-	-	-	-	-	10,411
Parks and Trails Maintenance	-	-	-	-	-	-	556,046	556,046
Total assigned	<u>96,668</u>	<u>2,427,438</u>	<u>1,100,139</u>	<u>155,432</u>	<u>-</u>	<u>-</u>	<u>3,274,187</u>	<u>7,053,864</u>
Unassigned	<u>4,131,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(566,688)</u>	<u>3,565,266</u>
Total	<u>\$ 4,343,282</u>	<u>\$ 2,427,438</u>	<u>\$ 1,100,139</u>	<u>\$ 155,432</u>	<u>\$ 551,651</u>	<u>\$ 1,058,313</u>	<u>\$ 5,760,954</u>	<u>\$ 15,397,209</u>

**NOTE 9 - RISK MANAGEMENT**

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining, through commercial companies, for excess claims. The City is covered through the pool for any claims incurred but unreported; however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 9 - RISK MANAGEMENT (CONTINUED)**

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2022 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2023, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE 10 -PENSION PLANS**

The City participates in various pension plans. Total pension expense for the year ended December 31, 2023, was \$814,815. The components of pension expense are noted in the following plan summaries.

The General Fund, Water, Sewer, Storm Sewer, and Liquor Funds typically liquidate the liability related to the pensions.

**Public Employees' Retirement Association**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**General Employees Retirement Plan**

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**A. Plan Description (Continued)**

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**B. Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

Police and Fire Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023, and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$212,881. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2023, and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$230,268. The City's contributions were equal to the required contributions as set by the state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$1,951,569 for its proportionate share of the general employees fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$53,855.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0349% at the end of the measurement period and 0.0356% for the beginning of the period.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

City's proportionate share of the net pension liability	\$ 1,951,569
State of Minnesota's proportionate share of net pension liability associated with the City	<u>53,855</u>
Total	<u><u>\$ 2,005,424</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$317,815 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$242 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 64,400	\$ 13,328
Changes in actuarial assumptions	313,577	534,908
Net difference between projected and actual investment earnings	-	55,653
Changes in proportion	55,826	41,580
Contributions paid to PERA subsequent to the measurement date	<u>106,440</u>	<u>-</u>
Total	<u><u>\$ 540,243</u></u>	<u><u>\$ 645,469</u></u>

**City of Big Lake  
Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

The \$106,440 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2024	\$ 81,306
2025	(287,355)
2026	36,719
2027	<u>(42,336)</u>
Total	<u>\$ (211,666)</u>

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$1,623,258 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0940%, at the end of the measurement period and 0.0948% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2022. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$65,328.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

Police and Fire Fund Pension Costs (Continued)

City's proportionate share of the net pension liability	\$ 1,623,258
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>65,328</u>
Total	<u><u>\$ 1,688,586</u></u>

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$497,000 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$(3,935) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$8,460 for the year ended December 31, 2023, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 453,456	\$ -
Changes in actuarial assumptions	1,938,485	2,282,930
Net difference between projected and actual investment earnings	-	119,918
Changes in proportion	30,059	58,343
Contributions paid to PERA subsequent to the measurement date	<u>115,134</u>	<u>-</u>
Total	<u><u>\$ 2,537,134</u></u>	<u><u>\$ 2,461,191</u></u>

**City of Big Lake  
Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**Police and Fire Fund Pension Costs (Continued)**

The \$115,134 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2024	\$ 79,126
2025	5,048
2026	403,862
2027	(118,682)
2028	(408,545)
	<hr/>
Total	\$ (39,191)
	<hr/> <hr/>

**E. Long-Term Expected Return on Investment**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
	<hr/>	
Total	100.0 %	
	<hr/> <hr/>	

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

**General Employees Fund**

**Changes in Actuarial Assumptions**

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

**Changes in Plan Provisions**

- ◆ An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions (Continued)**

Police and Fire Fund

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.
- ◆ The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- ◆ Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- ◆ Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- ◆ A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- ◆ Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- ◆ The total and permanent duty disability benefit was increased, effective July 1, 2023.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**H. Pension Liability Sensitivity**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proprionate share of the General Employees Fund net pension liability	\$ 3,452,482	\$ 1,951,569	\$ 717,011
	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proprionate share of the Police and Fire Fund net pension liability	\$ 3,220,737	\$ 1,623,258	\$ 309,916

**I. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

	General Employees Plan	Police and Fire	Total
Pension expense	\$ 317,815	\$ 497,000	\$ 814,815
Net pension liability	1,951,569	1,623,258	3,574,827
Deferred outflows	540,243	2,537,134	3,077,377
Deferred inflows	645,469	2,461,191	3,106,660

**City of Big Lake**  
**Notes to Basic Financial Statements**

**NOTE 11 - TAX INCREMENT FINANCING**

The City has entered into two (2) Tax Increment Financing agreements which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The City's authority to enter into these agreements comes from *Minnesota Statute § 469*. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2023, the City generated \$215,722 in tax increment revenue and made \$121,650 in payments to developers.

The City has the following TIF Districts:

- ◆ TIF District No. 5 was established in 2009 for the purpose of constructing a banking building. Under the agreement, up to \$127,025 of development costs will be reimbursed through tax increment over a 17 year period. During the year ended December 31, 2023, the City generated \$11,188 of tax increment revenue and made payments on the pay-as-you-go note of \$10,069. The note's balance at year end was \$109,605.
- ◆ TIF District No. 7 was established in 2012 for the purpose of establishing a new 38-unit income based housing apartment. Under the agreement, up to \$490,000 of development costs will be reimbursed through tax increment over a seven year period. During the year ended December 31, 2023, the City generated \$120,203 of tax increment revenue and made payments on the pay-as-you-go note of \$111,581. The note's balance at year end was \$0 as this district was decertified as of year end.

TIF Districts 3 and 4 are not separately disclosed as they have related G.O. bonds.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

**A. Commitments**

	Project Authorization	Expended Through 12/31/2023	Remaining Commitment
2020-2021 Street Projects	\$ 3,314,864	\$ 3,288,822	\$ 26,042
2022 Street Projects	4,756,673	4,691,245	65,428
CR 43 Project	1,401,251	29,033	1,372,218
Shelter - Freedom Rock	40,000	21,631	18,369
Well 1	877,954	805,617	72,337
Well 2	910,084	60,921	849,163
WWTP Expansion Phase II	100,200	97,243	2,957
Water Meter Replacement	1,682,426	310,329	1,372,097
Totals	<u>\$ 13,083,452</u>	<u>\$ 9,304,841</u>	<u>\$ 3,778,611</u>



## REQUIRED SUPPLEMENTARY INFORMATION

**City of Big Lake**  
**Schedule of City's Proportionate Share**  
**of Net Pension Liability - General Employees Retirement Fund**  
**Last Ten Years\***

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0270%	\$ 1,399,280	\$ -	\$ 1,399,280	\$ 1,562,440	89.56%	78.19%
2016	0.0305%	2,476,449	32,345	2,508,794	1,893,227	130.81%	68.91%
2017	0.0313%	1,998,171	25,092	2,023,263	2,013,733	99.23%	75.90%
2018	0.0332%	1,841,800	60,434	1,902,234	2,232,853	82.49%	79.53%
2019	0.0330%	1,824,496	56,664	1,881,160	2,332,333	78.23%	80.23%
2020	0.0323%	1,936,533	59,723	1,996,256	2,305,187	84.01%	79.06%
2021	0.0346%	1,477,575	45,050	1,522,625	2,490,387	59.33%	87.00%
2022	0.0356%	2,819,532	82,562	2,902,094	2,663,693	105.85%	76.67%
2023	0.0349%	1,951,569	53,855	2,005,424	2,776,733	70.28%	83.10%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of City's Proportionate Share**  
**of Net Pension Liability - Public Employees Police and Fire Retirement Fund**  
**Last Ten Years\***

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0870%	\$ 988,524	\$ -	\$ 988,524	\$ 773,321	127.83%	86.61%
2016	0.0880%	3,531,593	-	3,531,593	848,407	416.26%	63.88%
2017	0.0810%	1,093,596	-	1,093,596	834,926	130.98%	85.43%
2018	0.0875%	932,660	-	932,660	922,562	101.09%	88.84%
2019	0.0976%	1,025,875	-	1,025,875	1,006,383	101.94%	89.26%
2020	0.0999%	1,307,798	31,035	1,338,833	1,103,960	118.46%	87.19%
2021	0.1005%	766,708	34,903	801,611	1,188,198	64.53%	93.66%
2022	0.0948%	4,116,790	8,532	4,125,322	1,151,458	357.53%	70.53%
2023	0.0940%	1,623,258	65,328	1,688,586	1,233,802	131.57%	86.47%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Big Lake  
Schedule of City Contributions -  
General Employees Retirement Fund  
Last Ten Years\***

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 123,699	\$ 123,699	\$ -	\$ 1,649,320	7.50%
2016	146,423	146,423	-	1,952,307	7.50%
2017	158,725	158,725	-	2,116,333	7.50%
2018	169,709	169,709	-	2,262,787	7.50%
2019	175,658	175,658	-	2,342,107	7.50%
2020	180,472	180,472	-	2,406,293	7.50%
2021	191,046	191,046	-	2,547,280	7.50%
2022	203,946	203,946	-	2,719,280	7.50%
2023	212,881	212,881	-	2,838,413	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of City Contributions -  
Public Employees Police and Fire Retirement Fund  
Last Ten Years\***

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 133,141	\$ 133,141	\$ -	\$ 821,858	16.20%
2016	131,713	131,713	-	813,043	16.20%
2017	141,471	141,471	-	873,278	16.20%
2018	160,720	160,720	-	992,099	16.20%
2019	181,880	181,880	-	1,073,038	16.95%
2020	207,548	207,548	-	1,172,588	17.70%
2021	208,055	208,055	-	1,175,452	17.70%
2022	207,653	207,653	-	1,173,181	17.70%
2023	230,268	230,268	-	1,300,949	17.70%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Big Lake**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2023 Changes**

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- ◆ An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2022 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- ◆ The price inflation assumption was decreased from 2.5% to 2.25%.
- ◆ The payroll growth assumption was decreased from 3.25% to 3.0%.
- ◆ Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- ◆ Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- ◆ Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- ◆ Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- ◆ The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- ◆ The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- ◆ The assumed spouse age difference was changed from two years older for females to one year older.

**City of Big Lake**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2020 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- ◆ Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- ◆ The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**2018 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality projection scale was changed from MP-2015 to MP-2017.
- ◆ The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- ◆ The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- ◆ Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- ◆ Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- ◆ Contribution stabilizer provisions were repealed.
- ◆ Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- ◆ For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- ◆ Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- ◆ The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.

**City of Big Lake**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- ◆ The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- ◆ The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**2016 Changes**

Changes in Actuarial Assumptions

- ◆ The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- ◆ The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- ◆ Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

- ◆ The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- ◆ On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**City of Big Lake**  
**Notes to Required Supplementary Information**

**Police and Fire Fund**

**2023 Changes**

Changes in Actuarial Assumptions

- ◆ The investment return assumption was changed from 6.5% to 7.0%.
- ◆ The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- ◆ Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- ◆ Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- ◆ A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- ◆ Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- ◆ The total and permanent duty disability benefit was increased, effective July 1, 2023.

**2022 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- ◆ The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The inflation assumption was changed from 2.5% to 2.25%.
- ◆ The payroll growth assumption was changed from 3.25% to 3.0%.
- ◆ The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- ◆ The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- ◆ Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- ◆ Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- ◆ Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- ◆ Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- ◆ Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

**City of Big Lake**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2021 Changes (Continued)**

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- ◆ Annual increases were changed to 1.00% for all years, with no trigger.
- ◆ An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- ◆ New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- ◆ Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- ◆ Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- ◆ Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- ◆ Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- ◆ Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- ◆ Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- ◆ Assumed rates of retirement were changed, resulting in fewer retirements.
- ◆ The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- ◆ The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

**City of Big Lake**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- ◆ Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- ◆ Assumed percentage of married female members was decreased from 65% to 60%.
- ◆ Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- ◆ The assumed percentage of female members electing Joint and Survivor annuities was increased.
- ◆ The assumed annual increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- ◆ The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

- ◆ The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- ◆ The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- ◆ The single discount rate changed from 7.90% to 5.60%.
- ◆ The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

- ◆ The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

- ◆ The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.





## COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES



City of Big Lake  
Nonmajor Governmental Fund

Special Revenue Funds - These are used to account for revenues derived from specific taxes or other earmarked revenue sources (other than for major capital projects) that are restricted by law or committed by administrative action to expenditures for specified purpose.

- ◆ *Economic Development Authority*
- ◆ *Narcotic Forfeiture*
- ◆ *DWI Forfeiture*
- ◆ *Traffic Safety Program*
- ◆ *Farmers Market*
- ◆ *Veterans and Other Memorials*
- ◆ *Music in the Park*
- ◆ *American Rescue Plan Act*

Debt Service Funds - These are used to account for collections of revenues and payment of principal and interest on debt.

- ◆ *GO Taxable Refunding Bonds 2016A*
- ◆ *GO Capital Improvement Bonds 2016B*
- ◆ *GO Refunding Bonds 2016C*
- ◆ *GO Improvement Bonds 2018A*
- ◆ *GO State Aid Loan*

Capital Project Funds are used to account for resources used for the acquisition and construction of capital assets by the City, except for those financed by propriety funds.

- ◆ *Neighborhood Stabilization Program*
- ◆ *Small Cities Development Program*
- ◆ *Parks and Trail Maintenance*
- ◆ *Park Development*
- ◆ *Industrial Park Expansion Land Purchase*
- ◆ *Local Development*
- ◆ *Lake Street Redevelopment TIF 1-3*
- ◆ *Commercial Redevelopment TIF 1-4*
- ◆ *Commercial Redevelopment TIF 1-5*
- ◆ *Northern Star TIF 1-7*
- ◆ *Computer Replacement Fund*
- ◆ *Street Maintenance Fund*
- ◆ *Lake Maintenance*

**City of Big Lake  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2023**

	Special Revenue			
	Economic Development Authority (275)	Narcotic Forfeiture (276)	DWI Forfeiture (277)	Traffic Safety Program (278)
<b>Assets</b>				
Cash and investments	\$ 404,302	\$ 80,066	\$ 32,233	\$ 21
Taxes receivable - delinquent	1,246	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	1,245	-	-	-
Notes receivable	-	-	-	-
Lease receivable	94,656	-	-	-
Special assessment receivable				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Land held for resale	436,620	-	-	-
Prepaid expenses	350	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 938,419</u>	<u>\$ 80,066</u>	<u>\$ 32,233</u>	<u>\$ 21</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,677	\$ -	\$ -	\$ -
Salaries and benefits payable	2,758	-	-	-
Escrow payable	-	-	-	-
Contracts payable	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>4,435</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - notes receivables	-	-	-	-
Deferred outflows of resources related to lease receivables	94,656	-	-	-
Unavailable revenue - property taxes	1,246	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	<u>95,902</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	350	-	-	-
Restricted	-	80,066	32,233	21
Committed	837,732	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>838,082</u>	<u>80,066</u>	<u>32,233</u>	<u>21</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 938,419</u>	<u>\$ 80,066</u>	<u>\$ 32,233</u>	<u>\$ 21</u>

(Continued)

Special Revenue				Debt Service		
Farmers Market (280)	Veterans Memorial Fund (281)	Music in the Park (282)	American Rescue Plan (274)	G.O. Taxable Refunding 2016A (223)	G.O. CIP Bond 2016B (224)	G.O. Improvement Refunding 2016C (226)
\$ 26,891	\$ 25,665	\$ 8,057	\$ 961,322	\$ 294,622	\$ 20,652	\$ 299,969
-	-	-	-	2,064	550	3,138
30	-	-	-	-	-	-
-	-	-	-	1,851	519	3,296
-	-	-	-	220,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	306
-	-	-	-	-	-	3,118
-	-	-	-	-	-	-
70	-	-	-	-	-	-
<u>\$ 26,991</u>	<u>\$ 25,665</u>	<u>\$ 8,057</u>	<u>\$ 961,322</u>	<u>\$ 518,537</u>	<u>\$ 21,721</u>	<u>\$ 309,827</u>
\$ 1,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
154	-	154	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	174,852	-	-
-	-	-	961,322	-	-	-
<u>1,258</u>	<u>-</u>	<u>154</u>	<u>961,322</u>	<u>174,852</u>	<u>-</u>	<u>-</u>
-	-	-	-	220,000	-	-
-	-	-	-	-	-	-
-	-	-	-	2,064	550	3,138
-	-	-	-	-	-	3,424
-	-	-	-	<u>222,064</u>	<u>550</u>	<u>6,562</u>
70	-	-	-	-	-	-
25,663	-	-	-	121,621	21,171	303,265
-	25,665	7,903	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>25,733</u>	<u>25,665</u>	<u>7,903</u>	<u>-</u>	<u>121,621</u>	<u>21,171</u>	<u>303,265</u>
<u>\$ 26,991</u>	<u>\$ 25,665</u>	<u>\$ 8,057</u>	<u>\$ 961,322</u>	<u>\$ 518,537</u>	<u>\$ 21,721</u>	<u>\$ 309,827</u>

**City of Big Lake  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2023**

	Debt Service			Capital Projects
	G.O. Refunding Bond 2015A (222)	G.O. Improvement Bond 2018A (227)	G.O. State Aid Loan (211)	Small Cities Development Program (118)
<b>Assets</b>				
Cash and investments	\$ 77,904	\$ 508,950	\$ 9,737	\$ 7,250
Taxes receivable - delinquent	2,893	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	2,885	926	-	-
Notes receivable	-	-	-	-
Lease receivable	-	-	-	-
Special assessment receivable				
Delinquent	42	993	-	-
Deferred	115,213	244,301	-	-
Land held for resale	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 198,937	\$ 755,170	\$ 9,737	\$ 7,250
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Escrow payable	-	-	-	-
Contracts payable	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	-
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - notes receivables	-	-	-	-
Deferred outflows of resources related to lease receivables	-	-	-	-
Unavailable revenue - property taxes	2,893	-	-	-
Unavailable revenue - special assessments	115,255	245,294	-	-
Total deferred inflows of resources	118,148	245,294	-	-
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	80,789	509,876	9,737	7,250
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	80,789	509,876	9,737	7,250
Total liabilities, deferred inflows of resources, and fund balances	\$ 198,937	\$ 755,170	\$ 9,737	\$ 7,250

(Continued)

Capital Projects						
Parks and Trails Maintenance (195)	Park Development (120)	Industrial Park Expansion Land Purchase (141)	Local Development (150)	Lake Street Redevelopment TIF 1-3 (165)	Commercial Redevelopment TIF 1-4 (170)	Commercial Redevelopment TIF 1-5 (171)
\$ 556,046	\$ 871,592	\$ 6,199	\$ 651,863	\$ 11,416	\$ 6,919	\$ 1,098
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,035	815	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,885	-	-	-
-	-	8	-	-	95,160	-
-	-	-	-	-	-	-
<u>\$ 556,046</u>	<u>\$ 871,592</u>	<u>\$ 6,207</u>	<u>\$ 653,748</u>	<u>\$ 14,451</u>	<u>\$ 102,894</u>	<u>\$ 1,098</u>
\$ -	\$ -	\$ -	\$ 99,797	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	392,723	-	-	-
-	-	-	15,800	-	-	-
-	-	-	-	-	-	-
-	-	572,887	-	-	-	-
-	-	-	-	-	-	-
-	-	572,887	508,320	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,885	-	-	-
-	-	-	1,885	-	-	-
-	-	8	-	-	-	-
-	871,592	-	-	14,451	102,894	1,098
-	-	-	-	-	-	-
556,046	-	-	143,543	-	-	-
-	-	(566,688)	-	-	-	-
<u>556,046</u>	<u>871,592</u>	<u>(566,680)</u>	<u>143,543</u>	<u>14,451</u>	<u>102,894</u>	<u>1,098</u>
<u>\$ 556,046</u>	<u>\$ 871,592</u>	<u>\$ 6,207</u>	<u>\$ 653,748</u>	<u>\$ 14,451</u>	<u>\$ 102,894</u>	<u>\$ 1,098</u>



**City of Big Lake  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2023**

	Capital Projects				
	Northern Star TIF1-7 (173)	Computer Replacement Fund (194)	Street Maintenance Fund (196)	Lake Maintenance Fund (197)	Total Other Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 177,390	\$ 179,420	\$ 2,307,194	\$ 60,308	\$ 7,587,086
Taxes receivable - delinquent	-	-	-	-	9,891
Accounts receivable	-	27,676	-	-	27,706
Due from other governments	-	-	-	-	14,572
Notes receivable	-	-	-	-	220,000
Lease receivable	-	-	-	-	94,656
Special assessment receivable					
Delinquent	-	-	-	-	1,341
Deferred	-	-	-	-	364,517
Land held for resale	-	-	-	-	531,788
Prepaid expenses	-	-	-	-	420
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 177,390</u>	<u>\$ 207,096</u>	<u>\$ 2,307,194</u>	<u>\$ 60,308</u>	<u>\$ 8,851,977</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	102,578
Salaries and benefits payable	-	-	-	-	3,066
Escrow payable	-	-	-	-	392,723
Contracts payable	-	-	-	-	15,800
Due to other governments	177,390	-	-	-	177,390
Advances from other funds	-	-	-	-	747,739
Unearned revenue	-	-	-	-	961,322
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>177,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,400,618</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - notes receivables	-	-	-	-	220,000
Deferred outflows of resources related to lease receivables	-	-	-	-	94,656
Unavailable revenue - property taxes	-	-	-	-	9,891
Unavailable revenue - special assessments	-	-	-	-	365,858
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,405</u>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	428
Restricted	-	-	-	-	2,181,727
Committed	-	-	-	-	871,300
Assigned	-	207,096	2,307,194	60,308	3,274,187
Unassigned	-	-	-	-	(566,688)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>-</u>	<u>207,096</u>	<u>2,307,194</u>	<u>60,308</u>	<u>5,760,954</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 177,390</u>	<u>\$ 207,096</u>	<u>\$ 2,307,194</u>	<u>\$ 60,308</u>	<u>\$ 8,851,977</u>

**City of Big Lake**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2023**

	Special Revenue			
	Economic Development Authority (275)	Narcotic Forfeiture (276)	DWI Forfeiture (277)	Traffic Safety Program (278)
<b>Revenues</b>				
Property taxes	\$ 129,860	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Franchise fees	-	-	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	17,000	-	-	-
Fines and forfeitures	-	52,581	2,398	-
Miscellaneous				
Investment and other interest income	15,877	1,899	1,181	1
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>162,737</u>	<u>54,480</u>	<u>3,579</u>	<u>1</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	15,775	2,284	-
Culture and recreation	-	-	-	-
Economic development	139,184	-	-	-
<b>Debt service</b>				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
<b>Capital outlay</b>				
General government	-	-	-	-
Public safety	-	-	2,329	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Total expenditures	<u>139,184</u>	<u>15,775</u>	<u>4,613</u>	<u>-</u>
Excess of revenues over (under) expenditures	23,553	38,705	(1,034)	1
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(46,362)	-	-	-
Total other financing sources (uses)	<u>(46,362)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(22,809)	38,705	(1,034)	1
<b>Fund Balances</b>				
Beginning balance	<u>860,891</u>	<u>41,361</u>	<u>33,267</u>	<u>20</u>
End of year	<u>\$ 838,082</u>	<u>\$ 80,066</u>	<u>\$ 32,233</u>	<u>\$ 21</u>

(Continued)

Special Revenue				Debt Service	
Farmers Market (280)	Veterans Memorial Fund (281)	Music in the Park (282)	American Rescue Plan (274)	G.O. Taxable Refunding 2016A (223)	G.O. CIP Bond 2016B (224)
\$ -	\$ -	\$ -	\$ -	\$ 189,863	\$ 53,369
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,930	-	-	-	-	-
2,207	-	-	246,481	46,440	-
-	-	-	-	-	-
-	-	-	-	-	-
969	1,221	676	-	5,965	(388)
15,240	41,572	29,500	-	-	-
52	-	-	-	-	-
<u>23,398</u>	<u>42,793</u>	<u>30,176</u>	<u>246,481</u>	<u>242,268</u>	<u>52,981</u>
-	-	-	-	-	-
-	-	-	-	-	-
17,322	11,286	36,241	-	-	-
-	-	-	-	-	-
-	-	-	-	280,000	45,000
-	-	-	-	43,603	6,307
-	-	-	-	-	-
-	-	-	-	-	-
-	21,631	-	-	-	-
-	-	-	-	-	-
<u>17,322</u>	<u>32,917</u>	<u>36,241</u>	<u>-</u>	<u>323,603</u>	<u>51,307</u>
6,076	9,876	(6,065)	246,481	(81,335)	1,674
-	-	-	-	76,923	-
-	-	-	(246,481)	-	-
-	-	-	<u>(246,481)</u>	<u>76,923</u>	<u>-</u>
6,076	9,876	(6,065)	-	(4,412)	1,674
19,657	15,789	13,968	-	126,033	19,497
<u>\$ 25,733</u>	<u>\$ 25,665</u>	<u>\$ 7,903</u>	<u>\$ -</u>	<u>\$ 121,621</u>	<u>\$ 21,171</u>

**City of Big Lake**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2023**

	Debt Service			
	G.O. Improvement Refunding 2016C (226)	G.O. Refunding Bond 2015A (222)	G.O. Improvement Bond 2018A (227)	G.O. State Aid Loan (211)
<b>Revenues</b>				
Property taxes	\$ 340,128	\$ 289,942	\$ -	\$ -
Tax increments	-	-	-	-
Franchise fees	-	-	-	-
Special assessments	1,785	119,114	38,448	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	151,078
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment and other interest income	3,362	(5,868)	17,736	552
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>345,275</u>	<u>403,188</u>	<u>56,184</u>	<u>151,630</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	305,000	575,000	140,000	135,000
Interest and other charges	22,744	23,977	58,696	17,243
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Total expenditures	<u>327,744</u>	<u>598,977</u>	<u>198,696</u>	<u>152,243</u>
Excess of revenues over (under) expenditures	17,531	(195,789)	(142,512)	(613)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	113,063	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>113,063</u>	<u>-</u>	<u>-</u>
Net change in fund balances	17,531	(82,726)	(142,512)	(613)
<b>Fund Balances</b>				
Beginning balance	<u>285,734</u>	<u>163,515</u>	<u>652,388</u>	<u>10,350</u>
End of year	<u>\$ 303,265</u>	<u>\$ 80,789</u>	<u>\$ 509,876</u>	<u>\$ 9,737</u>

(Continued)

Capital Projects

Neighborhood Stabilization Program (116)	Small Cities Development Program (118)	Parks and Trails Maintenance (195)	Park Development (120)	Industrial Park Expansion Land Purchase (141)	Local Development (150)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	43,122	-
-	-	-	189,204	-	-
-	-	-	-	-	-
-	-	16,019	27,276	405	-
-	-	-	-	-	-
1,847	-	-	-	-	-
<u>1,847</u>	<u>-</u>	<u>16,019</u>	<u>216,480</u>	<u>43,527</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	86,244	-
-	-	-	-	-	-
-	-	-	-	22,996	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,038	-	-	-
1,847	-	-	-	-	-
<u>1,847</u>	<u>-</u>	<u>2,038</u>	<u>-</u>	<u>109,240</u>	<u>-</u>
-	-	13,981	216,480	(65,713)	-
-	-	209,000	-	71,362	-
-	-	-	-	-	-
-	-	<u>209,000</u>	<u>-</u>	<u>71,362</u>	<u>-</u>
-	-	222,981	216,480	5,649	-
-	7,250	333,065	655,112	(572,329)	143,543
<u>\$ -</u>	<u>\$ 7,250</u>	<u>\$ 556,046</u>	<u>\$ 871,592</u>	<u>\$ (566,680)</u>	<u>\$ 143,543</u>

**City of Big Lake**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2023**

	Capital Projects			
	Lake Street Redevelopment TIF 1-3 (165)	Commercial Redevelopment TIF 1-4 (170)	Commercial Redevelopment TIF 1-5 (171)	Northern Star TIF1-7 (173)
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	52,082	32,249	11,188	120,203
Franchise fees	-	-	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment and other interest income	403	247	34	3,504
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>52,485</u>	<u>32,496</u>	<u>11,222</u>	<u>123,707</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	177,390
<b>Debt service</b>				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
<b>Capital outlay</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	1,000	1,000	11,069	112,581
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>11,069</u>	<u>289,971</u>
Excess of revenues over (under) expenditures	51,485	31,496	153	(166,264)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(47,024)	(29,899)	-	-
Total other financing sources (uses)	<u>(47,024)</u>	<u>(29,899)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,461	1,597	153	(166,264)
<b>Fund Balances</b>				
Beginning balance	<u>9,990</u>	<u>101,297</u>	<u>945</u>	<u>166,264</u>
End of year	<u>\$ 14,451</u>	<u>\$ 102,894</u>	<u>\$ 1,098</u>	<u>\$ -</u>

Capital Projects

Computer Replacement Fund (194)	Street Maintenance Fund (196)	Lake Maintenance Fund (197)	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 1,003,162
-	-	-	215,722
27,676	-	-	27,676
-	-	-	159,347
-	-	-	4,930
7,500	-	-	496,828
-	-	-	206,204
-	-	-	54,979
7,350	76,358	2,062	176,841
-	-	-	86,312
-	-	-	1,899
42,526	76,358	2,062	2,433,900
19,563	-	-	19,563
-	-	-	18,059
-	-	-	64,849
-	-	-	402,818
-	-	-	1,480,000
-	-	-	195,566
67,582	-	-	67,582
-	-	-	2,329
-	-	-	23,669
-	-	-	127,497
87,145	-	-	2,401,932
(44,619)	76,358	2,062	31,968
10,000	520,000	2,456	1,002,804
-	(227,994)	-	(597,760)
10,000	292,006	2,456	405,044
(34,619)	368,364	4,518	437,012
241,715	1,938,830	55,790	5,323,942
\$ 207,096	\$ 2,307,194	\$ 60,308	\$ 5,760,954

**City of Big Lake**  
**Detailed Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 3,998,933	\$ 4,048,933	\$ 4,121,506	\$ 72,573
Franchise fees	447,904	447,904	461,496	13,592
Special assessments	3,000	3,000	834	(2,166)
Licenses and permits	548,029	618,029	704,763	86,734
Intergovernmental revenue				
Local government aid	-	-	34,074	34,074
Fire aid	113,000	153,000	152,268	(732)
Police aid	137,000	137,000	193,758	56,758
Federal grants	19,655	19,655	10,678	(8,977)
Other grants and aids	196,335	196,335	200,392	4,057
Total intergovernmental revenue	<u>465,990</u>	<u>505,990</u>	<u>591,170</u>	<u>85,180</u>
Charges for services				
General government	56,660	56,660	65,292	8,632
Public safety	37,375	37,375	43,296	5,921
Public works	178,400	178,400	183,661	5,261
Culture and recreation	2,510	2,510	3,440	930
Total charges for services	<u>274,945</u>	<u>274,945</u>	<u>295,689</u>	<u>20,744</u>
Fines and forfeitures	62,100	62,100	42,848	(19,252)
Miscellaneous revenues				
Investment income	17,000	17,000	445,332	428,332
Contributions and donations	16,300	16,300	27,270	10,970
Other	8,450	8,450	26,511	18,061
Total miscellaneous revenues	<u>41,750</u>	<u>41,750</u>	<u>499,113</u>	<u>457,363</u>
Total revenues	<u>5,842,651</u>	<u>6,002,651</u>	<u>6,717,419</u>	<u>714,768</u>
<b>Expenditures</b>				
General government				
Mayor and council	32,956	32,956	32,811	(145)
Administrative and finance	573,856	593,857	577,152	(16,705)
Other general government	347,393	362,393	353,726	(8,667)
Total general government	<u>954,205</u>	<u>989,206</u>	<u>963,689</u>	<u>(25,517)</u>
Public safety				
Police				
Current	2,445,670	2,445,670	2,327,827	(117,843)
Capital outlay	15,000	15,000	3,591	(11,409)
Total police	<u>2,460,670</u>	<u>2,460,670</u>	<u>2,331,418</u>	<u>(129,252)</u>

**City of Big Lake**  
**Detailed Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Expenditures (Continued)</b>				
Public safety (continued)				
Fire				
Current	\$ 325,120	\$ 365,120	\$ 364,614	\$ (506)
Other				
Current	237,418	237,418	229,556	(7,862)
Total public safety	<u>3,023,208</u>	<u>3,063,208</u>	<u>2,925,588</u>	<u>(137,620)</u>
Public works				
Streets and highways				
Street maintenance and storm sewers	700,923	761,923	759,998	(1,925)
Street engineering	104,564	104,564	90,537	(14,027)
Street lighting	112,000	112,000	98,433	(13,567)
Street - other capital outlay	-	-	8,756	8,756
Total streets and highways	<u>917,487</u>	<u>978,487</u>	<u>957,724</u>	<u>(20,763)</u>
Sanitation				
Garbage and other refuse				
Collection and disposal	3,120	3,120	3,523	403
Total public works	<u>920,607</u>	<u>981,607</u>	<u>961,247</u>	<u>(20,360)</u>
Culture and recreation				
Libraries				
Current	67,407	79,407	78,215	(1,192)
Capital outlay	-	51,000	50,905	(95)
Total libraries	<u>67,407</u>	<u>130,407</u>	<u>129,120</u>	<u>(1,287)</u>
Parks and recreation				
Current	717,238	729,237	719,604	(9,633)
Total culture and recreation	<u>784,645</u>	<u>859,644</u>	<u>848,724</u>	<u>(10,920)</u>
Economic Development				
Economic development				
Current	164,375	164,375	153,114	(11,261)
Total economic development	<u>164,375</u>	<u>164,375</u>	<u>153,114</u>	<u>(11,261)</u>
Debt Service				
Principal	-	-	16,009	16,009
Interest and other charges	-	-	1,188	1,188
Total debt service	<u>-</u>	<u>-</u>	<u>17,197</u>	<u>17,197</u>
Total expenditures	<u>5,847,040</u>	<u>6,058,040</u>	<u>5,869,559</u>	<u>(188,481)</u>
Excess of revenues over (under) expenditures	<u>(4,389)</u>	<u>(55,389)</u>	<u>847,860</u>	<u>903,249</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	500	500	699	199
Insurance recoveries	2,500	53,500	77,189	23,689
Transfers in	450,000	450,000	450,000	-
Transfers out	(448,611)	(448,611)	(796,067)	(347,456)
Total other financing sources (uses)	<u>4,389</u>	<u>55,389</u>	<u>(268,179)</u>	<u>(323,568)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>579,681</u>	<u>\$ 579,681</u>
<b>Fund Balances</b>				
Beginning of year			3,763,601	
End of year			<u>\$ 4,343,282</u>	

**City of Big Lake**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance -**  
**Budget and Actual - Economic Development Authority**  
**For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 129,100	\$ 129,100	\$ 129,860	\$ 760
Charges for services	-	-	17,000	17,000
Miscellaneous				
Investment income	800	800	15,877	15,077
Total revenues	<u>129,900</u>	<u>129,900</u>	<u>162,737</u>	<u>32,837</u>
<b>Expenditures</b>				
Current				
Economic development	<u>98,661</u>	<u>98,661</u>	<u>139,184</u>	<u>40,523</u>
Excess of revenues over (under) expenditures	31,239	31,239	23,553	(7,686)
<b>Other Financing (Uses)</b>				
Transfers out	<u>(45,406)</u>	<u>(45,406)</u>	<u>(46,362)</u>	<u>(956)</u>
Net change in fund balances	<u>\$ (14,167)</u>	<u>\$ (14,167)</u>	<u>(22,809)</u>	<u>\$ (8,642)</u>
<b>Fund Balances</b>				
Beginning of year			<u>860,891</u>	
End of year			<u>\$ 838,082</u>	

**City of Big Lake**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance -**  
**Budget and Actual - Farmers Market**  
**For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 2,200	\$ 2,200	\$ 4,930	\$ 2,730
Intergovernmental	1,200	1,200	2,207	1,007
Charges for services	10	10	-	(10)
Miscellaneous				
Investment income	100	100	969	869
Contributions and donations	10,500	10,500	15,240	4,740
Other	-	-	52	52
Total revenues	14,010	14,010	23,398	9,388
<b>Expenditures</b>				
<b>Current</b>				
Culture and recreation	12,982	12,982	17,322	4,340
Total expenditures	12,982	12,982	17,322	4,340
Net change in fund balances	\$ 1,028	\$ 1,028	6,076	\$ 5,048
<b>Fund Balances</b>				
Beginning of year			19,657	
End of year			\$ 25,733	

**City of Big Lake**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance -**  
**Budget and Actual - Music in the Park**  
**For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous				
Investment income	\$ 100	\$ 100	\$ 676	\$ 576
Contributions and donations	25,000	25,000	29,500	4,500
Total revenues	<u>25,100</u>	<u>25,100</u>	<u>30,176</u>	<u>5,076</u>
<b>Expenditures</b>				
Current				
Culture and recreation	32,488	32,488	36,241	3,753
Total expenditures	<u>32,488</u>	<u>32,488</u>	<u>36,241</u>	<u>3,753</u>
Excess of revenues over (under) expenditures	(7,388)	(7,388)	(6,065)	1,323
<b>Other Financing Sources</b>				
Transfers in	5,000	5,000	-	(5,000)
Net change in fund balances	<u>\$ (2,388)</u>	<u>\$ (2,388)</u>	<u>\$ (6,065)</u>	<u>\$ (3,677)</u>
<b>Fund Balances</b>				
Beginning of year			<u>13,968</u>	
End of year			<u>\$ 7,903</u>	

**City of Big Lake**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance -**  
**Budget and Actual - American Rescue Plan Special Revenue Fund**  
**For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 246,481	\$ 246,481
Excess revenues over expenditures	-	-	246,481	246,481
<b>Other Financing Uses</b>				
Transfers out	(1,226,802)	(1,226,802)	(246,481)	980,321
Total other financing uses	(1,226,802)	(1,226,802)	(246,481)	980,321
 Net change in fund balances	 <u>\$ (1,226,802)</u>	 <u>\$ (1,226,802)</u>	 -	 <u>\$ 1,226,802</u>
<b>Fund Balances</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	





**STATISTICAL SECTION  
(UNAUDITED)**



**City of Big Lake  
Statistical Section  
Unaudited**

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

**Financial Trends**

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the government’s current levels of out-standing debt and the government’s ability to issue additional debt in the future.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

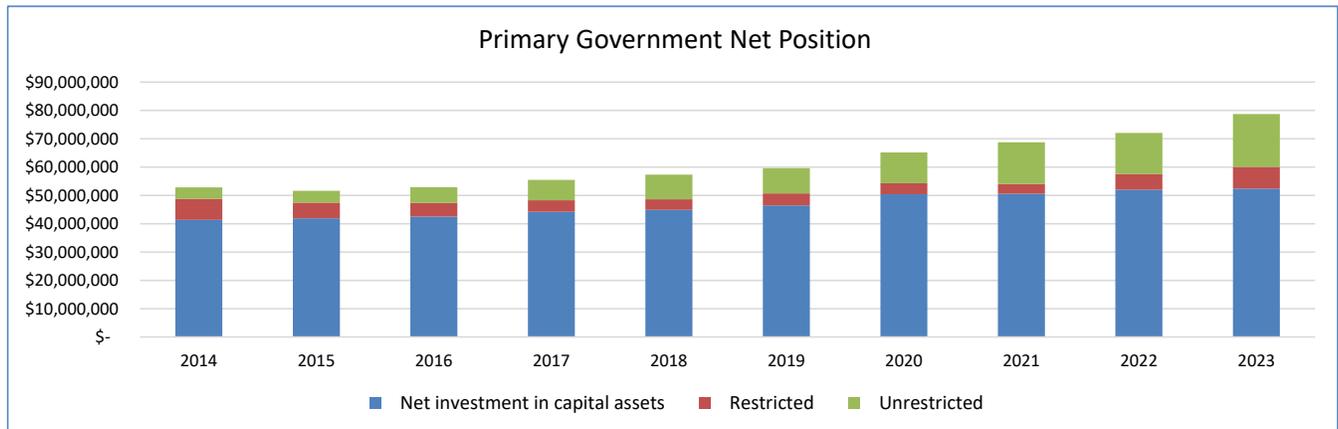
**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the service the government provides and activities it performs.

*Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive finance reports for the relevant year.*

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Government Activities</b>				
Net investment in capital assets	\$ 13,014,790	\$ 13,875,975	\$ 14,330,114	\$ 16,330,619
Restricted	7,243,632	5,514,210	4,779,977	4,038,095
Unrestricted	796,397	943,819	2,004,674	1,684,117
Total governmental activities	<u>\$ 21,054,819</u>	<u>\$ 20,334,004</u>	<u>\$ 21,114,765</u>	<u>\$ 22,052,831</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 28,350,414	\$ 28,039,804	\$ 28,191,999	\$ 27,887,831
Restricted	149,720	-	-	-
Unrestricted	3,275,921	3,223,518	3,561,189	5,509,007
Total business-type activities	<u>\$ 31,776,055</u>	<u>\$ 31,263,322</u>	<u>\$ 31,753,188</u>	<u>\$ 33,396,838</u>
<b>Total Primary Government</b>				
Net investment in capital assets	\$ 41,365,204	\$ 41,915,779	\$ 42,522,113	\$ 44,218,450
Restricted	7,393,352	5,514,210	4,779,977	4,038,095
Unrestricted	4,072,318	4,167,337	5,565,863	7,193,124
Total primary government	<u>\$ 52,830,874</u>	<u>\$ 51,597,326</u>	<u>\$ 52,867,953</u>	<u>\$ 55,449,669</u>



Note: The City implemented GASB Statement No 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

Table 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 17,363,753	\$ 18,897,428	\$ 20,600,086	\$ 21,142,224	\$ 21,405,841	\$ 21,456,642
3,718,831	4,208,477	3,911,278	3,434,352	5,520,302	7,694,683
2,813,306	2,915,587	4,632,309	6,409,314	5,989,154	8,664,179
<u>\$ 23,895,890</u>	<u>\$ 26,021,492</u>	<u>\$ 29,143,673</u>	<u>\$ 30,985,890</u>	<u>\$ 32,915,297</u>	<u>\$ 37,815,504</u>
\$ 27,549,550	\$ 27,572,611	\$ 29,791,418	\$ 29,417,906	\$ 30,567,887	\$ 30,907,470
-	-	-	-	-	-
5,861,383	6,040,361	6,222,350	8,338,282	8,563,869	9,990,595
<u>\$ 33,410,933</u>	<u>\$ 33,612,972</u>	<u>\$ 36,013,768</u>	<u>\$ 37,756,188</u>	<u>\$ 39,131,756</u>	<u>\$ 40,898,065</u>
\$ 44,913,303	\$ 46,470,039	\$ 50,391,504	\$ 50,560,130	\$ 51,973,728	\$ 52,364,112
3,718,831	4,208,477	3,911,278	3,434,352	5,520,302	7,694,683
8,674,689	8,955,948	10,854,659	14,747,596	14,553,023	18,654,774
<u>\$ 57,306,823</u>	<u>\$ 59,634,464</u>	<u>\$ 65,157,441</u>	<u>\$ 68,742,078</u>	<u>\$ 72,047,053</u>	<u>\$ 78,713,569</u>

**City of Big Lake**  
**Change in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(Unaudited)**

	Fiscal Year			
	2014	2015	2016	2017
<b>Expenses</b>				
<b>Government activities</b>				
General government	\$ 579,886	\$ 698,985	\$ 817,758	\$ 889,464
Public safety	1,959,729	2,027,751	2,824,362	2,589,377
Streets and highways	1,526,119	1,583,429	1,715,070	1,459,952
Culture and recreation	588,639	565,038	715,728	774,937
Economic development	765,879	1,169,261	764,277	1,057,332
Interest on long-term debt	720,896	777,588	634,810	454,194
Total governmental activities expenses	<u>6,141,148</u>	<u>6,822,052</u>	<u>7,472,005</u>	<u>7,225,256</u>
<b>Business-type activities</b>				
Water utility	\$ 1,935,061	\$ 1,901,628	\$ 1,827,785	\$ 1,911,736
Sewer utility	2,531,591	2,611,429	2,470,971	2,589,521
Municipal liquor	3,281,787	3,457,356	3,504,046	3,640,702
Storm sewer utility	396,863	431,790	443,110	432,199
Total business-type activities expenses	<u>8,145,302</u>	<u>8,402,203</u>	<u>8,245,912</u>	<u>8,574,158</u>
Total primary government expenses	<u>\$ 14,286,450</u>	<u>\$ 15,224,255</u>	<u>\$ 15,717,917</u>	<u>\$ 15,799,414</u>
<b>Program Revenues</b>				
<b>Government activities</b>				
<b>Charges for services</b>				
General government	\$ 254,387	\$ 112,415	\$ 89,039	\$ 137,212
Public safety	294,003	297,269	502,092	640,909
Streets and highways	156,335	165,496	160,501	171,492
Culture and recreation	111,755	101,521	66,971	59,333
Economic development	13,419	2,663	5,334	7,176
Operating grants and contributions	377,430	429,703	574,835	383,139
Capital grants and contributions	653,389	857,436	1,211,405	978,503
Total governmental activities program revenues	<u>1,860,718</u>	<u>1,966,503</u>	<u>2,610,177</u>	<u>2,377,764</u>
<b>Business-type activities</b>				
<b>Charges for services</b>				
Water utility	\$ 1,788,260	\$ 1,837,340	\$ 1,891,744	\$ 2,194,760
Sewer utility	1,986,187	2,660,659	2,790,169	4,072,068
Municipal liquor	3,727,059	3,918,017	3,942,618	4,161,963
Storm sewer utility	237,478	243,040	248,011	254,733
Operating grants and contributions	-	10,130	45,700	27,693
Capital grants and contributions	-	359,021	192,242	-
Total business-type activities program revenues	<u>7,738,984</u>	<u>9,028,207</u>	<u>9,110,484</u>	<u>10,711,217</u>
Total program revenues	<u>\$ 9,599,702</u>	<u>\$ 10,994,710</u>	<u>\$ 11,720,661</u>	<u>\$ 13,088,981</u>
<b>Net Revenues (Expenses)</b>				
Governmental activities	\$ (4,280,430)	\$ (4,855,549)	\$ (4,861,828)	\$ (4,847,492)
Business-type activities	(406,318)	626,004	864,572	2,137,059
Total primary government revenues (expenses)	<u>(4,686,748)</u>	<u>(4,229,545)</u>	<u>(3,997,256)</u>	<u>(2,710,433)</u>

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 879,778	\$ 936,323	\$ 1,004,068	\$ 1,005,419	\$ 1,189,587	\$ 1,120,773
2,653,278	2,627,794	3,169,311	2,718,236	3,291,228	3,541,163
1,691,819	1,710,146	2,038,384	1,971,568	2,152,571	2,317,949
794,457	834,271	938,626	882,228	910,885	1,036,531
543,968	522,633	1,075,887	567,085	832,922	737,615
515,287	336,680	278,924	338,486	419,548	319,346
<u>7,078,587</u>	<u>6,967,847</u>	<u>8,505,200</u>	<u>7,483,022</u>	<u>8,796,741</u>	<u>9,073,377</u>
\$ 1,914,037	\$ 1,923,044	\$ 2,025,958	\$ 2,138,327	\$ 2,142,217	\$ 2,163,027
2,591,003	2,600,311	2,685,199	2,743,746	2,933,413	2,966,902
3,764,839	3,992,566	4,937,241	4,855,038	5,007,633	4,888,158
387,726	402,679	409,116	349,165	421,859	387,920
<u>8,657,605</u>	<u>8,918,600</u>	<u>10,057,514</u>	<u>10,086,276</u>	<u>10,505,122</u>	<u>10,406,007</u>
<u>\$ 15,736,192</u>	<u>\$ 15,886,447</u>	<u>\$ 18,562,714</u>	<u>\$ 17,569,298</u>	<u>\$ 19,301,863</u>	<u>\$ 19,479,384</u>
\$ 128,512	\$ 131,205	\$ 156,413	\$ 141,434	\$ 152,077	\$ 164,223
513,549	570,965	608,112	704,310	737,396	678,289
168,186	177,743	179,554	214,673	189,954	190,373
72,254	82,033	106,385	100,060	84,937	96,887
5,843	3,551	8,451	67,297	9,097	18,847
384,615	393,643	1,052,421	426,716	550,242	520,496
1,437,368	1,070,391	2,569,604	807,256	2,220,263	3,736,904
<u>2,710,327</u>	<u>2,429,531</u>	<u>4,680,940</u>	<u>2,461,746</u>	<u>3,943,966</u>	<u>5,406,019</u>
\$ 2,005,600	\$ 1,669,854	\$ 2,110,066	\$ 2,434,017	\$ 2,265,513	\$ 2,481,378
2,516,346	2,366,293	2,622,429	2,911,360	2,924,476	3,141,635
4,240,363	4,447,195	5,751,346	5,635,219	5,625,135	5,445,462
267,566	255,686	256,260	262,900	263,663	267,656
15,496	29,676	34,228	40,964	19,793	36,921
-	909,981	2,200,515	1,079,254	1,162,644	747,605
<u>9,045,371</u>	<u>9,678,685</u>	<u>12,974,844</u>	<u>12,363,714</u>	<u>12,261,224</u>	<u>12,120,657</u>
<u>\$ 11,755,698</u>	<u>\$ 12,108,216</u>	<u>\$ 17,655,784</u>	<u>\$ 14,825,460</u>	<u>\$ 16,205,190</u>	<u>\$ 17,526,676</u>
\$ (4,368,260)	\$ (4,538,316)	\$ (3,824,260)	\$ (5,021,276)	\$ (4,852,775)	\$ (3,667,358)
387,766	760,085	2,917,330	2,277,438	1,756,102	1,714,650
<u>(3,980,494)</u>	<u>(3,778,231)</u>	<u>(906,930)</u>	<u>(2,743,838)</u>	<u>(3,096,673)</u>	<u>(1,952,708)</u>

**City of Big Lake**  
**Change in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(Unaudited)**

	Fiscal Year			
	2014	2015	2016	2017
<b>Net Revenues (Expenses) (Continued)</b>				
Governmental activities	\$ (4,280,430)	\$ (4,855,549)	\$ (4,861,828)	\$ (4,847,492)
Business-type activities	(406,318)	626,004	864,572	2,137,059
 Total primary government revenues (expenses)	<u>\$ (4,686,748)</u>	<u>\$ (4,229,545)</u>	<u>\$ (3,997,256)</u>	<u>\$ (2,710,433)</u>
 <b>General Revenues and Other Changes in Net Position</b>				
<b>General Revenues</b>				
Governmental activities				
Taxes				
Property taxes levied	\$ 3,573,467	\$ 3,810,665	\$ 3,770,426	\$ 3,997,275
Franchise fees	-	432,771	442,833	434,945
Tax increments	132,842	154,361	126,650	142,631
State aids	494,979	529,010	542,339	546,863
Insurance recoveries	-	-	-	-
Unrestricted investments and other				
interest income	14,773	44,919	71,836	77,174
Gain on sale of assets	943	1,625	195,923	10,113
Other general revenue	-	24,894	12,345	15,277
Transfers	358,192	424,267	480,237	577,964
Special item - decrease in land held for resale	-	-	-	-
Total governmental activities general revenue	<u>4,575,196</u>	<u>5,422,512</u>	<u>5,642,589</u>	<u>5,802,242</u>
Business-type activities				
Unrestricted investments and other				
interest income	116,184	99,661	77,531	83,558
Gain on sale of assets	-	-	28,000	1,000
Transfers	(358,192)	(424,267)	(480,237)	(577,964)
Total business-type activities general revenue	<u>(242,008)</u>	<u>(324,606)</u>	<u>(374,706)</u>	<u>(493,406)</u>
 Total primary government	<u>\$ 4,333,188</u>	<u>\$ 5,097,906</u>	<u>\$ 5,267,883</u>	<u>\$ 5,308,836</u>
 <b>Change in Net Position</b>				
Governmental activities	\$ 294,766	\$ 566,963	\$ 780,761	\$ 954,750
Business-type activities	(648,326)	301,398	489,866	1,643,653
 Total primary government	<u>\$ (353,560)</u>	<u>\$ 868,361</u>	<u>\$ 1,270,627</u>	<u>\$ 2,598,403</u>

Note: The City implemented GASB Statement No 68 and GASB Statement No. 71 in 2015.  
Years prior to 2015 have not been restated.

Table 2 (Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (4,368,260)	\$ (4,538,316)	\$ (3,824,260)	\$ (5,021,276)	\$ (4,852,775)	\$ (3,667,358)
387,766	760,085	2,917,330	2,277,438	1,756,102	1,714,650
<u>\$ (3,980,494)</u>	<u>\$ (3,778,231)</u>	<u>\$ (906,930)</u>	<u>\$ (2,743,838)</u>	<u>\$ (3,096,673)</u>	<u>\$ (1,952,708)</u>
\$ 4,103,036	\$ 4,288,230	\$ 4,558,089	\$ 4,809,143	\$ 5,074,927	\$ 5,327,902
497,577	500,122	480,269	489,736	486,360	489,172
188,976	229,972	245,329	214,119	225,970	215,722
621,827	625,901	741,969	653,319	820,985	1,363,346
-	-	-	-	-	-
77,963	353,274	220,407	(93,355)	(425,427)	810,271
34,998	89,497	60,116	40,774	48,015	41,950
11,239	9,815	8,659	128,067	7,289	6,440
513,063	713,063	631,610	624,683	544,063	312,762
-	-	-	-	-	-
<u>6,048,679</u>	<u>6,809,874</u>	<u>6,946,448</u>	<u>6,866,486</u>	<u>6,782,182</u>	<u>8,567,565</u>
139,390	155,016	113,950	89,791	163,529	354,446
-	-	1,000	-	-	9,975
(513,063)	(713,063)	(631,610)	(624,683)	(713,063)	(312,762)
<u>(373,673)</u>	<u>(558,047)</u>	<u>(516,660)</u>	<u>(534,892)</u>	<u>(549,534)</u>	<u>51,659</u>
<u>\$ 5,675,006</u>	<u>\$ 6,251,827</u>	<u>\$ 6,429,788</u>	<u>\$ 6,331,594</u>	<u>\$ 6,232,648</u>	<u>\$ 8,619,224</u>
\$ 1,680,419	\$ 2,271,558	\$ 3,122,188	\$ 1,845,210	\$ 1,929,407	\$ 4,900,207
14,093	202,038	2,400,670	1,742,546	1,206,568	1,766,309
<u>\$ 1,694,512</u>	<u>\$ 2,473,596</u>	<u>\$ 5,522,858</u>	<u>\$ 3,587,756</u>	<u>\$ 3,135,975</u>	<u>\$ 6,666,516</u>

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

	Fiscal Year			
	2014	2015	2016	2017
<b>General Fund</b>				
Nonspendable	\$ 94,296	\$ 101,344	\$ 82,185	\$ 88,501
Assigned	94,978	73,220	145,579	150,013
Unassigned	2,412,141	2,529,125	2,796,408	2,990,373
Total general fund	<u>\$ 2,601,415</u>	<u>\$ 2,703,689</u>	<u>\$ 3,024,172</u>	<u>\$ 3,228,887</u>
<b>All other governmental funds</b>				
Nonspendable	\$ 253,980	\$ 104,100	\$ 102,100	\$ 784,507
Restricted	3,787,999	7,251,637	4,947,928	4,672,360
Committed	-	-	-	-
Assigned	1,183,067	1,807,319	2,617,113	2,229,758
Unassigned reported in				
Debt Service Funds	(646,603)	(410,520)	(19,163)	(3,849)
Special Revenue Funds	(267,157)	(190,805)	(140,423)	(72,216)
Capital Project Funds	(387,408)	(13,558)	(11,242)	(799,268)
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 3,923,878</u>	<u>\$ 8,548,173</u>	<u>\$ 7,496,313</u>	<u>\$ 6,811,292</u>

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 103,486	\$ 93,477	\$ 93,872	\$ 99,339	\$ 101,247	\$ 114,660
147,167	92,114	75,325	84,331	65,748	96,668
<u>2,965,325</u>	<u>3,327,859</u>	<u>3,746,172</u>	<u>3,908,801</u>	<u>3,596,606</u>	<u>4,131,954</u>
<u>\$ 3,215,978</u>	<u>\$ 3,513,450</u>	<u>\$ 3,915,369</u>	<u>\$ 4,092,471</u>	<u>\$ 3,763,601</u>	<u>\$ 4,343,282</u>
\$ 795,545	\$ 682,130	\$ 682,130	\$ 633,330	\$ 8	428
4,956,579	2,706,469	2,422,038	2,239,171	3,529,118	3,791,691
-	120,314	126,094	213,700	860,891	871,300
2,872,857	2,728,967	3,744,384	5,895,117	6,395,578	6,957,196
-	-	-	-	-	-
(22,489)	-	-	-	-	-
(742,223)	(713,223)	(711,278)	(798,028)	(572,337)	(566,688)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,860,269</u>	<u>\$ 5,524,657</u>	<u>\$ 6,263,368</u>	<u>\$ 8,183,290</u>	<u>\$ 10,213,258</u>	<u>\$ 11,053,927</u>

**City of Big Lake**  
**Change in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(Unaudited)**

	Fiscal Year			
	2014	2015	2016	2017
<b>Revenues</b>				
Taxes	\$ 3,526,265	\$ 3,852,981	\$ 3,793,686	\$ 4,026,987
Tax increment	132,842	154,361	126,650	142,631
Franchise fees	129,508	432,771	442,833	434,945
Special assessments	669,208	628,814	610,671	536,451
Licenses and permits	312,012	321,082	500,653	620,877
Intergovernmental	1,360,729	1,602,813	1,976,972	1,778,825
Charges for services	292,564	348,467	365,497	385,684
Fines and forfeitures	49,690	41,781	54,656	61,601
Interest on investments	11,488	44,919	71,836	77,174
Miscellaneous	159,631	145,558	201,951	123,289
Total revenues	<u>6,643,937</u>	<u>7,573,547</u>	<u>8,145,405</u>	<u>8,188,464</u>
<b>Expenditures</b>				
General government	594,110	631,186	674,191	819,949
Public safety	1,781,666	1,918,859	2,029,525	2,152,186
Street and highways	534,825	509,650	549,659	512,742
Culture and recreation	410,213	422,969	488,426	610,022
Economic development	434,000	408,137	311,163	791,484
Capital outlay	915,955	1,036,874	1,101,577	1,824,342
Debt service				
Principal	2,807,838	2,231,924	9,128,603	2,044,215
Interest and other charges	726,190	724,164	799,239	529,834
Total expenditures	<u>8,204,797</u>	<u>7,883,763</u>	<u>15,082,383</u>	<u>9,284,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,560,860)</u>	<u>(310,216)</u>	<u>(6,936,978)</u>	<u>(1,096,310)</u>
Other financing sources (uses)				
Transfers in	626,508	2,915,709	9,418,595	2,377,655
Proceeds from Sale of Capital Assets	943	1,625	195,923	10,113
Issuance of Debt	296,530	4,330,000	5,350,000	-
Bonds Premium	8,499	280,893	62,589	-
Proceeds from Capital Lease	-	-	65,959	-
Proceeds from Finance Purchase	-	-	-	-
Insurance Recovery Proceeds	-	-	50,893	27,927
Transfers out	(268,316)	(2,491,442)	(8,938,358)	(1,799,691)
Total other financing sources (uses)	<u>664,164</u>	<u>5,036,785</u>	<u>6,205,601</u>	<u>616,004</u>
Net change in fund balance	<u>\$ (896,696)</u>	<u>\$ 4,726,569</u>	<u>\$ (731,377)</u>	<u>\$ (480,306)</u>
Debt service as a percentage of Noncapital expenditures	47%	39%	69%	33%

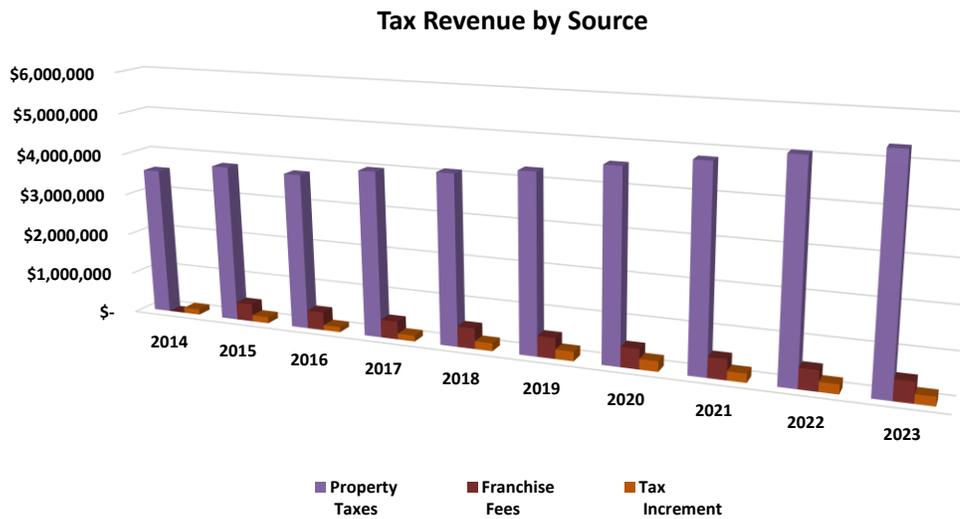
Table 4

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	4,158,096	\$	4,300,200	\$	4,581,152	\$	4,865,161	\$	5,074,264	\$	5,339,110
	188,976		229,972		245,329		214,119		225,970		215,722
	497,577		500,122		480,269		486,736		486,360		489,172
	640,316		370,218		323,729		284,521		495,324		944,025
	538,945		584,058		674,636		701,777		781,447		709,693
	1,686,894		1,833,549		3,642,872		1,815,002		1,723,921		2,465,620
	295,638		380,054		618,551		344,418		500,489		501,893
	72,672		79,000		72,207		103,524		70,434		97,827
	77,963		353,274		220,407		(93,355)		(425,427)		810,271
	118,007		79,774		71,414		221,663		115,859		159,492
	<u>8,275,084</u>		<u>8,710,221</u>		<u>10,930,566</u>		<u>8,943,566</u>		<u>9,048,641</u>		<u>11,732,825</u>
	836,229		849,967		943,398		891,648		1,074,995		1,009,664
	2,262,176		2,384,415		2,836,250		2,626,427		2,838,695		2,940,056
	624,780		662,058		684,296		739,478		858,818		958,538
	633,299		670,438		787,164		728,788		797,877		864,617
	294,542		321,103		843,383		311,391		713,891		555,932
	3,028,733		1,735,475		1,970,592		3,411,257		5,166,173		2,174,171
	1,983,568		4,501,878		2,197,032		1,829,475		1,778,718		1,782,715
	526,137		441,875		335,364		362,572		422,421		519,000
	<u>10,189,464</u>		<u>11,567,209</u>		<u>10,597,479</u>		<u>10,901,036</u>		<u>13,651,588</u>		<u>10,804,693</u>
	(1,914,380)		(2,856,988)		333,087		(1,957,470)		(4,602,947)		928,132
	1,852,953		6,105,643		2,014,316		1,913,626		2,613,075		1,832,892
	60,584		101,172		127,220		40,774		93,271		41,950
	2,350,000		-		-		3,140,000		5,065,000		-
	23,384		-		-		226,645		564,804		-
	-		-		-		-		-		-
	-		-		-		-		-		60,317
	3,417		4,613		48,713		22,392		36,907		77,189
	<u>(1,339,890)</u>		<u>(5,392,580)</u>		<u>(1,382,706)</u>		<u>(1,288,943)</u>		<u>(2,069,012)</u>		<u>(1,520,130)</u>
	<u>2,950,448</u>		<u>818,848</u>		<u>807,543</u>		<u>4,054,494</u>		<u>6,304,045</u>		<u>492,218</u>
\$	<u>1,036,068</u>	\$	<u>(2,038,140)</u>	\$	<u>1,140,630</u>	\$	<u>2,097,024</u>	\$	<u>1,701,098</u>	\$	<u>1,420,350</u>
	34%		48%		27%		28%		26%		26%

**City of Big Lake**  
**General Governmental Activities Tax Revenue by Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(Unaudited)**

Table 5

Fiscal Year	Property Taxes	Franchise Fees	Tax Increment	Total
2014	\$ 3,573,467	\$ -	\$ 132,842	\$ 3,706,309
2015	3,810,665	432,771	154,361	4,397,797
2016	3,770,426	442,833	126,650	4,339,909
2017	3,997,275	434,945	142,631	4,574,851
2018	4,103,036	497,577	188,976	4,789,589
2019	4,288,230	500,122	229,972	5,018,324
2020	4,558,089	480,269	245,329	5,283,687
2021	4,809,143	486,736	214,319	5,510,198
2022	5,074,927	486,360	225,970	5,787,257
2023	5,327,902	489,172	215,722	6,032,796
Change 2014-2022	49%	100%	62%	63%

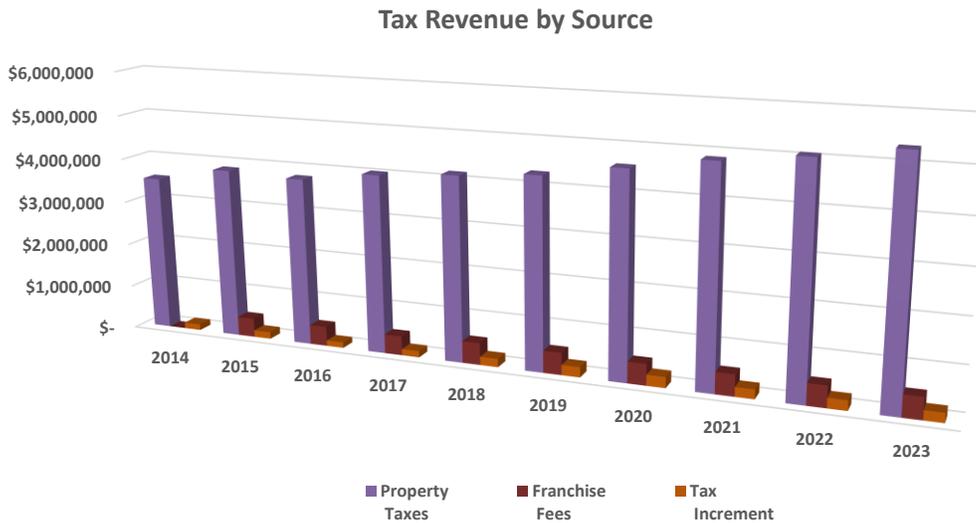


Source: Finance Department

**City of Big Lake**  
**Governmental Funds Tax Revenue by Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(Unaudited)**

Table 5 (Continued)

Fiscal Year	Property Taxes	Franchise Fees	Tax Increment	Total
2014	\$ 3,526,265	\$ -	\$ 132,842	\$ 3,659,107
2015	3,852,981	432,771	154,361	4,440,113
2016	3,793,686	442,833	126,650	4,363,169
2017	4,026,987	434,945	142,631	4,604,563
2018	4,158,096	497,577	188,976	4,844,649
2019	4,300,200	500,122	229,972	5,030,294
2020	4,581,152	480,269	245,329	5,306,750
2021	4,865,161	486,736	214,319	5,566,216
2022	5,074,264	486,360	225,970	5,786,594
2023	5,339,110	489,172	215,722	6,044,004
Change 2014-2022	51%	100%	62%	65%



Source: Finance Department

**City of Big Lake**  
**Tax Capacity, Market Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Shown by Year of Tax Collection)**  
**(Unaudited)**

	Fiscal Year			
	2014	2015	2016	2017
<b>Taxable Market Value</b>				
Personal property	\$ 4,955,000	\$ 4,930,300	\$ 5,116,600	\$ 5,247,800
Real property	518,737,400	572,192,500	660,997,200	609,692,802
<b>Total taxable market value</b>	<b>\$ 523,692,400</b>	<b>\$ 577,122,800</b>	<b>\$ 666,113,800</b>	<b>\$ 614,940,602</b>
Estimated actual value of taxable property	\$ 577,498,510	\$ 627,614,325	\$ 645,974,750	\$ 665,646,975
Taxable market value as a percentage of estimated actual value	91%	92%	103%	92%
<b>Tax Capacity</b>				
Personal property	\$ 97,800	\$ 97,309	\$ 101,036	\$ 103,252
Real property	6,060,397	6,572,113	6,718,203	6,881,559
Total tax capacity	6,158,197	6,669,422	6,819,239	6,984,811
Less 10% KV	-	-	-	-
Less TIF	(160,970)	(111,280)	(87,877)	(98,363)
Net tax capacity	5,997,227	6,558,142	6,731,362	6,886,448
<b>Tax Levies</b>				
General	2,130,261	2,282,465	2,378,779	2,731,262
Debt services	1,467,725	1,486,393	1,462,159	1,348,656
Total tax levies	\$ 3,597,986	\$ 3,768,858	\$ 3,840,938	\$ 4,079,918
Total tax capacity rate	60.048%	57.518%	57.112%	57.936%

Source: Sherburne County Auditor/Treasure Department

Table 6

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 5,680,700	\$ 5,809,800	\$ 5,862,600	\$ 6,127,300	\$ 5,012,400	\$ 5,432,300
740,257,900	752,353,995	826,227,244	890,268,843	975,989,578	1,264,429,892
<u>\$ 745,938,600</u>	<u>\$ 758,163,795</u>	<u>\$ 832,089,844</u>	<u>\$ 896,396,143</u>	<u>\$ 981,001,978</u>	<u>\$ 1,269,862,192</u>
<u>\$ 721,536,180</u>	<u>\$ 801,075,390</u>	<u>\$ 870,207,211</u>	<u>\$ 932,002,794</u>	<u>\$ 1,011,982,196</u>	<u>\$ 1,283,005,993</u>
<u>103%</u>	<u>95%</u>	<u>96%</u>	<u>96%</u>	<u>97%</u>	<u>99%</u>
\$ 111,678	\$ 114,241	\$ 115,297	\$ 120,590	\$ 98,292	\$ 106,125
7,442,619	8,304,877	9,082,445	9,761,811	10,619,814	13,638,931
7,554,297	8,419,118	9,197,742	9,882,401	10,718,106	13,745,056
-	-	-	-	(154)	\$ (153)
(132,630)	(161,445)	(177,943)	(189,357)	(174,568)	(200,488)
<u>7,421,667</u>	<u>8,257,673</u>	<u>9,019,799</u>	<u>9,693,044</u>	<u>10,543,384</u>	<u>13,544,415</u>
2,899,510	2,878,446	3,291,711	3,512,929	3,638,582	4,118,078
1,226,348	1,320,964	114,424	1,181,670	1,359,097	1,086,357
<u>\$ 4,125,858</u>	<u>\$ 4,199,410</u>	<u>\$ 3,406,135</u>	<u>\$ 4,694,599</u>	<u>\$ 4,997,679</u>	<u>\$ 5,204,435</u>
<u>55.643%</u>	<u>50.898%</u>	<u>49.223%</u>	<u>48.471%</u>	<u>47.505%</u>	<u>38.545%</u>

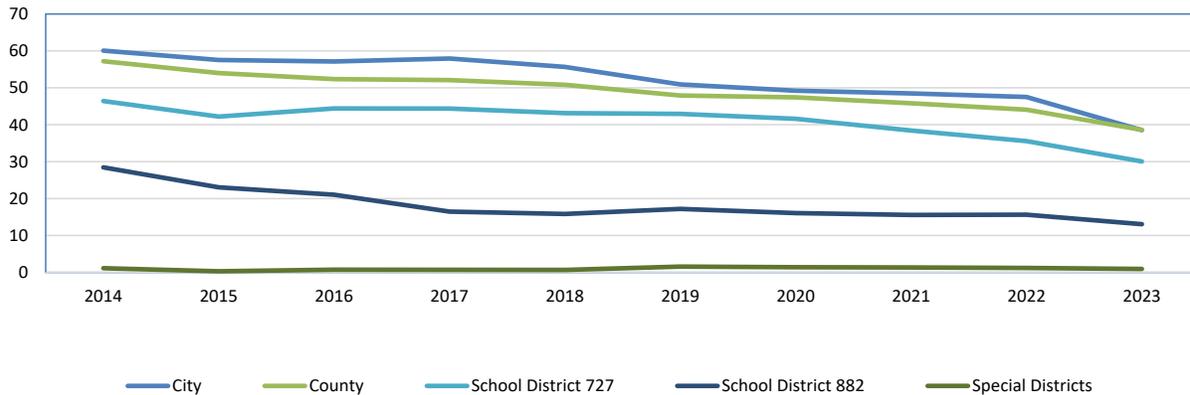


**City of Big Lake**  
**Property Tax Capacity Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Per \$1,000 of Tax Capacity)**  
**(modified accrual basis of accountign)**  
**(Unaudited)**

**Table 7**

Year Taxes Payable	City of Big Lake	Overlapping Taxing Districts				Total (2) Direct and Overlapping With 727	Total (2) Direct and Overlapping With 882
		Sherburne County	Big Lake School District No 727	Monticello School District No 882	Special Districts (1)		
2014	60.048	57.194	46.288	28.269	1.167	164.697	118.409
2015	57.518	53.968	42.077	22.882	0.305	153.868	111.791
2016	57.112	52.352	44.190	20.857	0.743	154.397	110.207
2017	57.936	52.077	44.163	16.242	0.726	154.902	110.739
2018	55.643	50.825	42.943	15.621	0.674	150.085	107.142
2019	50.898	47.899	42.767	16.972	1.574	143.138	100.371
2020	49.223	47.399	41.409	15.865	1.410	139.441	98.032
2021	48.471	45.810	38.240	15.390	1.341	133.862	95.622
2022	47.505	44.057	35.365	15.459	1.233	128.160	92.795
2023	38.545	38.612	29.868	12.865	0.960	107.985	90.982

**Property Tax Rates**



Note 1: Special Districts include Economic Development Authority (this began in 2014, Hospital District ended in 2013).

Note 2: Information reflects total tax rates levied by each entity. Tax rates are expressed in terms of "net tax capacity". A property's tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation. School districts have an additional tax rate that is based on the market value not the net tax capacity, this rate is not included in the total.

Source: Sherburne County Auditor/Treasure Department

**City of Big Lake  
Principal Property Taxpayers  
Current and Nine Years Ago  
(Unaudited)**

Tax Payer	2023			
	Market Value	Taxable Net Tax Capacity Value	Rank	Percentage Total Net Tax Capacity
Alacrity Investments IV, LLC	\$ 2,424,900	\$ 47,748	11	0.35%
Big Lake 2018, LLC	4,885,500	96,210	4	0.71%
Big Lake Business Center, LLC	1,629,700	31,844	16	0.24%
Cargill Kitchens	3,591,800	71,086	7	0.52%
Cargill, INC	1,546,200	30,174	18	0.22%
CAZ Properties, LLC	1,600,300	31,256	17	0.23%
CentralCare Health System	2,797,600	55,202	10	0.41%
CF Beam Me Up, LLC	-	-		0.00%
FCB Properties, LLC	1,541,300	30,076	18	0.22%
Great River Energy	2,300,300	46,006	12	0.34%
Keller Lake ACQ, LLC	6,682,000	83,525	5	0.62%
Kwik Trip, Inc	1,572,800	30,706	17	0.23%
Lakedale Telephone Company	1,944,200	37,384	14	0.28%
LGL Real Estate Investments, LLC	-	-		0.00%
LISI Medical Remmele, Inc	3,744,600	74,142	6	0.55%
MDI Limited Partnership #69	4,052,000	30,390	18	0.22%
Minnegasco Property Accounting	2,940,300	58,806	9	0.43%
MP of Big Lake, LLC	-	-		0.00%
Northern Star Apartments, LLC	8,975,600	112,195	3	0.83%
Northern States Power Company - MN	2,074,500	41,490	13	0.31%
Nystrom RTC, LLC	3,035,600	59,962	8	0.44%
On Call Services1, LLC	-	-		0.00%
Paragon Plaza, LLC	-	-		0.00%
Paragon Real Estate, LLC	2,319,600	45,642	12	0.34%
Remmele Engineering, INC	5,087,400	151,166	2	1.12%
RKE Properties MN, LLC	-	-		0.00%
Sherburne Park Estates, LLP	3,722,400	46,530	12	0.34%
Shiota, Fred I and Jane E	3,697,400	46,212	12	0.34%
SKGP Investments, LLC	-	-		0.00%
Station Street Apartments of Big Lake, LLLP	12,867,500	160,844	1	1.19%
The Crossing II of Big Lake, LTD PTN	4,940,200	37,052	15	0.27%
Town Square Residential Suites, LLC	2,976,000	37,200	15	0.27%
Vision Enterprises, LLC	-	-		0.00%
<b>Total</b>		<u><u>\$ 1,492,848</u></u>		

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Large Taxpayers have been furnished by Sherburne County

Table 8

2014			
Market Value	Taxable Net Tax Capacity Value	Rank	Percentage Total Net Tax Capacity
\$ 2,271,400	\$ 44,678	9	0.74%
5,718,100	113,612	1	1.89%
1,495,600	29,162	17	0.49%
2,900,000	57,250	5	0.95%
1,743,600	34,122	14	0.57%
1,563,700	30,524	15	0.51%
3,674,700	71,994	3	1.20%
1,781,800	34,886	13	0.58%
1,415,600	27,562	20	0.46%
3,445,900	68,918	4	1.15%
4,207,500	52,594	6	0.88%
-	-		0.00%
2,428,500	47,070	7	0.78%
1,756,200	34,374	14	0.57%
1,979,000	38,830	10	0.65%
-	-		0.00%
2,322,200	46,444	8	0.77%
1,515,800	29,566	17	0.49%
-	-		0.00%
1,718,800	34,376	14	0.57%
-	-		0.00%
2,679,300	52,836	6	0.88%
1,446,200	28,174	19	0.47%
1,888,200	37,014	11	0.62%
4,400,000	87,250	2	1.45%
1,800,300	35,256	12	0.59%
2,316,000	28,950	18	0.48%
-	-		0.00%
1,453,400	28,318	19	0.47%
-	-		0.00%
-	-		0.00%
-	-		0.00%
1,561,000	29,774	16	0.50%
	<u>\$ 1,123,534</u>		

**City of Big Lake  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Net Tax Levy Fiscal Year	Collected within the Year of the Net Levy		Collectitons in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Levy		Amount	Percentage of Net Levy
2014	\$ 3,637,328	\$ 3,513,081	96.58%	\$ 111,038	\$ 3,624,119	99.64%
2015	3,768,515	3,709,112	98.42%	48,137	3,757,249	99.70%
2016	3,840,775	3,796,975	98.86%	17,284	3,814,259	99.31%
2017	3,986,742	3,927,821	98.52%	43,109	3,970,930	99.60%
2018	4,125,858	4,092,790	99.20%	23,954	4,116,744	99.78%
2019	4,199,410	4,142,404	98.64%	49,148	4,191,552	99.81%
2020	4,435,801	4,389,360	98.95%	38,920	4,428,280	99.83%
2021	4,694,376	4,667,020	99.42%	19,525	4,686,545	99.83%
2022	5,004,729	4,966,440	99.23%	27,098	4,993,538	99.78%
2023	5,216,485	5,181,098	99.32%	-	5,181,098	99.32%

Source: Sherburne County Auditor/Treasure Department

Table 9

Abatements and Adjustments	Total Uncollected	
	Amount	Percentage of Net Levy
\$ (284)	\$ 12,925	0.36%
(4,430)	6,836	0.18%
(23,369)	3,147	0.08%
(13,940)	1,872	0.05%
(7,237)	1,877	0.05%
(5,156)	2,702	0.06%
(5,106)	2,415	0.05%
(4,357)	3,474	0.07%
(5,192)	5,999	0.12%
(3,464)	31,923	0.61%

**City of Big Lake**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year			
	2014	2015	2016	2017
<b>Governmental Activities</b>				
General obligation bonds				
Special assessments/improvement bonds	\$ 14,315,000	\$ 17,115,000	\$ 13,555,000	\$ 11,910,000
Refunding bonds	-	-	2,885,000	2,665,000
Tax increment bonds	1,840,000	1,735,000	710,000	695,000
Notes payable	2,003,000	1,885,000	1,765,000	1,643,000
Net premium (discount)	75,921	331,667	353,420	319,945
Total general obligation debt	<u>18,233,921</u>	<u>21,066,667</u>	<u>19,268,420</u>	<u>17,232,945</u>
Non-general obligation bonds				
Revenue bonds/tax abatement	2,695,454	2,216,530	269,200	241,870
Finance purchase	-	-	54,686	39,801
Lease liabilities	-	-	-	-
 Total governmental activities	 <u>\$ 20,929,375</u>	 <u>\$ 23,283,197</u>	 <u>\$ 19,592,306</u>	 <u>\$ 17,514,616</u>
<b>Business-Type Activities</b>				
General obligation bonds				
Revenue bonds	\$ 12,214,545	\$ 13,793,470	\$ 8,460,800	\$ 7,573,130
Net premium (discount)	84,880	281,985	254,490	234,995
Non-general obligation				
PFA notes	17,286,000	16,149,000	14,984,000	13,790,000
Lease liabilities	-	-	-	-
 Total business-type activities	 <u>\$ 29,585,425</u>	 <u>\$ 30,224,455</u>	 <u>\$ 23,699,290</u>	 <u>\$ 21,598,125</u>
 Total primary government	 \$ 50,514,800	 \$ 53,507,652	 \$ 43,291,596	 \$ 39,112,741
Percentage of personal income (1)	69.16%	68.81%	60.68%	49.99%
Per capita debt (1)	\$ 4,771	\$ 5,014	\$ 3,965	\$ 3,500

(1) See Schedule of Demographic and Economic Statistics

Source: Details regarding the City's outstanding debt can be found in the notes to the financial statements

Table 10

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 12,670,000	\$ 9,215,000	\$ 7,435,000	\$ 9,185,000	\$ 13,000,000	\$ 11,660,000
2,460,000	2,250,000	2,000,000	1,730,000	1,460,000	1,180,000
675,000	-	-	-	-	-
1,519,000	1,392,000	1,263,000	1,132,000	999,000	864,000
309,115	269,974	235,636	415,152	869,079	753,427
<u>17,633,115</u>	<u>13,126,974</u>	<u>10,933,636</u>	<u>12,462,152</u>	<u>16,328,079</u>	<u>14,457,427</u>
213,173	185,844	155,781	125,718	-	-
23,930	16,381	8,412	-	-	48,611
-	-	-	-	39,531	23,522
<u>\$ 17,870,218</u>	<u>\$ 13,329,199</u>	<u>\$ 11,097,829</u>	<u>\$ 12,587,870</u>	<u>\$ 16,367,610</u>	<u>\$ 14,529,560</u>
\$ 6,766,826	\$ 5,954,157	\$ 5,099,221	\$ 4,499,282	\$ 2,905,000	\$ 2,525,000
211,500	188,005	164,510	141,015	113,253	92,017
12,566,000	11,313,000	10,028,000	8,712,000	7,364,000	5,983,000
-	-	-	-	195,952	192,674
<u>\$ 19,544,326</u>	<u>\$ 17,455,162</u>	<u>\$ 15,291,731</u>	<u>\$ 13,352,297</u>	<u>\$ 10,578,205</u>	<u>\$ 8,792,691</u>
\$ 37,414,544	\$ 30,784,361	\$ 26,389,560	\$ 25,940,167	\$ 26,945,815	\$ 23,322,251
45.73%	32.55%	27.53%	24.90%	22.59%	19.55%
\$ 3,266	\$ 2,665	\$ 2,236	\$ 2,198	\$ 2,215	\$ 1,867

**City of Big Lake  
Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(Unaudited)**

Table 11

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Restricted to Debt Service	Net General Obligation Debt	Percentage of Estimated Market Value of Property	Per Capita
2014	\$ 1,195,000	\$ 602	\$ 1,194,398	0.21%	\$ 113
2015	1,590,000	67,217	1,522,783	0.24%	143
2016	1,945,000	367,234	1,577,766	0.24%	145
2017	1,655,000	309,249	1,345,751	0.20%	120
2018	1,460,000	210,637	1,249,363	0.17%	109
2019	1,260,000	178,980	1,081,020	0.13%	94
2020	1,105,000	149,757	955,243	0.11%	82
2021	945,000	118,938	826,062	0.09%	70
2022	740,000	18,475	721,525	0.07%	59
2023	625,000	20,662	604,338	0.05%	48

(1) Only include debt supported by tax levy

See the Demographic and Economic Statistics table for personal income and population data

See more detail for Estimated Property Value on table 6 of the statistical section

*Sources: Details regarding the City's outstanding debt can be found in the notes to the financial statements*

**City of Big Lake  
Computation of Direct and Overlapping  
Governmental Activities  
(Unaudited)**

**Table 12**

Governmental Unit	Debt Outstanding	Estimated Percentage of Debt Applicable to City	Estimate Share of Overlapping Debt
<b>Overlapping Debt</b>			
Sherburne County	\$ 37,265,000	8.95%	\$ 3,335,218
Independent School District 727, Big Lake	68,880,000	50.08%	34,495,104
Independent School District 882, Monticello	40,890,000	0.51%	208,539
	<u>\$ 147,035,000</u>		<u>38,038,861</u>
<b>City of Big Lake direct debt</b>			<u>12,840,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 50,878,861</u>

Note: More detailed information on the City's Outstanding debt can be viewed in table xx of the statistical section

Note: Only those taxing jurisdictions with general obligation debt outstanding are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, revenue supported general obligation debt, lease debt or general obligation tax/aid anticipation certificates of indebtedness. Debt listed is as of December 2, 2023.

Note: Estimate Percentage of Debt Applicable to City was calculated by taking the tax capacity value in the City divided by the total tax capacity value. Tax Capacity Value is after tax increment deduction adjustments

Source: Sherburne County Auditor/Treasure Department

**City of Big Lake  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year			
	2014	2015	2016	2017
Legal debt limit	\$ 17,890,161	\$ 19,438,842	\$ 19,983,414	\$ 20,570,646
Total net debt applicable to debt limit	1,830,000	1,590,000	1,945,000	1,655,000
Legal debt margin	<u>\$ 16,060,161</u>	<u>\$ 17,848,842</u>	<u>\$ 18,038,414</u>	<u>\$ 18,915,646</u>
Total net debt applicable to debt limit as a percentage of debt limit	<u>10.23%</u>	<u>8.18%</u>	<u>9.73%</u>	<u>8.05%</u>

Note: Minnesota Statutes Section 457.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid debt paid solely from ad valorem taxes.

Source: *Details regarding the city's outstanding debt can be found in the notes to basic financial statements. Market value data provided by Sherburne County Auditor*

Table 13

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 22,378,158	\$ 24,794,706	\$ 26,993,295	\$ 28,878,909	\$ 31,434,150	\$ 39,687,165
1,460,000	1,260,000	1,105,000	945,000	740,000	625,000
<u>\$ 20,918,158</u>	<u>\$ 23,534,706</u>	<u>\$ 25,888,295</u>	<u>\$ 27,933,909</u>	<u>\$ 30,694,150</u>	<u>\$ 39,062,165</u>
<u>6.52%</u>	<u>5.08%</u>	<u>4.09%</u>	<u>3.27%</u>	<u>2.35%</u>	<u>1.57%</u>

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Legal Debt Margin Calculation

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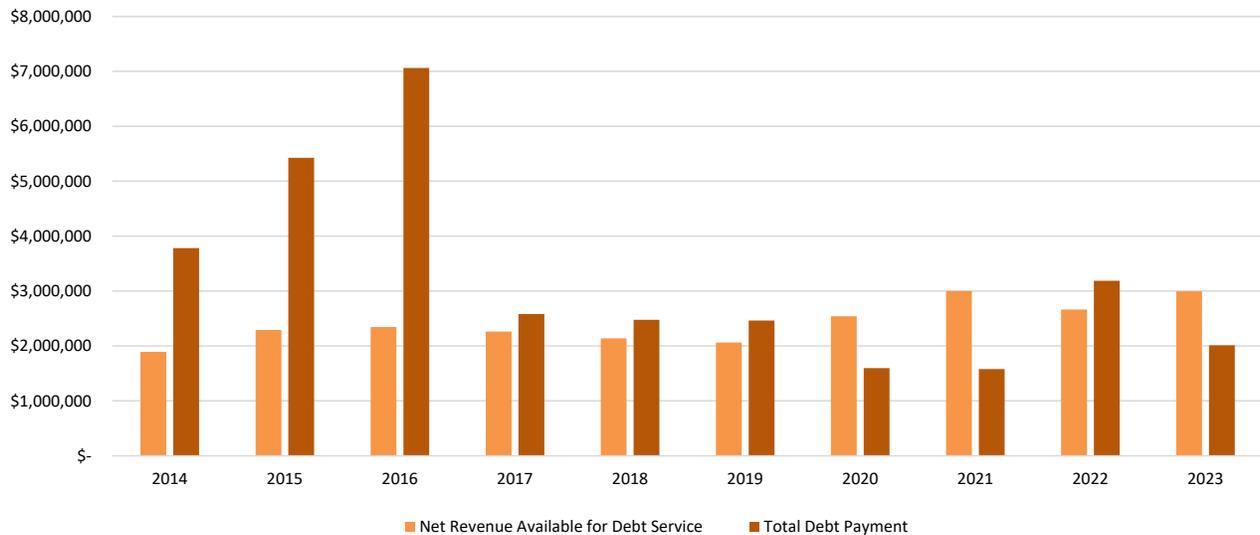
Market value for fiscal year 2022 (payable 2023)	<u>\$ 1,322,905,500</u>
Debt limit (3% of market value)	3% \$ 39,687,165
Debt applicable to limit	
General obligation bonds	13,752,611
Less amounts for general obligation bonds not subject to debt limit	<u>(13,127,611)</u>
Total net debt applicable to limit	<u>625,000</u>
Legal debt margin	<u>\$ 39,062,165</u>

**City of Big Lake**  
**Pledged-Revenue Coverage - Utility Revenue Bonds**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 14

Fiscal Year	Water and Sewer Utility Charges	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (1)			Coverage
				Principal	Interest	Total Debt Payment	
2014	\$ 3,413,467	\$ 1,521,966	\$ 1,891,501	\$ 2,904,078	\$ 877,819	\$ 3,781,897	50.01%
2015	3,853,767	1,564,161	2,289,606	4,534,012	891,992	5,426,004	42.20%
2016	3,959,079	1,614,087	2,344,992	6,448,495	612,332	7,060,827	33.21%
2017	4,088,841	1,825,198	2,263,643	2,032,495	548,134	2,580,629	87.72%
2018	4,017,277	1,878,862	2,138,415	1,977,495	497,424	2,474,919	86.40%
2019	4,009,207	1,945,916	2,063,291	2,016,494	445,906	2,462,400	83.79%
2020	4,706,386	2,165,210	2,541,176	1,205,063	392,822	1,597,885	159.03%
2021	5,293,869	2,294,183	2,999,686	1,236,063	343,141	1,579,204	189.95%
2022	5,171,949	2,507,551	2,664,398	2,893,285	292,632	3,185,917	83.63%
2023	5,602,684	2,606,875	2,995,809	1,764,278	248,649	2,012,927	148.83%

Pledged Revenue Coverage - Utility Bonds



(1) The revenues of the utility are pledged to payment of debt service, but bonds are backed by the full faith and credit of the City

(2) Does not include depreciation

\* Excludes debt associated with Liquor Store Fund (Business Type Activities)

Source: Finance Department

**City of Big Lake  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)**

**Table 15**

Fiscal Year	Populations (1)	Unemployment Rate (2)	No 727 School Enrollment (3)	Personal Income (4)	Number of Jobs (4)	Per Capita Personal Income (5)
2014	\$ 10,587	4.65%	3,252	\$ 73,042,318	2,265	\$ 32,248
2015	10,671	4.08%	3,259	77,760,241	2,402	32,373
2016	10,918	4.06%	3,167	71,349,324	2,481	28,758
2017	11,174	3.75%	3,097	78,237,811	2,355	33,222
2018	11,456	3.23%	3,079	81,814,712	2,377	34,419
2019	11,551	3.54%	3,026	94,565,267	2,417	39,125
2020	11,685	6.16%	3,090	95,847,018	2,238	42,827
2021	11,802	3.79%	3,006	104,175,756	2,358	44,180
2022	12,165	2.74%	3,152	119,276,358	2,512	47,483
2023	12,492	3.18%	3,204	119,276,358	2,512	47,483

Notes/Sources

- (1) Minnesota State Demographic Center population estimates
- (2) Annual average unemployment rate for Sherburne County provided by Minnesota Department of Employment and Economic Development
- (3) Minnesota Department of Education
- (4) Minnesota Employment and Economic Development
- (5) Per capita personal income data was calculated by dividing the personal income by the number of jobs

**City of Big Lake  
Top Employers  
Current and Nine Years Ago  
(Unaudited)**

**Table 16**

Employer	2023			2014		
	Employees	Rank	Percentage Total City Employment	Employees	Rank	Percentage Total City Employment
Arconic	150	5	9.24%			0.00%
Cargill Inc	155	4	9.54%	83	6	5.17%
Cherrywood Advanced Living	92	8	5.67%	85	5	5.30%
City of Big Lake	68	9	4.19%	59	9	3.68%
Coborns	148	6	9.11%	145	3	9.03%
I.S.D NO 727 (Big Lake)	431	1	26.54%	661	1	41.18%
LISI Medical Remmele	200	3	12.32%	300	2	18.69%
Options, Inc	116	7	7.14%	62	8	3.86%
Paragon Store Fixtures	52	10	3.20%	70	4	4.36%
Premier Marine	212	2	13.05%			0.00%
Visions of Big Lake			0.00%	50	10	3.12%
We Care Dental			0.00%	90	4	5.61%
<b>Total</b>	<b>1,624</b>			<b>1,605</b>		

Source: City of Big Lake and Minnesota Employment and Economic Development

**City of Big Lake**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Years**  
**(Unaudited)**

Table 17

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Mayor and Council										
Mayor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Council Members	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total Mayor and Council	<u>5.00</u>									
Administrative/Finance										
City Administrator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	4.00	4.00	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Deputy City Clerk	-	-	-	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Administrative/Finance	<u>6.00</u>									
Community Development										
Building	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Code Enforcement	-	-	-	-	0.25	0.25	0.25	-	-	-
Economic Development	2.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50	0.50	0.75
Planning	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Total Community Development	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.25</u>	<u>4.75</u>	<u>4.75</u>	<u>4.50</u>	<u>4.50</u>	<u>4.75</u>
Public Safety										
Police	13.00	13.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00
Police Canine	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Administration Support	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Community Service Officers	-	-	-	-	0.50	0.50	0.50	-	-	-
Fire - new position	-	-	-	-	-	-	1.00	1.00	(1.00)	-
Volunteer On-Call Fire Department (36)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total Public Safety	<u>19.00</u>	<u>19.00</u>	<u>18.00</u>	<u>19.00</u>	<u>19.50</u>	<u>19.50</u>	<u>21.50</u>	<u>21.00</u>	<u>19.00</u>	<u>20.00</u>
Parks										
Parks Services - Seasonal May - Sept (7)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00
Parks Maintenance	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Recreation Coordinator	-	-	-	-	0.50	0.50	1.00	1.00	0.90	0.90
Total Parks	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>6.00</u>	<u>6.00</u>	<u>6.50</u>	<u>5.50</u>	<u>5.40</u>	<u>5.40</u>
Public Works										
Engineering	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering Intern	-	-	-	-	0.25	0.25	0.25	0.25	0.25	0.25
Streets Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50
Fleet Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Public Works	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>7.00</u>	<u>7.25</u>	<u>7.25</u>	<u>7.75</u>	<u>7.75</u>	<u>7.75</u>	<u>7.75</u>
Total General Fund	<u><u>46.50</u></u>	<u><u>46.50</u></u>	<u><u>45.50</u></u>	<u><u>47.50</u></u>	<u><u>49.00</u></u>	<u><u>48.50</u></u>	<u><u>51.50</u></u>	<u><u>49.75</u></u>	<u><u>47.65</u></u>	<u><u>48.90</u></u>
<b>Special Revenue Fund</b>										
Economic Development Authority (EDA)	-	-	-	-	-	0.50	0.50	0.50	0.50	0.25
Farmers Market / Music in the Park	-	-	0.25	0.25	0.25	0.25	0.25	0.25	0.10	0.10
Total Special Revenue Fund	<u>-</u>	<u>-</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.60</u>	<u>0.35</u>
<b>Enterprise Funds</b>										
Water and Sewer Funds	4.75	4.75	4.75	4.75	4.75	4.75	5.75	5.75	5.75	5.75
Storm Water Funds	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Liquor Store Funds	7.00	7.00	7.00	7.00	8.00	8.00	8.00	9.00	10.00	11.00
Total Enterprise Funds	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>13.00</u>	<u>13.00</u>	<u>14.00</u>	<u>15.00</u>	<u>16.00</u>	<u>17.00</u>
Total all fund types	<u><u>58.50</u></u>	<u><u>58.50</u></u>	<u><u>57.75</u></u>	<u><u>59.75</u></u>	<u><u>62.25</u></u>	<u><u>62.25</u></u>	<u><u>66.25</u></u>	<u><u>65.50</u></u>	<u><u>64.25</u></u>	<u><u>66.25</u></u>

Source: City of Big Lake Human Resources/Payroll Department

**City of Big Lake  
Operating Indicators by Functions  
Last Ten Fiscal Years  
(Unaudited)**

Function	Fiscal Year			
	2014	2015	2016	2017
<b>Police</b>				
Part 1 crimes	157	120	91	60
Part 2 crimes	264	287	322	357
<b>Total calls for services</b>	<b>8050</b>	<b>8934</b>	<b>10664</b>	<b>10808</b>
<b>Building Permits - Total</b>				
Residential - New	42	34	60	98
Commerical/Industrial - New	10	9	9	4
<b>Total of all permits issued</b>	<b>530</b>	<b>579</b>	<b>646</b>	<b>766</b>
<b>Culture and Recreation</b>				
Acres of park maintained	215	215	215	215
<b>Water</b>				
Connections	3358	3401	3470	3572
Miles of watermains	65	65	65	65
Average daily consumption	1,019,337	1,120,515	1,076,395	1,087,907
<b>Sanitary sewer</b>				
Connections	3360	3403	3472	3574
Miles of sanitary sewer	65	65	65	65

Note: Indicators are not available for the general government functions

Source: The data for this table has been provided by each respective City Department

Table 18

Fiscal Year					
2018	2019	2020	2021	2022	2023
64	61	59	63	40	52
303	365	387	371	182	212
10750	13712	15429	10708	10023	11686
52	79	47	90	28	28
36	22	32	29	47	42
746	666	937	824	1735	1488
215	215	215	215	215	215
3660	3761	3784	3881	3933	3981
65	65	65	65	65	65
1,034,060	1,143,123	1,448,573	1,574,126	1,327,978	1,455,948
3662	3763	3786	3883	3935	3983
65	65	65	65	65	65

**City of Big Lake**  
**Capital Assets Statistics by Function**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Function	Fiscal Year					
	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>						
Police	157	120	91	60	64	61
Station	264	287	322	357	303	365
Partol Units	8050	8934	10664	10808	10750	13712
Marked squads	7	7	7	7	7	7
Other Vehicles	4	4	4	4	4	4
<b>Public Works</b>						
Street (miles)	55	55	55	55	55	55
Mobile equipment	15	15	15	15	15	15
Plow Trucks	6	6	6	6	6	6
Trailers	16	16	16	16	16	16
Other Vehicles	10	10	10	10	10	10
<b>Culture and recreation</b>						
Parks acreage	215	215	215	215	215	215
Trails (miles)	20	20	20	20	20	20
Greenway acreage	3.5	3.5	3.5	3.5	3.5	3.5
Playgrounds	14	14	14	14	14	14
Ground maintenance equipment	9	9	9	9	9	9
Other vehicles	2	2	2	2	2	2
<b>Water</b>						
Wells	7	7	7	7	7	7
Water towers	3	3	3	3	3	3
Miles of watermain	65	65	65	65	65	65
Vehicles	4	4	4	4	4	4
<b>Sanitary sewer</b>						
Miles of sanitary sewer	65	65	65	65	65	65
Lift stations	13	13	13	13	13	13
Vehicles	4	4	4	4	4	4
<b>Storm Water</b>						
Storm water catch basin/sumps	150	150	150	150	150	150
Storm water pip inlets/outlets	112	112	112	112	112	112
Vehicles	1	1	1	1	1	1

Note: Indicators are not available for the general government funcitons

Source: The data for this table has been provided by each respective City Department

Table 19

Fiscal Year			
2020	2021	2022	2023
59	63	40	52
387	371	182	212
15429	10708	10023	11686
8	8	8	8
5	5	6	6
55	55	55	55
15	15	15	15
6	6	6	6
16	16	16	16
10	10	10	10
215	215	215	215
20	20	20	20
3.5	3.5	3.5	3.5
14	14	14	14
9	9	9	9
2	2	2	2
7	7	7	7
3	3	3	3
65	65	65	65
4	4	4	4
65	65	65	65
13	13	13	13
4	4	4	4
150	150	150	150
112	112	112	112
1	1	1	1





**City of Big Lake  
Sherburne County, Minnesota**

**Communications Letter**

**December 31, 2023**

**City of Big Lake  
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Significant Deficiency	3
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## Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

Honorable Mayor and Members of the  
City Council and Management  
City of Big Lake  
Big Lake, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Lake, Minnesota, as of and for the year ended December 31, 2023, 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, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ◆ *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- ◆ *Probable*. The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated May 6, 2024, on such statements.

This communication, which is an integral part of our audit, is intended solely for the information and use of management, Members of the City Council, others within the City, federal, and state oversight awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Bugemkov, Ltd.*

St. Cloud, Minnesota  
May 6, 2024

## **City of Big Lake Significant Deficiency**

### **Lack of Segregation of Accounting Duties**

During the year ended December 31, 2023, the City had a lack of segregation of accounting duties. In order to have appropriate segregation of duties the performance of the following duties would need to be completed by a different employee: initiation and authorization of transactions, recording, and processing of transactions, reconciliation and reporting of transactions and financial information, and custody of assets. The lack of adequate segregation of accounting 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.

## **City of Big Lake Required Communication**

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2023. Professional standards require that we advise you of the following matters related to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

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

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Our Responsibility in Relation to *Government Auditing Standards***

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

## **City of Big Lake Required Communication**

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **Significant Risks Identified**

We have identified the following significant risks of material misstatement:

- ◆ **Improper Revenue Recognition**
  - ◇ Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- ◆ **Lack of Segregation of Accounting Duties/Misappropriation of Assets**
  - ◇ If duties cannot be appropriately segregated within the accounting and finance department, there is a risk of unauthorized disbursements, employee payroll, being made from the City. In addition, generally this results in less review taking place as transactions are recorded in the financial statements.
- ◆ **Management Override of Internal Control over Journal Entries**
  - ◇ Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- ◆ **Significant estimates - Depreciation, Net Pension Liability, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions, Lease Receivable, and Deferred Inflows of Resources Related to leases, Land held for resale**
  - ◇ Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements.

### **Qualitative Aspects of the City's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during the year ended December 31, 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

## **City of Big Lake Required Communication**

### **Qualitative Aspects of the City's Significant Accounting Practices (Continued)**

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on 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 basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements relate to:

Depreciation - The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method

Land Held for Resale - Land held for resale is recorded using either the lower of historical cost or estimated resale value.

Net Pension Liability, Deferred Outflows of Resources Relating to Pensions, and Deferred Inflows of Resources Relating to Pensions - These balances are based on an allocation by the pension plans using estimates based on contributions.

Lease Receivable and related Deferred Inflows of Resources - These balances are based on estimates and judgments determined by the City related to the discount rate, lease term, and lease payments.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

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

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

## **City of Big Lake Required Communication**

### **Uncorrected and Corrected Misstatements (Continued)**

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the basic financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

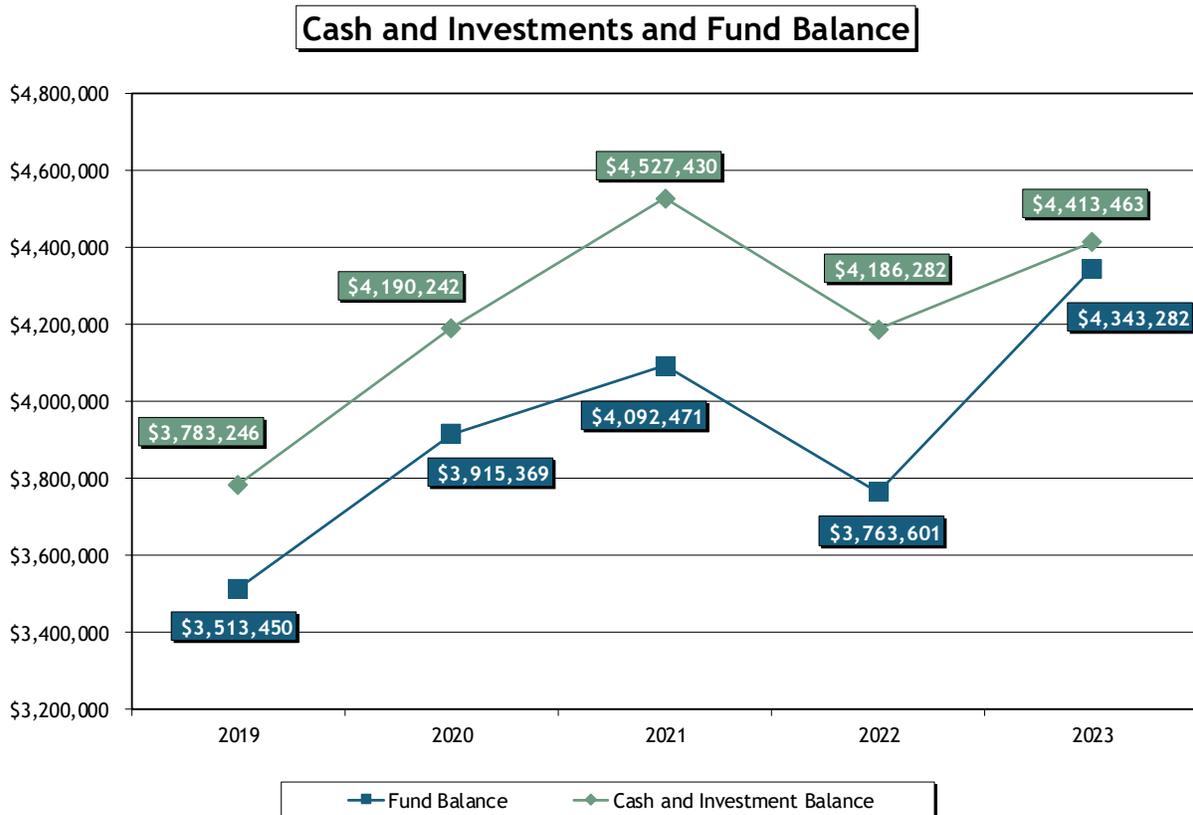
In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans, and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

## City of Big Lake Financial Analysis

The following pages provide graphic representations of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

### General Fund - Fund Balance

The following graph illustrates the relationship between cash and investments and fund balance over the past five years. As shown below, the cash balance has increased \$630,217 from 2019 to 2023. The fund balance increased \$829,832 from 2019 to 2023. At December 31, 2023, the General Fund balance consisted of \$114,388 nonspendable, \$96,668 assigned and \$4,132,226 unassigned. The total unassigned fund balance represented about eight months of expenditures at current levels. The Office of the State Auditor has issued a statement of position recommending cities maintain an unrestricted fund balance of approximately 35% to 50% of fund operating revenues, or no less than five months of operating expenditures. The City's Fund Balance Policy states that the City will maintain an unrestricted fund balance amount of 42% to 50% of the next year's budgeted expenditures in the General Fund. Based on the 2024 budgeted expenditures of \$6,778,875, the City's unassigned General Fund balance was at 61.0% at December 31, 2023.



On the following pages, we will discuss the revenues and expenditures of the General Fund and the variations in the fund balance.

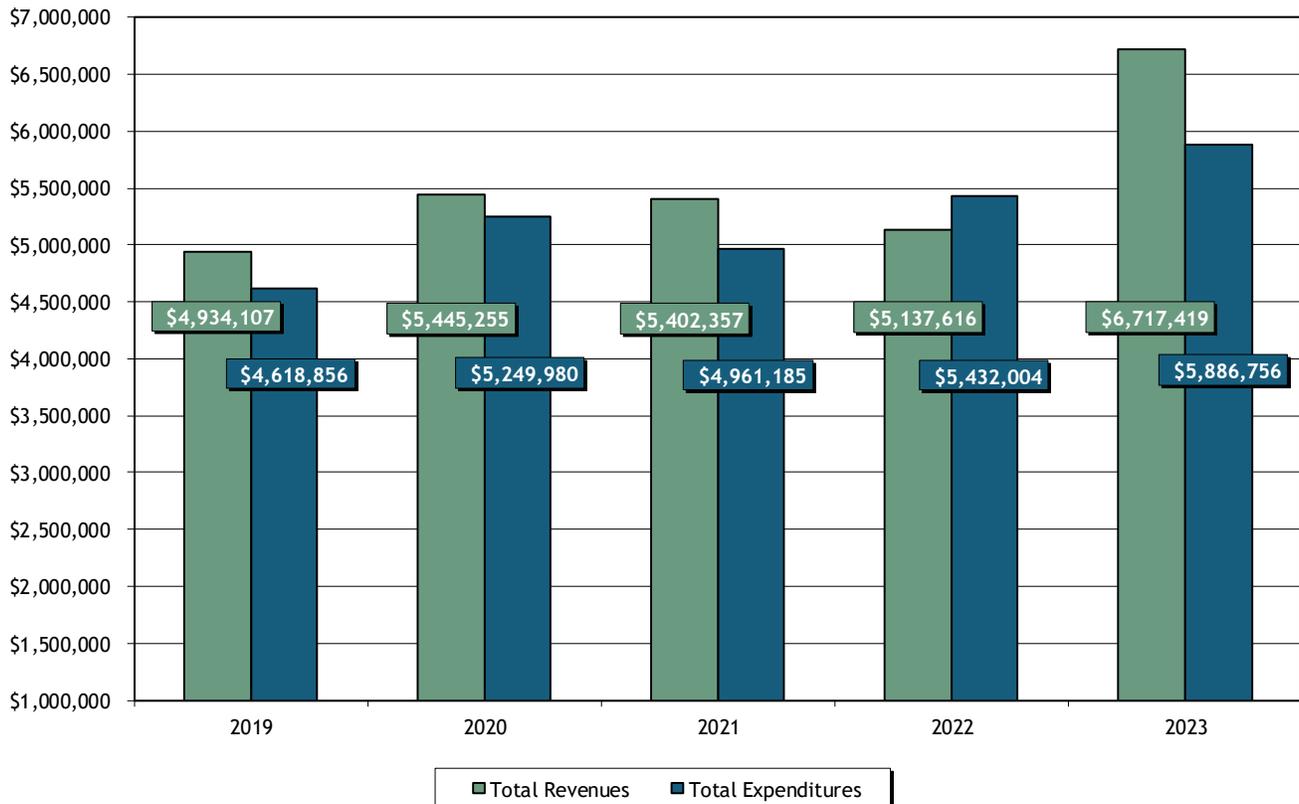
## City of Big Lake Financial Analysis

### General Fund - Revenues and Expenditures

The following table and graph show the overall operations of the General Fund. Revenues have fluctuated over the five years shown from a high in 2023 of \$6,717,419 to a low of \$4,934,107 in 2019. Overall, from 2019 to 2023, revenues have increased \$1,783,312. Similarly, expenditures have fluctuated over the five years presented. Since 2019, expenditures have increased \$1,250,703. Revenues have exceeded expenditures in each of the five years presented, except 2022. Transfers out for 2019 through 2023 were made for capital related items.

	2019	2020	2021	2022	2023
Revenues	\$ 4,934,107	\$ 5,445,255	\$ 5,402,357	\$ 5,137,616	\$ 6,717,419
Expenditures	4,618,856	5,249,980	4,961,185	5,432,004	5,869,559
Proceeds from the sale of capital assets	56,214	20,610	3,224	15,000	699
Insurance recoveries	4,613	10,055	14,644	36,907	77,189
Net transfers	(78,606)	175,979	(281,938)	(86,389)	(346,067)
<b>Net change in fund balance</b>	<b>\$ 297,472</b>	<b>\$ 401,919</b>	<b>\$ 177,102</b>	<b>\$ (328,870)</b>	<b>\$ 579,681</b>

**Revenues and Expenditures**



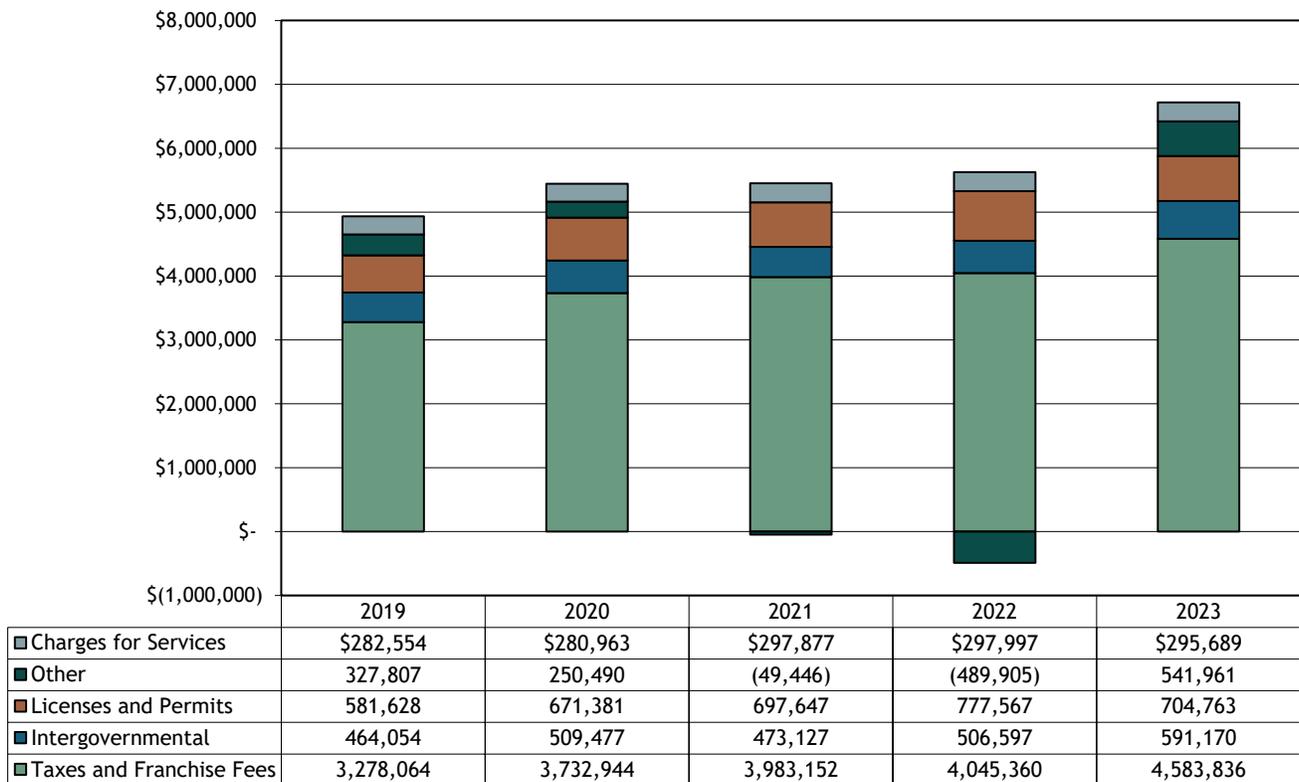
## City of Big Lake Financial Analysis

### General Fund - Revenues

The following graph presents comparisons of revenues by type, illustrating the majority of revenue for the City is from taxes, franchise fees, and intergovernmental sources, and licenses and permits. These three sources represent 68.2%, 8.8%, and 10.5% of total General Fund revenues, respectively. Other revenues include items such as fines and forfeitures, investment income and other miscellaneous items.

Revenues of the General Fund increased from 2022 to 2023 by \$1,579,803. Taxes and franchise fee revenue increased \$538,476 due to an increase in the levy. Intergovernmental revenue increased \$84,573 due to increased state aid. Other revenues increased \$1,023,530 due to the market conditions causing a positive market adjustment at year end compared to a negative adjustment in 2022. These increases were offset by a \$72,804 decrease in licenses and permits.

**General Fund Revenues**



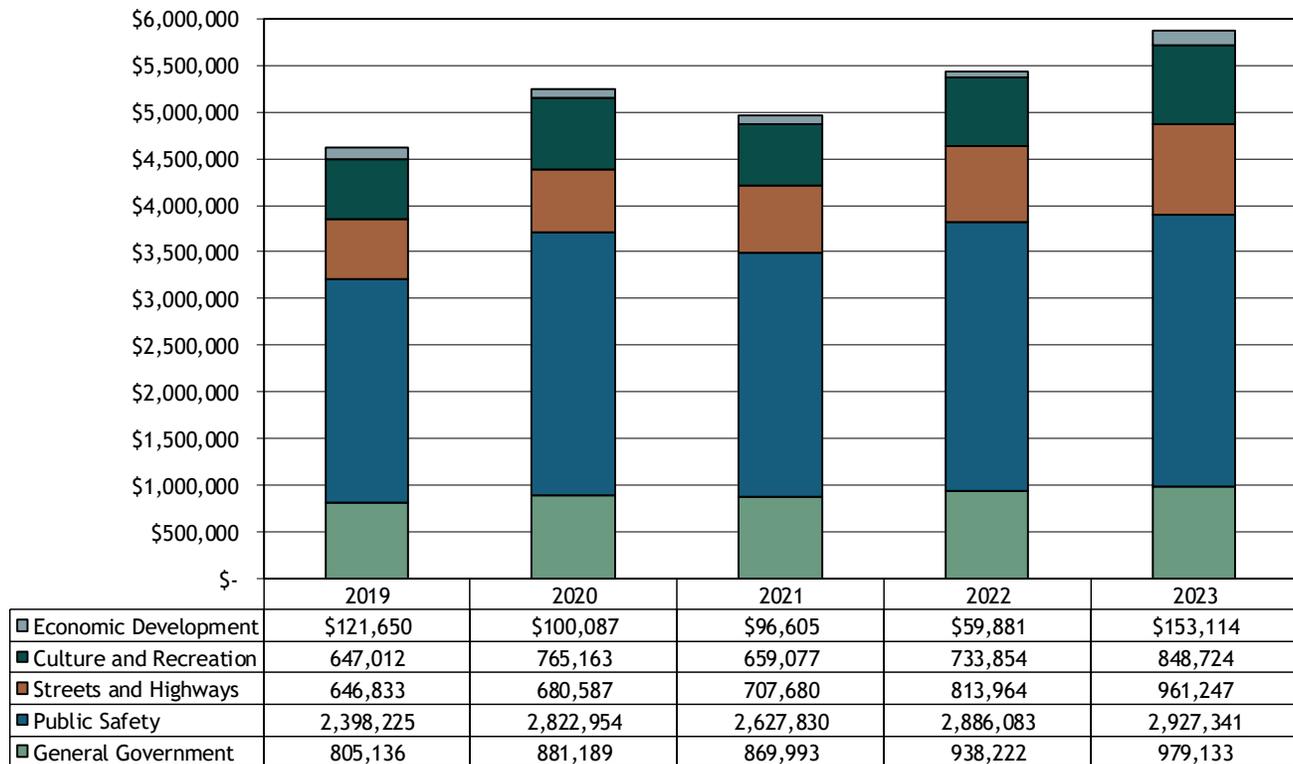
## City of Big Lake Financial Analysis

### General Fund - Expenditures

The graph below represents the breakdown of expenditures by department. Public Safety continues to comprise the largest portion of General Fund expenditures, representing 49.8%. Overall, General Fund expenditures increased \$437,555 from 2022.

Streets and Highways increased \$147,283 due to increased workers comp premium, insurance costs, supplies, and sealcoating. Culture and Recreation increased \$114,870 due to increased insurance costs, utilities, and roof replacement due to hail damage. Economic development increased \$93,233 due to increased staffing. Other functions were relatively consistent with the prior year.

**General Fund Expenditures**



**City of Big Lake  
Financial Analysis**

**General Fund - Budgetary Comparison**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>				
Taxes	\$ 4,449,837	\$ 4,499,837	\$ 4,583,836	\$ 83,999
Intergovernmental	465,990	505,990	591,170	85,180
Licenses and permits	548,029	618,029	704,763	86,734
Charges for services	274,945	274,945	295,689	20,744
Fines	62,100	62,100	42,848	(19,252)
Miscellaneous	41,750	41,750	499,113	457,363
Total revenues	5,842,651	6,002,651	6,717,419	714,768
<b>Expenditures</b>				
General government	954,205	989,206	963,689	(25,517)
Public safety	3,023,208	3,114,208	2,925,588	(188,620)
Streets and highways	920,607	981,607	961,247	(20,360)
Culture and recreation	784,645	808,644	848,724	40,080
Economic development	164,375	164,375	153,114	(11,261)
Debt service	-	-	17,197	17,197
Total expenditures	5,847,040	6,058,040	5,869,559	(188,481)
Excess of revenues over (under) expenditures	(4,389)	(55,389)	847,860	903,249
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	500	500	699	199
Insurance recoveries	2,500	53,500	77,189	23,689
Net transfers	1,389	1,389	(346,067)	(347,456)
Total other financing sources	4,389	55,389	(268,179)	(323,568)
Net change in fund balances	\$ -	\$ -	\$ 579,681	\$ 579,681

Overall, actual revenue was \$714,768, or 11.9%, over budget. Miscellaneous revenues were over budget due to the significant increase in market value of investments. Taxes, intergovernmental, and licenses and permits were all over budget due to budgeting conservatively. All other revenue categories were relatively consistent with the budget.

Overall, actual expenditures were less than budgeted amounts by \$188,481 or 3.1%. Public safety was under budget \$188,620 due to conservative budgeting for personnel costs. All other functions were relatively consistent with the budget.

## City of Big Lake Financial Analysis

### Liquor Fund

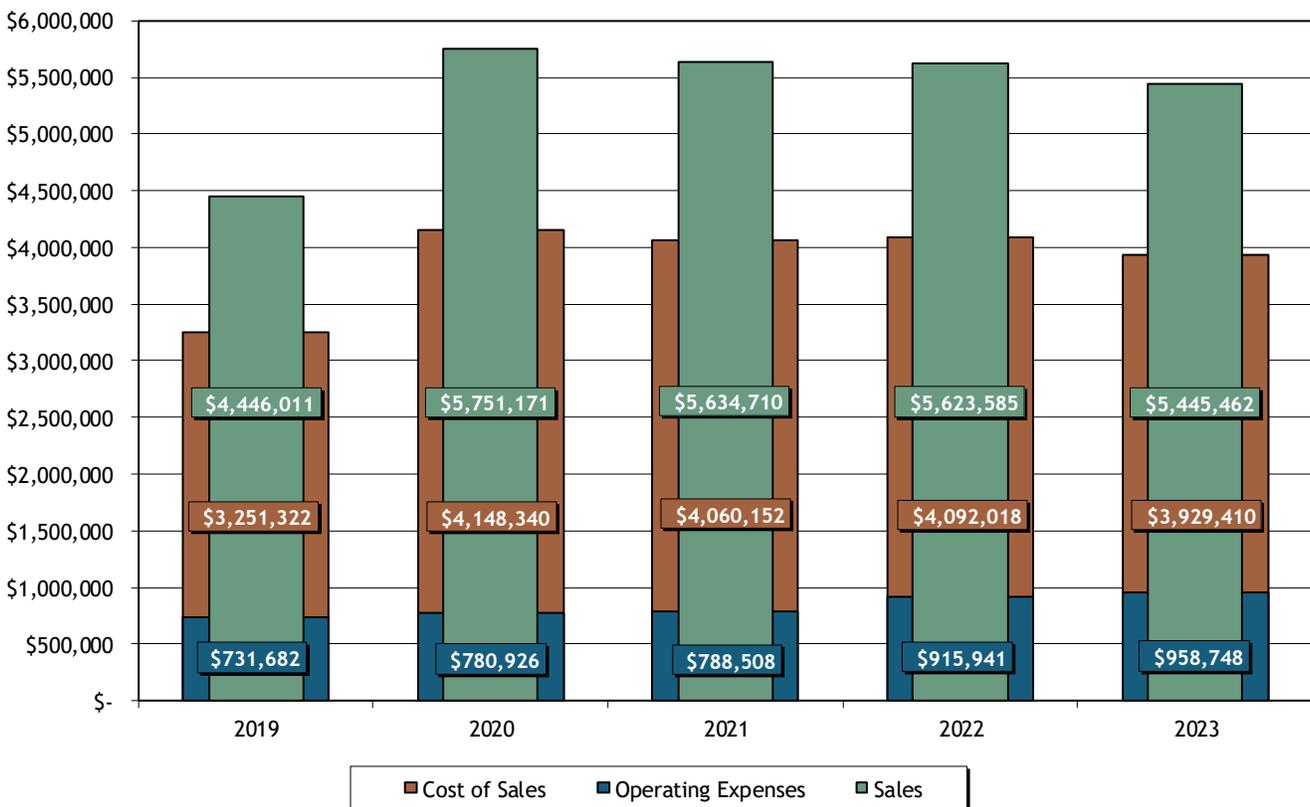
Since the liquor store is an important contributing factor to the City's budget, we recommend the Liquor Store Manager and City Council closely monitor expenses. In addition, pricing must also be continually reviewed to ensure charges keep pace with increases in costs of sales.

Selected data relating to the City's Liquor Fund operating results for the past five years is displayed in the graphs below and on the following page.

The liquor store sales decreased in 2023. Total sales for 2023 reflected a 3.2% decrease from 2022. During this same time period, cost of sales decreased 4.0%. The result was a slight increase in the gross profit percentage from 2022 to 27.8%.

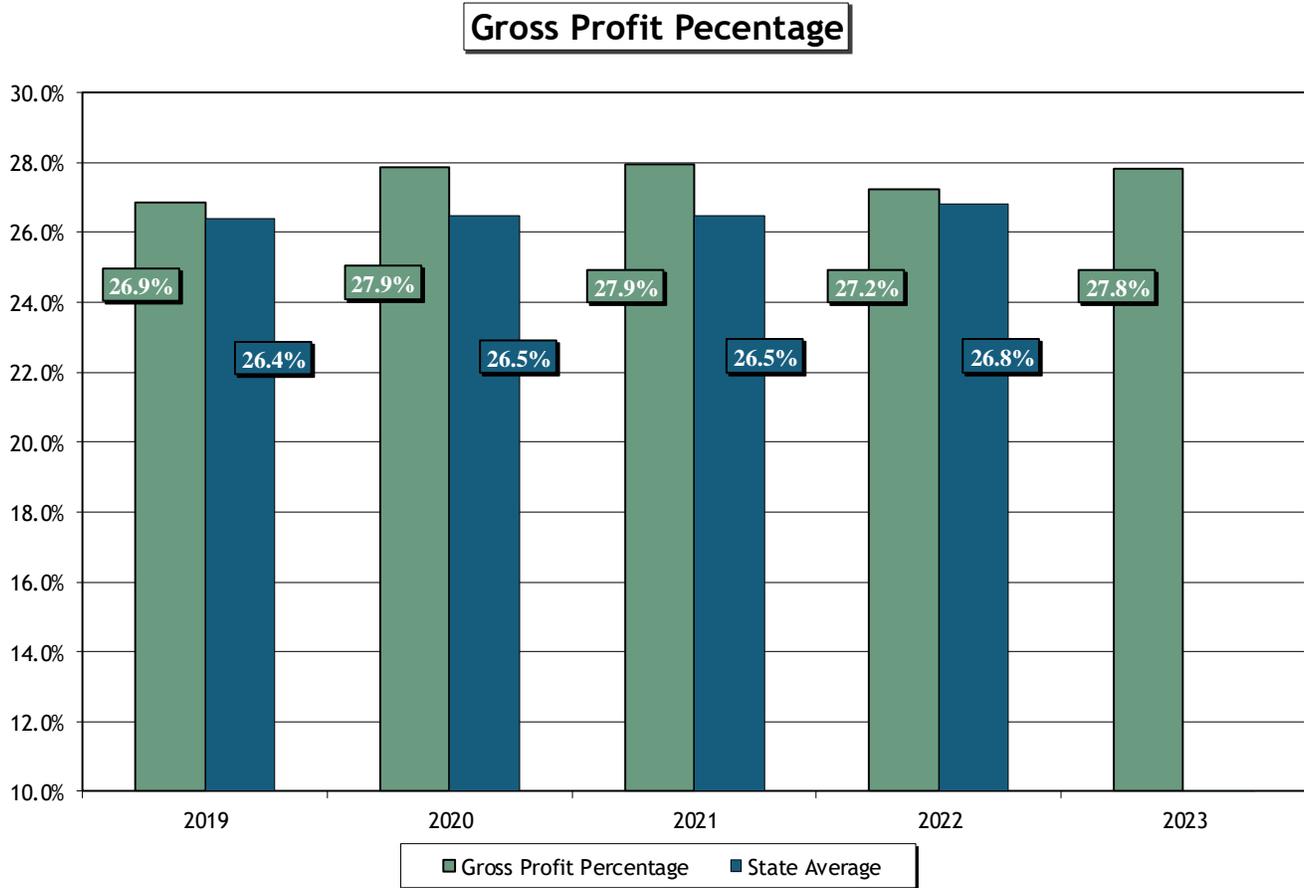
As of December 31, 2023, the Liquor Fund had an ending cash and investment balance of \$1,726,078. Unrestricted net position at year-end was \$1,766,442 compared to \$1,539,093 in 2022. There was no debt outstanding at December 31, 2023, in the Liquor Fund.

**Liquor Fund**



# City of Big Lake Financial Analysis

## Liquor Fund (Continued)



- ◆ State averages were taken from the 2019-2022 State of Minnesota "Analysis of Municipal Liquor Store Operations" for off-sale stores. Data for 2023 is not yet available.

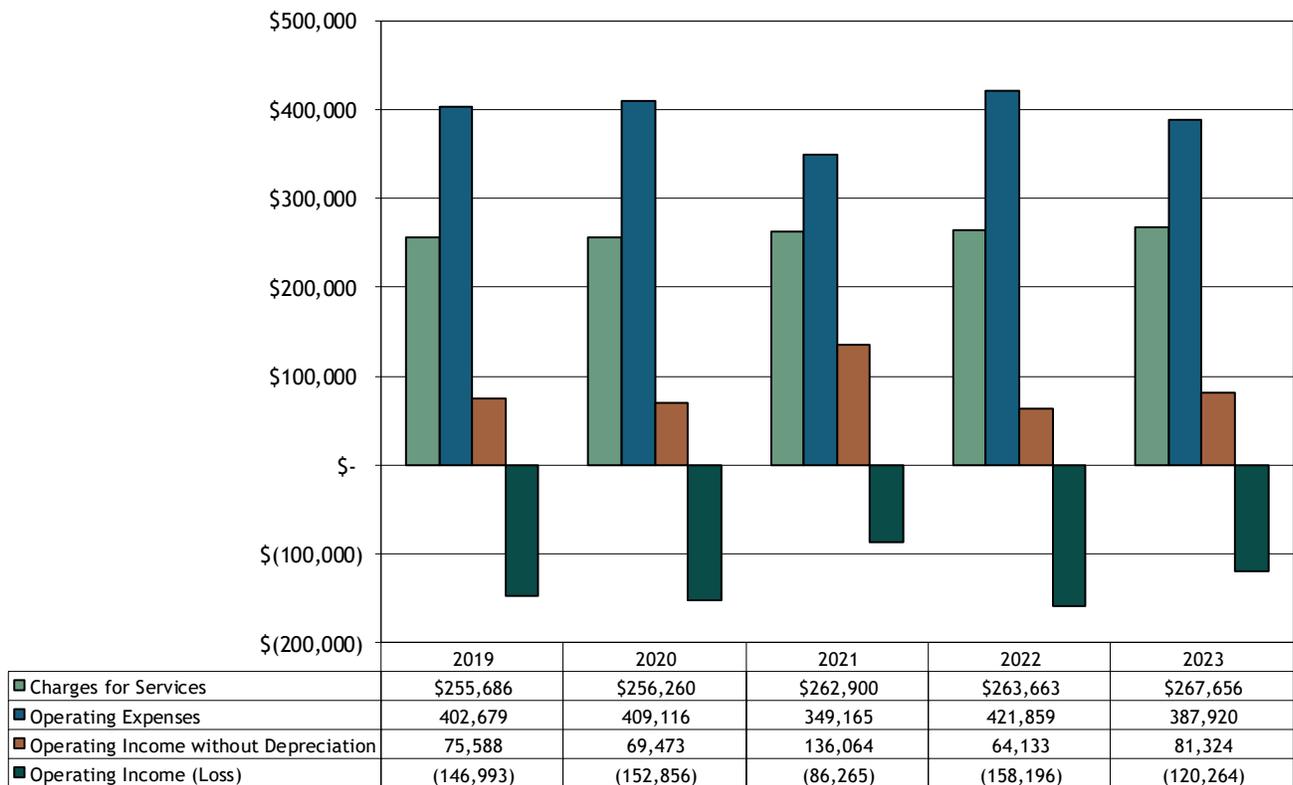
## City of Big Lake Financial Analysis

### Storm Sewer Fund

The following graph illustrates the current operations of the Storm Sewer Fund for the past five years. For each of the five years shown, the City's Storm Sewer Fund has generated an operating loss. Charges for services increased \$3,993 or 1.5% while operating expenses decreased \$33,939 or 8.0%, compared to 2022. The net effect of the changes in revenues and expenses is a net loss of \$120,264. When depreciation is removed from the operating expenses, the Fund experienced operating income of \$81,324.

We recommend the City continue to evaluate storm water rates and monitor related expenses to generate sufficient operating income in the future.

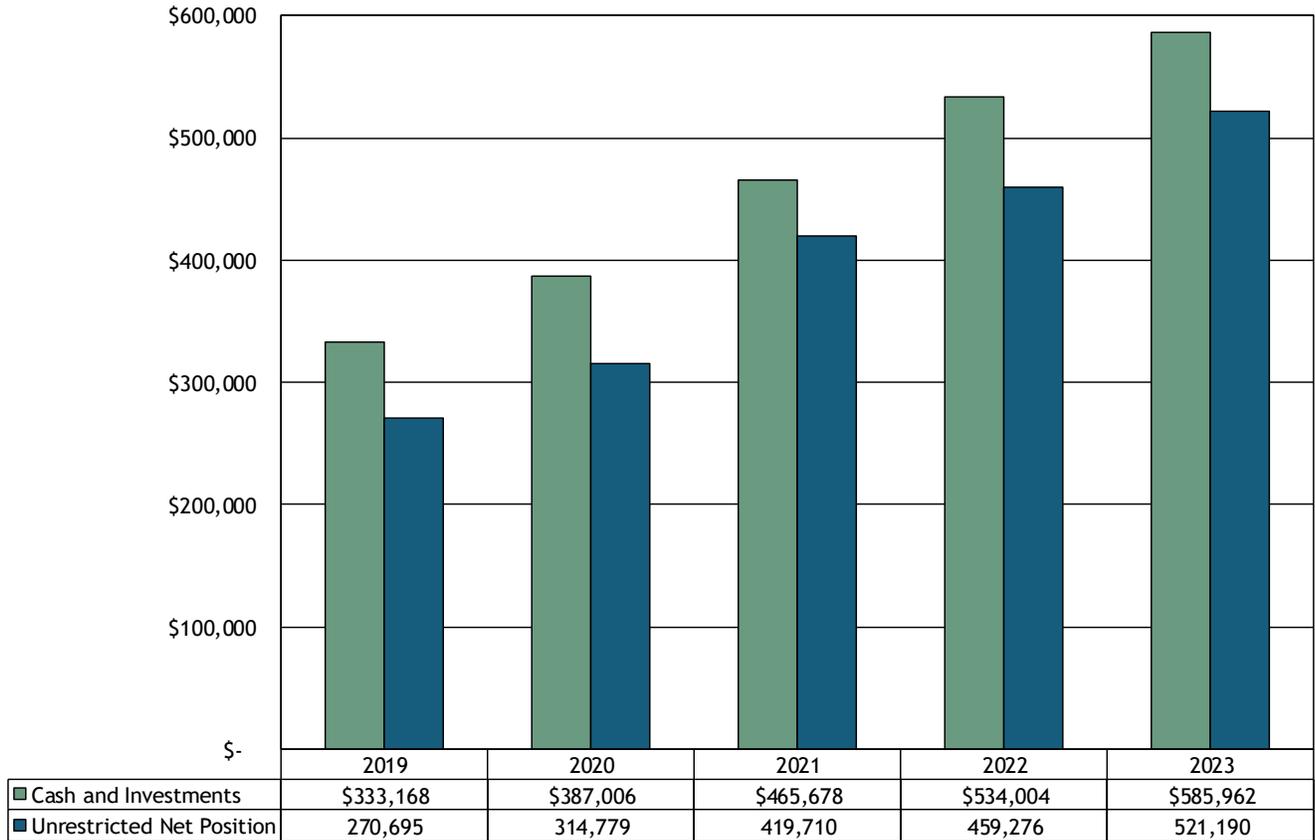
**Storm Sewer Operations**



**City of Big Lake  
Financial Analysis**

**Storm Sewer Fund (Continued)**

**Storm Sewer Fund**



As of December 31, 2023, the Storm Water Fund had an ending net cash and investment balance of \$585,962. This is an increase of \$51,958 from 2022 levels. Total net position at year-end was \$2,724,732, while unrestricted net position at year-end was \$521,190. Unrestricted net position has increased \$250,495 since 2019.

## City of Big Lake Financial Analysis

### Water and Sewer Funds

#### Water Fund

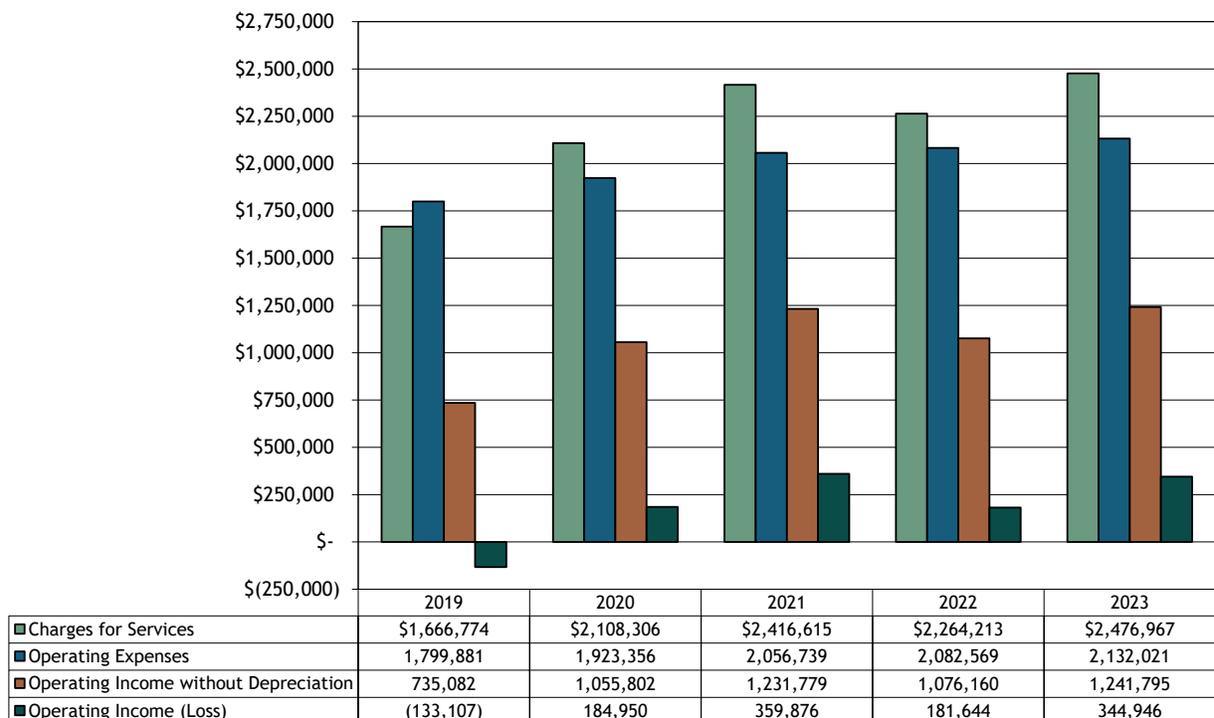
The following graph illustrates the current operations of the Water Fund for the past five years. Charges for services illustrated do not include water connection fees. These fees are not included because the revenue is set aside for future asset replacement costs. Similarly, operating income is shown with and without depreciation as the above connection fees will be covering some of the replacement cost. Therefore, charges for services will not be required to cover all of these costs.

For the five years shown, 2019 was the only year that experienced an operating loss. All other years the Fund generated an operating income. Charges for services increased \$212,754 or 9.4% from 2022 due to an increase in usage and rates. Operating expenses increased by \$49,452, or 2.4%. The net effect of the increased revenues and increased expenses is operating income of \$344,946. When depreciation is removed from the operating expenses, the Fund experienced operating income of \$1,241,795.

Enterprise funds may be used to account for any activity in which a fee is charged. It is not required to have the fee support the entire activity; however, the basic premise in establishing an enterprise fund is that the activity will be operated similar to a business. Therefore, it is expected the enterprise fund would at least be able to meet its obligations currently and into the future.

We recommend the City continue to evaluate water rates and monitor related expenditures to generate sufficient operating income in the future.

**Water Operations**

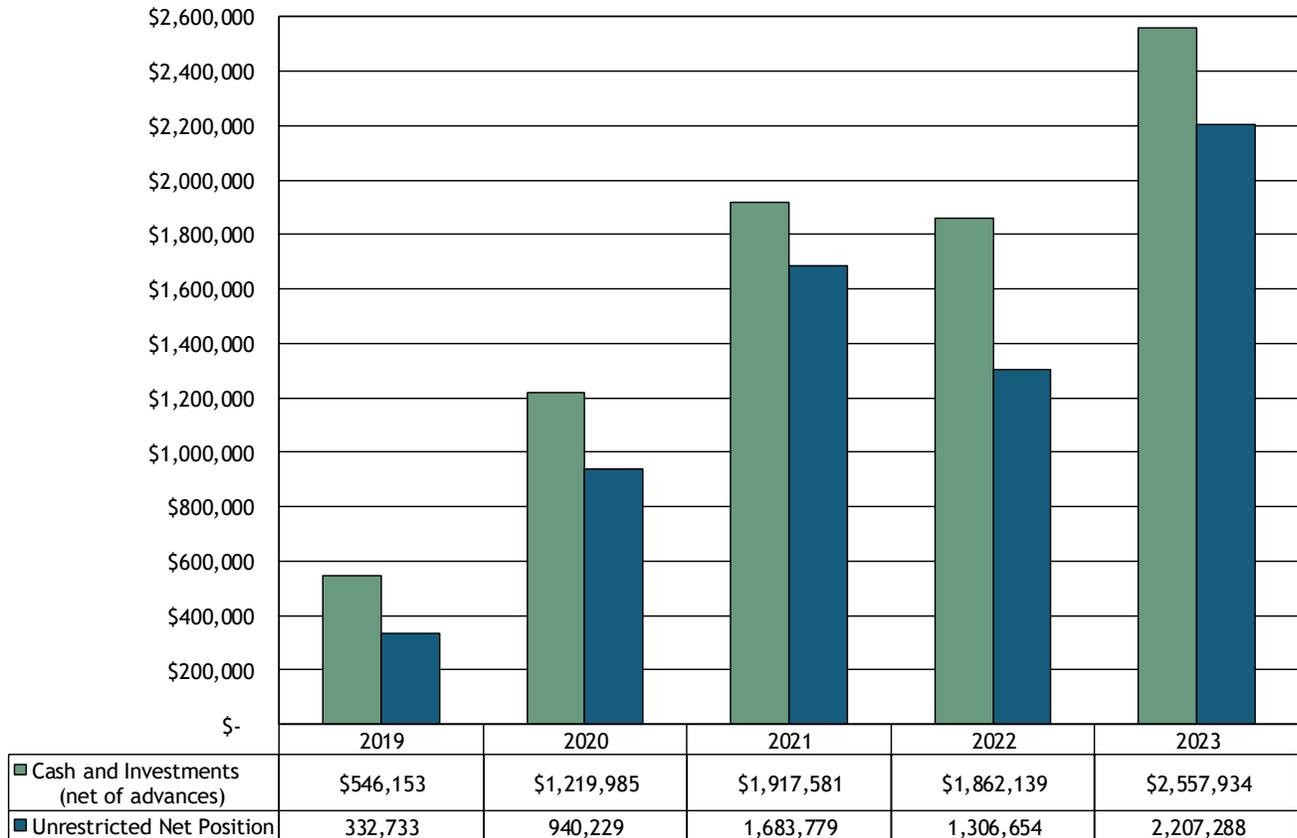


## City of Big Lake Financial Analysis

### Water and Sewer Funds (Continued)

#### Water Fund (Continued)

#### Water Fund



The above graph shows the cash and investments (net of advances) and unrestricted net position balances as of December 31 for the last five years. The Water Fund cash and investment balance has increased \$2,011,781 since 2019. In 2019 through 2021, a portion of the cash and investments in the Water Fund was being advanced from the Sewer Fund. That amount has been removed from the presentation above for those years. This balance was paid off in 2022. Current year interest and principal payments on the Water Fund debt were \$689,578. The total amount of debt outstanding in the Water Fund at December 31, 2023, was \$1,109,002 including bonds, notes, and leases. Principal and interest due in 2024 totals \$681,485.

## City of Big Lake Financial Analysis

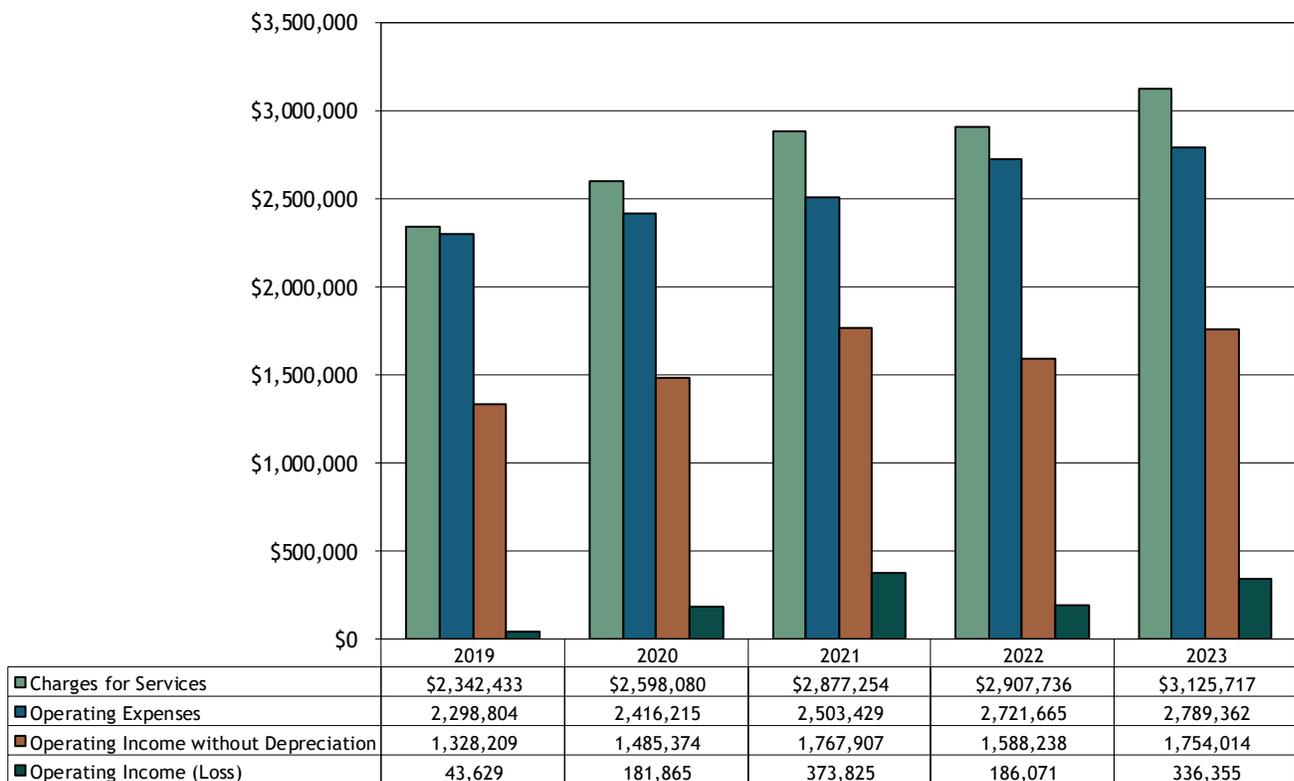
### Water and Sewer Funds (Continued)

#### Sewer Fund

In four of the past five years, the Sewer Fund has shown an operating income. In 2023, the Fund showed operating income of \$336,355. This is an increase in operating results of \$150,284 from 2022. The Fund experienced an increase in charges for services of \$217,981, due to increased usage and customers, while expenses increased \$67,697.

We recommend the City continue to evaluate water and sewer rates to generate sufficient operating income in the future. The significant debt principal and interest obligations of the City are considered non-operating expenses and are not presented with this particular graph. However, the City should consider these obligations when evaluating the sewer rates to ensure the Fund is able to make all future debt payments.

**Sewer Operations**

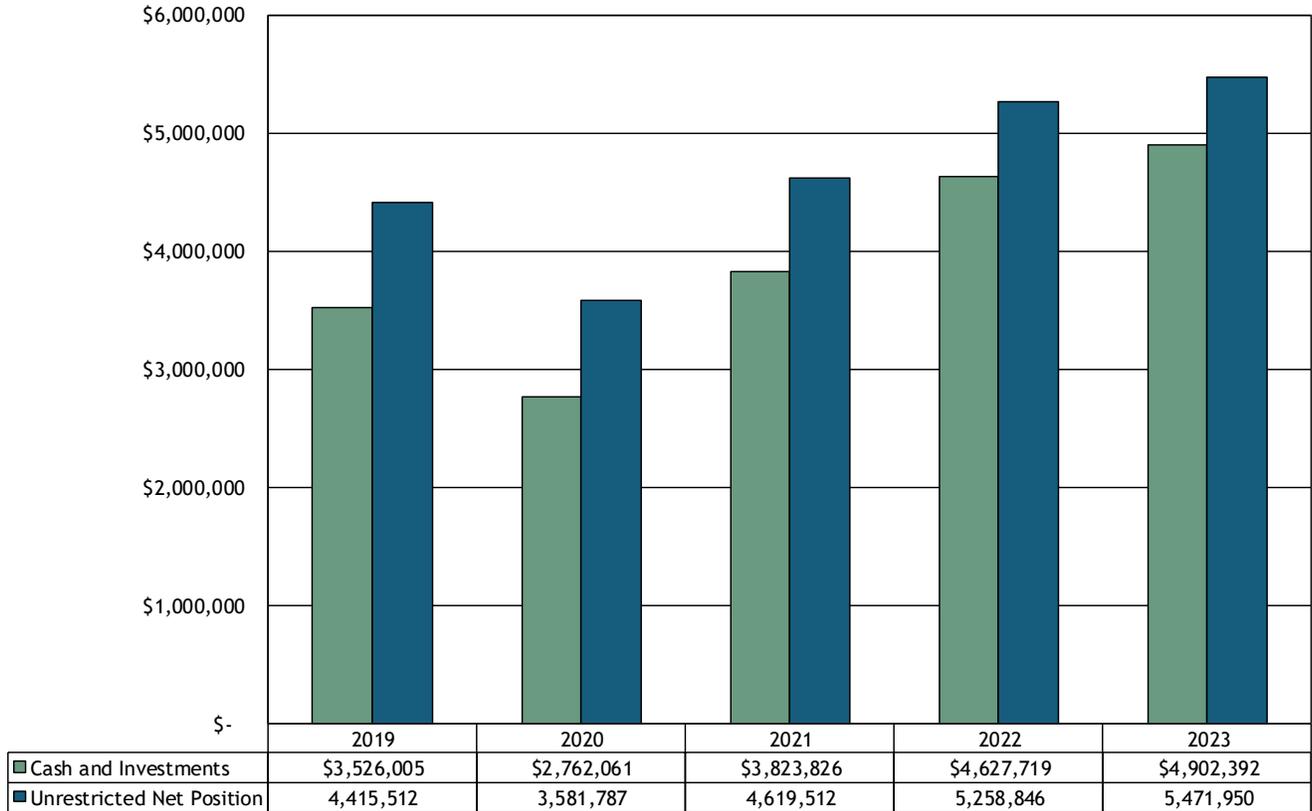


## City of Big Lake Financial Analysis

### Water and Sewer Funds (Continued)

#### Sewer Fund (Continued)

#### Sewer Fund



The graph above shows the cash and investment (excluding restricted cash and investments) and unrestricted net position balances as of December 31 for the last five years. The Sewer Fund cash and investment balance increased \$274,673 in 2023 and increased \$1,376,387 since 2019. Starting in 2007, the Sewer Fund was used to finance the cash deficits of the other City's funds. In 2007, the amount of cash used to cover the deficits was \$1.3 million. In 2022, the Fund again used approximately \$779,000 to cover cash deficits in other funds. In 2023, the Fund again used approximately \$747,739 to cover cash deficits in other funds.

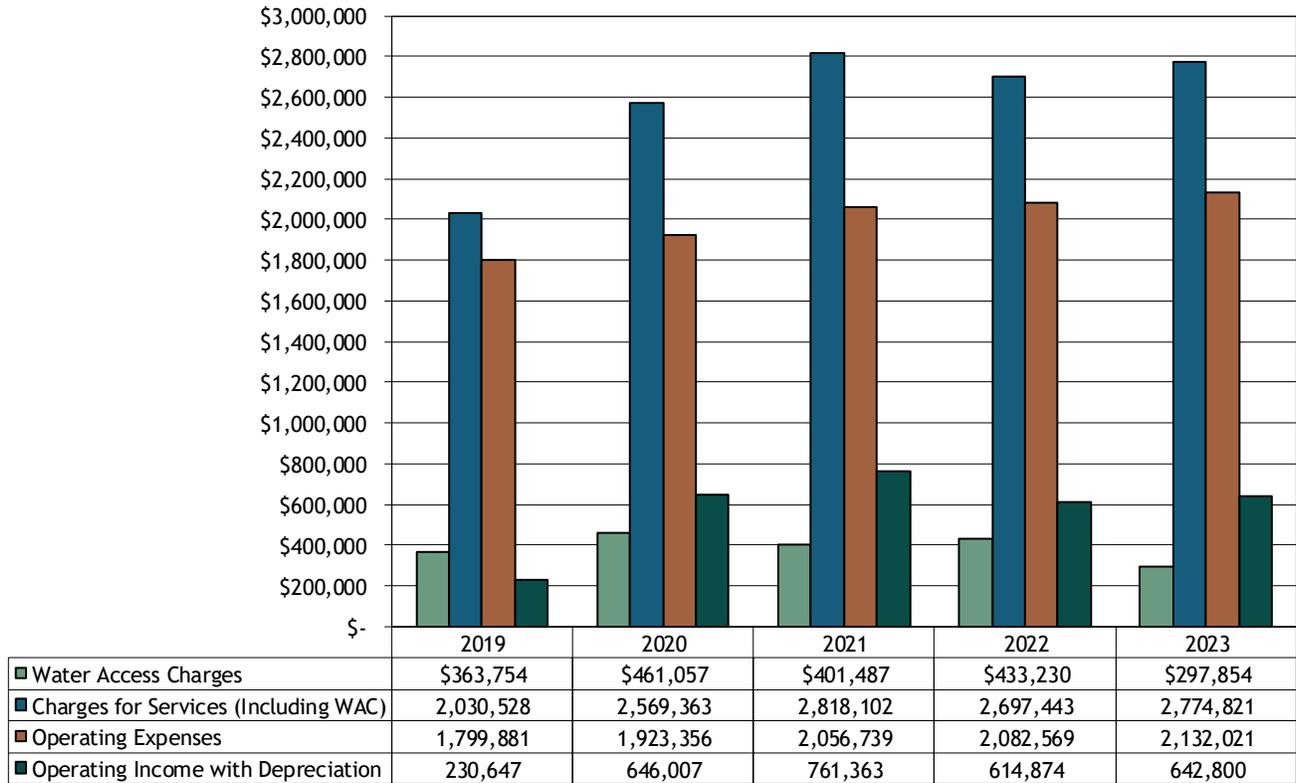
The current year interest and principal payments on the Sewer Fund debt were \$1,320,072. The total amount of debt outstanding at December 31, 2023, was \$8,079,148, including principal and interest. Principal and interest due in 2024 totals \$1,320,600 for the Sewer Fund.

On the following pages, the Water and Sewer Fund operations are shown to include revenue collected for access charges and trunk fees.

## City of Big Lake Financial Analysis

### Water and Sewer Funds (Continued)

#### Water Operations



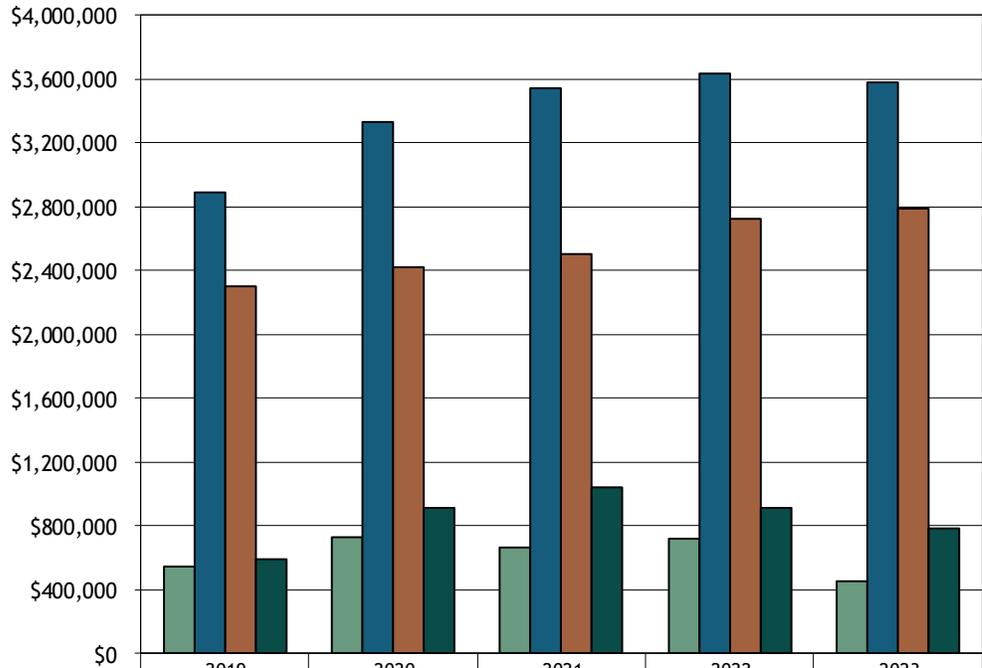
As presented, the Water Fund had been collecting access charges and trunk fees, along with charges for services, sufficient to finance the construction of new lines and to cover the costs of the existing lines through depreciation in each year presented.

## City of Big Lake Financial Analysis

### Water and Sewer Funds (Continued)

In all five years shown, the Sewer Fund did collect sufficient access charges and trunk fees, in addition to charges for services, to finance construction and depreciation. Sewer access charges decreased in 2023 compared to 2022 due to decreased development.

### Sewer Operations



	2019	2020	2021	2022	2023
■ Sewer Access and Trunk Charges	\$546,227	\$730,958	\$668,767	\$723,014	\$449,751
■ Charges for Services (Including SAC and Trunk)	2,888,660	3,329,038	3,546,021	3,630,750	3,575,468
■ Operating Expenses	2,298,804	2,416,215	2,503,429	2,721,665	2,789,362
■ Operating Income (Loss) with Depreciation	589,856	912,823	1,042,592	909,085	786,106

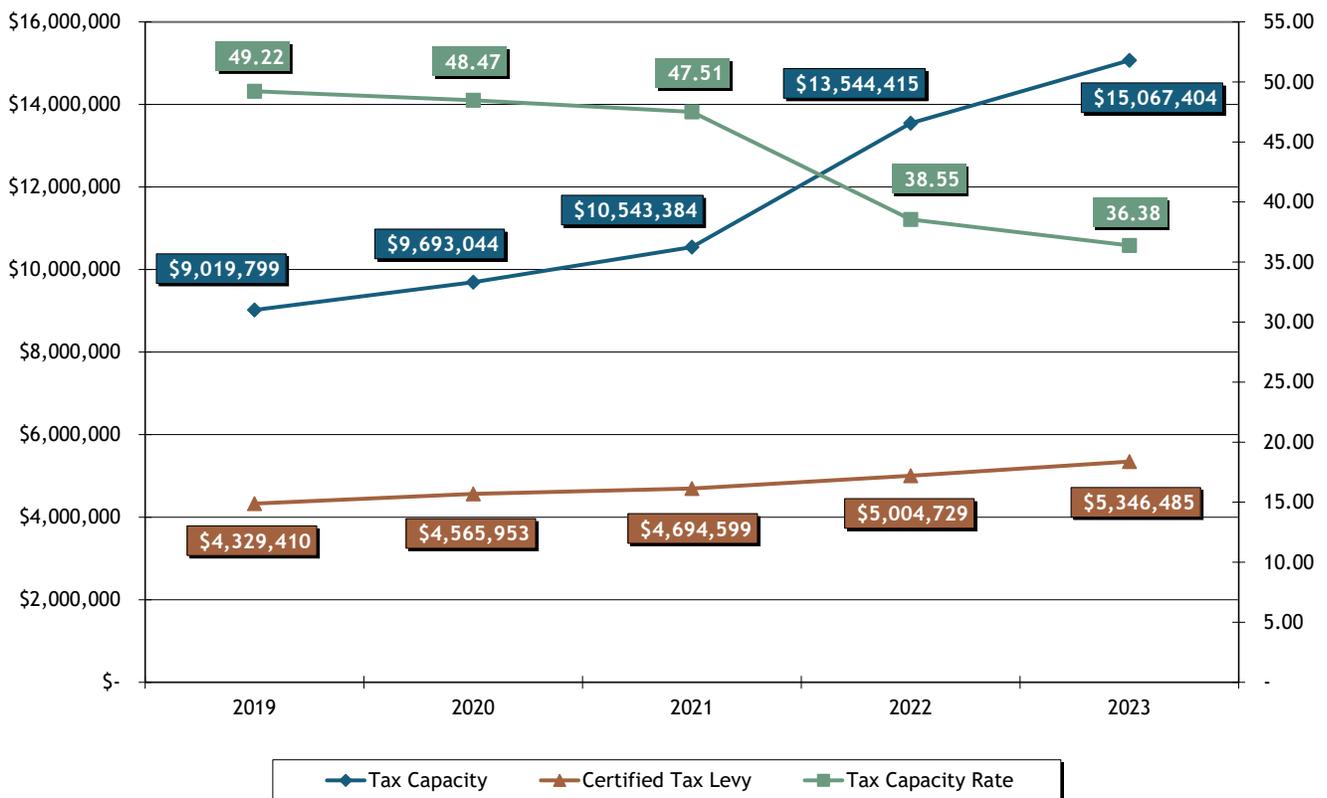
## City of Big Lake Financial Analysis

### Tax Capacity, Levy, and Rates

The chart above graphs the tax capacity (not including Tax Increment Financing (TIF) Districts), certified tax levy and tax capacity rate for 2019 through 2023. The tax capacity is based on total tax capacity, prior to adjustments for captured TIF and fiscal 2020. The certified tax levy amount is also prior to fiscal disparity adjustments.

Comparing 2019 through 2023, the City's tax capacity has increased from \$9,019,799 to \$15,067,404 or \$6,047,605. This is a 67.0% increase in tax capacity. The City's certified levy over this same time frame has increased \$1,017,075, or 23.5%. As a result of the City's certified tax levy increase and the increase in the tax capacity for 2019 through 2023, the City's tax capacity rate decreased from 49.22% in 2019 to 36.38% in 2023.

**Tax Capacity, Levy, and Rates**

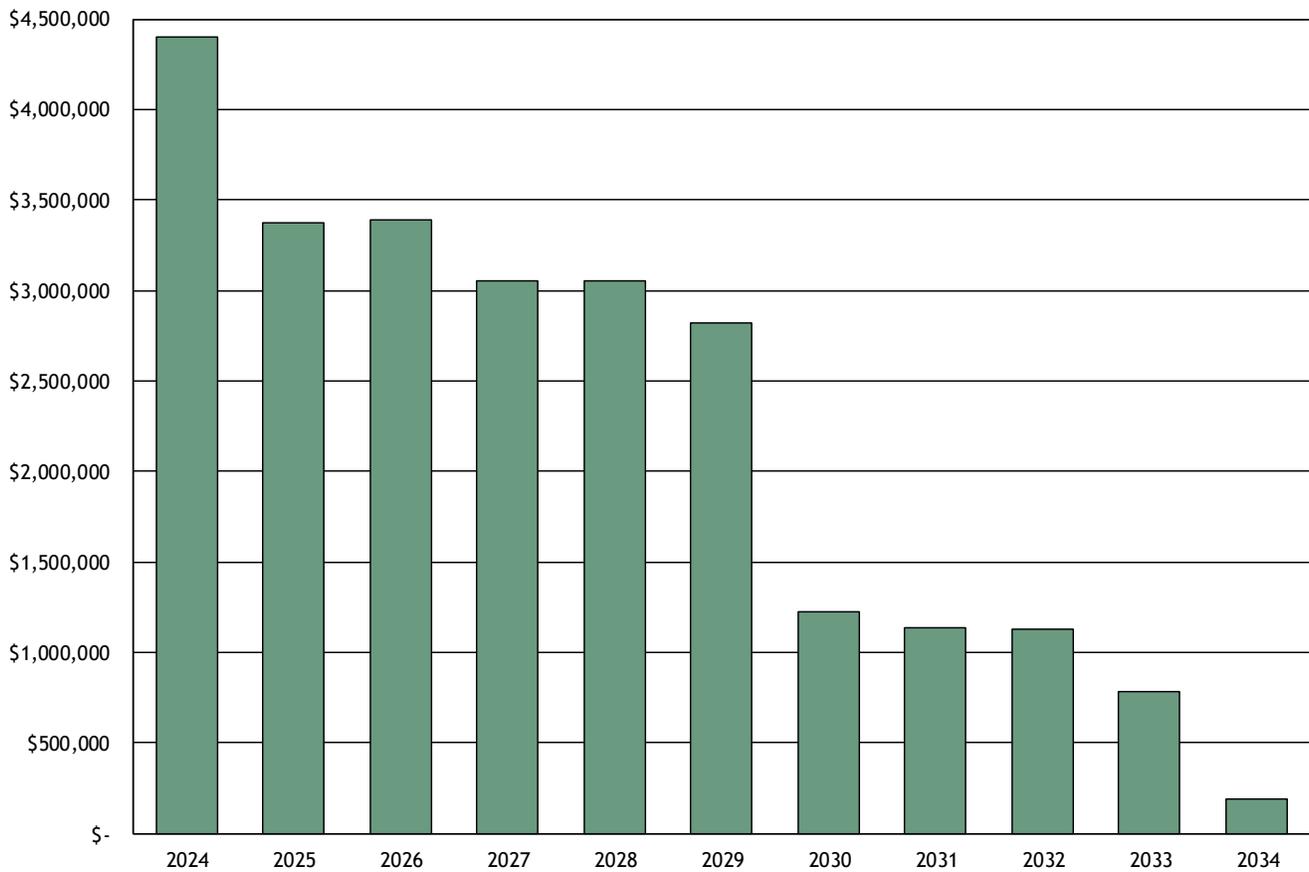


## City of Big Lake Financial Analysis

### Debt Service

The bar graph below shows the City's annual debt service obligations for all outstanding bonds. The total debt payments outstanding at December 31, 2023, are \$24,538,684, including interest totaling \$2,278,078.

**Annual Debt Service Principal and Interest Payments**



## City of Big Lake Emerging Issues

### Executive Summary

The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- ◆ **Implementation Guide No. 2021-1 - Amending Capitalization Requirements**  
GASB has issued Implementation Guide No. 2021-1, amending previously issued guidance regarding capitalization requirements for capital assets that are significant in the aggregate but below the government's capitalization threshold individually.
- ◆ **Accounting Standard Update - GASB Statement No. 100 - Accounting Changes and Error Corrections**  
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- ◆ **Accounting Standard Update - GASB Statement No. 101 - Compensated Absences**  
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

### **Implementation Guide No. 2021-1 - Amending Capitalization Requirements**

Implementation Guide No. 2021-1, amended previously issued guidance contained in Implementation Guide No. 2015-1 regarding capitalization requirements for capital assets that are significant in the aggregate.

Original guidance stated that it *may be* appropriate for a government to establish a capitalization policy that would require capitalization for certain types of assets with individual acquisition costs that are less than the threshold for an individual asset.

Amended guidance states that a government *should* capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers and classroom furniture are common examples of asset types that could be significant collectively. The amended guidance clarifies that if 100 computers costing \$1,500 each totaling a \$150,000 aggregate amount is significant, the government *should* capitalize the computers.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

## City of Big Lake Emerging Issues

### **Accounting Standard Update - GASB Statement No. 100 - *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62***

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.

This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in Required Supplementary Information (RSI) and Supplementary Information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

## City of Big Lake Emerging Issues

### **Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences***

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).



**City of Big Lake  
Sherburne County, Minnesota**

**Reports on Compliance with  
*Government Auditing Standards*  
and Minnesota Legal Compliance**

**December 31, 2023**

**City of Big Lake  
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**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***

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Big Lake  
Big Lake, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Lake, Minnesota as of and for the year ended December 31, 2023, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 6, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses on Legal Compliance and Internal Control that we consider to be a significant deficiency, audit finding 2023-001.

**Report on Compliance and Other Matters**

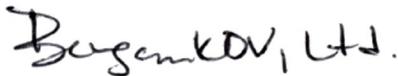
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

**City's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses on Legal Compliance and Internal Control. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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 result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



St. Cloud, Minnesota  
May 6, 2024



## Minnesota Legal Compliance

### Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Big Lake  
Big Lake, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Lake, Minnesota as of and for the year ended December 31, 2023, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 6, 2024.

In connection with our audit, we noted that the City failed to comply with provisions of the claims and disbursements of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statute* § 6.65, insofar as they relate to accounting matters as described in the accompanying Schedule of Findings and Responses on Legal Compliance and Internal Control as audit finding 2023-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the legal compliance finding identified in our audit and described in the accompanying Schedule of Findings and Responses on the Legal Compliance and Internal Control. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BerganKDV, Ltd." in a cursive, slightly slanted script.

St. Cloud, Minnesota  
May 6, 2024

**City of Big Lake  
Schedule of Findings and Responses on  
Legal Compliance and Internal Control**

**CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING:**

**Significant Deficiency:**

**Audit Finding 2023-001 - Lack of Segregation of Accounting Duties**

During the year ended December 31, 2023, the City had a lack of segregation of accounting duties. In order to have appropriate segregation of duties the performance of the following duties would need to be completed by a different employee: initiation and authorization of transactions, recording and processing of transactions, reconciliation and reporting of transactions and financial information, and custody of assets. The lack of adequate segregation of accounting 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.

**City's Response:**

The City will continue to monitor various accounting activities and look for areas where functions can be allocated to different staff to minimize potential control risks.

**CURRENT AND PRIOR YEAR LEGAL COMPLIANCE FINDING:**

**Audit Finding 2023-02 - Ensure supporting documentation is obtained for all credit card purchases**

The City did not have supporting documentation for all purchases made via City credit cards. We recommend ensuring receipts are obtained from City employees prior to payment of credit card bills in accordance with City Policy. Additionally, City employees that do not provide itemized receipts need to be held personally responsible for those charges.