Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2025

City of Big Lake, Minnesota
160 Lake Street North, 763-263-2107, www.biglakemn.org

City of Big Lake
Sherburne County, Minnesota

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

Prepared by

THE FINANCE DEPARTMENT

Deb Wegeleben, Finance/HR Director
Lisa Miller, Payroll Accountant/Deputy City Clerk
Julie Rathmanner, Finance Assistant

City of Big Lake
Table of Contents

City of Big Lake
Table of Contents

INTRODUCTORY SECTION

(THIS PAGE LEFT BLANK INTENTIONALLY)

Letter of Transmittal

May 20, 2026

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, 2025. The purpose of this 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 data presented 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. 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 fairly present 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, 2025, are free of material misstatement. Based upon the audit, the independent auditor issued an unmodified opinion, confirming that the City's financial statements 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 required by state law and is also required by bond rating agencies prior to rating the City's bonds. This report provides transparency and can be used by the City Council and residents to better understand the City's financial condition.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis 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 follows the independent auditor's report.

The organization, form, and contents of this report were prepared in accordance with standards prescribed by GASB, GFOA, the American Institute of Certified Public Accountants, and the Minnesota Office of the State Auditor.

Profile of the City of Big Lake:

The City of Big Lake is one of Minnesota's fastest-growing communities. Located northwest of the Minneapolis–Saint Paul metropolitan area, it offers convenient access via Interstate 94 and Highway 10 while maintaining the character of a "beyond the suburbs" community. Incorporated in 1898, the City spans 7.85 square miles.

Big Lake operates under a Plan A Statutory City form of government. Policy authority is vested in a Mayor and four Council Members. The City Administrator oversees daily operations and service delivery. The City employs 52 full-time, 21 part-time, and 7 seasonal staff.

The Economic Development Authority (EDA), established under Minnesota Statute Chapter 469, functions as a blended component unit of the City. While legally separate, it operates as part of the City and its obligations are supported by the primary government.

The City provides a full range of services including police, fire (via joint powers), planning and zoning, public works, parks, utilities, and administrative support functions. It also operates a municipal liquor store.

Big Lake is a community of approximately 13,056 residents with a median age of 32. The population is largely young families, creating a strong, stable, and well-educated workforce. The City places a high priority on quality of life through investment in parks, events, technology, and transparent governance, supported by a strong partnership with the Big Lake School District.

Financial planning and control are achieved through the annual operating budget and a multi-year Capital Improvement Plan. In accordance with Minnesota Statutes, the City adopts a preliminary property tax levy by September 30 and a final levy and budget by December of each year.

The budget is prepared by fund, function, and department. The legal level of budgetary control is established at the department level within the General Fund and at the fund level for all other funds. Budget amendments that impact total expenditures or interfund transfers require City Council approval.

The City also maintains a ten-year Capital Improvement Plan, which is reviewed and updated annually to support long-term financial planning and infrastructure investment.

Financial Planning and the Local Economy:

The City's tax base remains strong and continues to grow. For taxes payable in 2026, taxable market value reached $1.42 billion, a 3% increase, with net tax capacity also increasing 3%. The City's tax rate remains below the county average.

The estimated impact to the average homeowner was approximately $55 annually, or $4.60 per month. Median household income of $120,549 exceeds both county and national benchmarks, reinforcing the strength of the local economy.

While the tax base remains primarily residential, commercial and industrial growth continues to expand. Over the past 15 years, total market value has increased more than 100%, demonstrating sustained long-term growth.

The City has entered into one (1) 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.

Financial Planning and the Local Economy: (Continued)

The City maintains a conservative financial approach, relying on diversified revenue sources including property taxes, franchise fees, permits, state aids, and a consistent $450,000 annual transfer from the municipal liquor store. Local Government Aid (LGA) is strategically directed toward capital investment rather than ongoing operations.

Infrastructure investments and shovel-ready development sites position Big Lake for continued economic growth, supported by utilities, transportation access, and high-speed broadband.

Debt Administration:

As of December 31, 2025, total outstanding debt was $15.9 million, supported by both tax levy and enterprise revenues.

The City maintains a strong "AA" bond rating from S&P Global Ratings, reflecting a resilient economy, strong financial management, and stable long-term outlook.

This rating reflects the City's disciplined financial management, strong reserves, and commitment to long-term planning, and supports the ability to finance future infrastructure at favorable rates.

City Initiatives:

The City continues to implement long-term planning efforts through its Comprehensive Plan, Parks Master Plan, and strategic initiatives.

Recent efforts include:

- Community branding and identity development
- Downtown redevelopment planning
- Evaluation and planning for the future City Hall and Police Station facility (anticipated finished project in 2028)
- Wastewater treatment plant expansion (construction anticipated 2027–2028)

City Council and staff continue to review the City's Vision, Objectives, and Goals. This ongoing process ensures that the City continues to provide the highest level of service to its taxpayers. The Council and staff remain strong supporters of 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 City maintains a comprehensive system of internal controls designed to protect assets and ensure accurate financial reporting. These controls are regularly evaluated to provide reasonable assurance while balancing cost and effectiveness.

Budget Controls:

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget adopted by the City Council. The legal level of budgetary control is established at the department level within the General Fund and at the fund level for all other funds.

The City Council adopts an annual budget, along with a four-year concept budget for planning purposes, for the General Fund, special revenue funds, and enterprise funds. In addition, the City maintains a ten-year Capital Improvement Plan to guide long-term capital investment and financial planning.

Budget Controls: (Continued)
The City has legally adopted budgets for the General Fund and the Big Lake Economic Development Authority special revenue fund. Expenditures may not legally exceed budgeted appropriations without City Council approval. Although not required, the City also adopts budgets for other special revenue funds to support an entity-wide approach to financial management. These budgets are incorporated into the City's Annual Comprehensive Financial Report and Long-Term Financial Plan, which is updated annually.

Acknowledgements:
The preparation of this report reflects the dedication and professionalism of the Finance Department and all City staff. Their commitment ensures the integrity, accuracy, and transparency of the City's financial reporting.

We would like to express our appreciation to BerganKDV for their guidance and assistance throughout the audit process. We also extend our thanks to the Mayor and City Council for their leadership and support in maintaining sound financial management practices.

Awards and Recognition:
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Big Lake for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. This was the City's second year receiving this prestigious award.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Management believes that the current ACFR continues to meet the requirements of the Certificate of Achievement Program, and we are submitting it to GFOA for consideration.

Responsible financial stewardship today ensures Big Lake can continue to Live Big.

Respectfully Submitted,

Deb Wegeleben

Deb Wegeleben
Finance Director
City of Big Lake

Hanna a. Klimmek

Hanna Klimmek
City Administrator
City of Big Lake

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Big Lake
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

City of Big Lake
City Officials

Left to Right

Councilmember Kim Noding – Term Expires 12/31/2026

Councilmember Paul Seefeld – Term Expires 12/31/2028

Mayor Paul Knier – Term Expires 12/31/2028

Councilmember Ken Halverson – Term Expires 12/31/2026

Councilmember Ken Geroux – Term Expires 12/31/2028

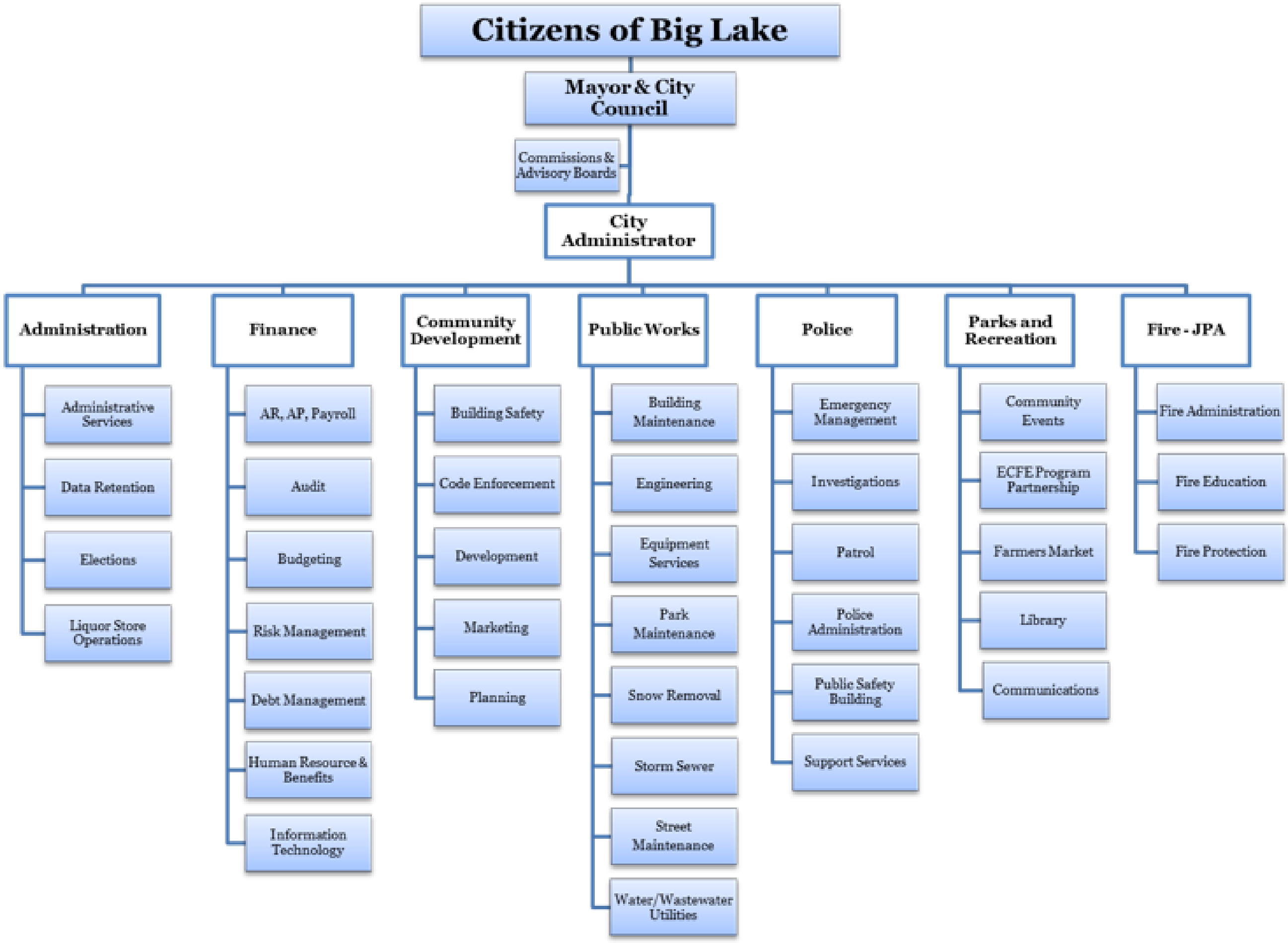
City of Big Lake
City Management

Position	Name
City Administrator	Hanna Klimmek
City Clerk	Gina Wolbeck
Finance Director	Deb Wegeleben
Community Development Director	Marie Popp
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

Professional Services

Position	Name
City Attorney	Campbell Knutson, P.A.
Financial Advisor	Northland Securities, Inc.
Information Technically Services	Marco Technology

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.

(THIS PAGE LEFT BLANK INTENTIONALLY)

FINANCIAL SECTION

(THIS PAGE LEFT BLANK INTENTIONALLY)

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, 2025, and the related notes to the basic 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, 2025, 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 accompanying supplementary information is 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 8, 2026, 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.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 8, 2026

(THIS PAGE LEFT BLANK INTENTIONALLY)

Management's Discussion and Analysis

(THIS PAGE LEFT BLANK INTENTIONALLY)

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 on December 31, 2025. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded their liabilities and deferred inflows resources at the close of the most recent fiscal year by $87,996,888. Of this amount, $21,912,203 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's net position increased $3,359,307 from the prior year. Of the increase, 56% was attributable to governmental activities and 44% to business-type activities.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $15,079,101, a decrease of $150,551 from the previous year. The decrease can be attributed to the completion of the CR43 street project, with the street portion amounting to $276,313, annual purchases of computer equipment and software. In addition, the city continues to improve and repair the city's streets each year. The street projects beginning in 2025 are financed with prior years' transfers from the general funds to the capital improvement funds.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $4,764,105 (not including those funds that are designed for specific purposes) or 71%, of the total General Fund expenditures not including transfers out. When transfers out to other funds are included, the unassigned fund balance is at 61%.

- The City's total bonded debt decreased by $2,773,364 during the current fiscal year. In 2025, there was no new debt issued. The total outstanding bonded debt is $15,918,182, of which $10,294,378 is governmental activities and supported by the Debt Levy and Special Assessments. The remaining $5,623,804 is contributed to business-type activities. Total bond indebtedness is down by 15% compared to 2024. 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 2025, the total leased liabilities for the City is $250,407, of which 25% or $64,603 is for the leased office equipment of the general government and the remaining $185,804 or 75% is for the leased land with the railroad for the water and sewer infrastructure.

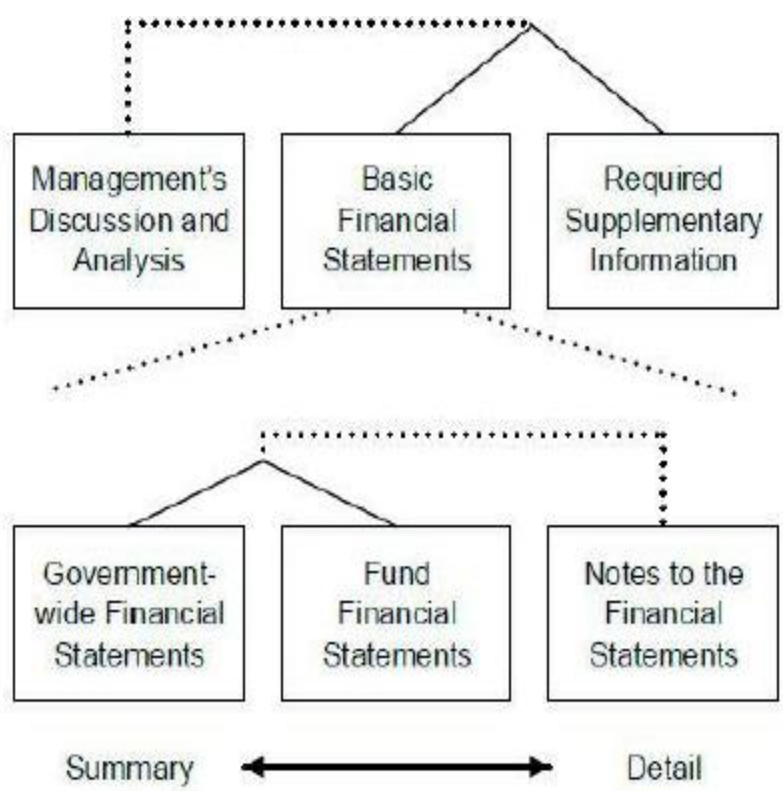
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 combing 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	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows
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 48-51 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Continued)

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.

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 the Capital Project/Infrastructure Improvement Fund, and the GO Improvement Bonds 2021A Debt Service Fund and for the GO Improvement Bonds 2022A Debt Service Fund. Data from the other 29 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 special revenue funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 52-59 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 60-62 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 63-99 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 pertaining to the net pension liability can be found on pages 102-111

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 116-132 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 $87,996,888 at the close of the most recent fiscal year.

Approximately 68% of the City's net position reflects 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, 7%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $21,912,203 may be used to meet the government's ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Analysis (Continued)

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.

City of Big Lake's Net Position

	Governmental Activities			Business-Type Activities			Total		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Assets									
Current and Other Assets	$ 20,649,238	$ 20,886,544	$ (237,306)	$ 13,863,033	$ 13,279,521	$ 583,512	$ 34,512,271	$ 34,166,065	$ 346,206
Capital Assets	37,345,590	36,916,316	429,274	38,960,102	39,662,665	(702,563)	76,305,692	76,578,981	(273,289)
Total Assets	57,994,828	57,802,860	191,968	52,823,135	52,942,186	(119,051)	110,817,963	110,745,046	72,917
Deferred Outflows of Resources									
Deferred pension resources	1,838,800	2,174,654	(335,854)	151,421	144,602	6,819	1,990,221	2,319,256	(329,035)
Liabilities									
Long-term Liabilities Outstanding	10,809,164	12,600,336	(1,791,172)	5,018,001	6,427,141	(1,409,140)	15,827,165	19,027,477	(3,200,312)
Other Liabilities	3,555,038	3,347,218	207,820	2,013,322	2,127,506	(114,184)	5,568,360	5,474,724	93,636
Total Liabilities	14,364,202	15,947,554	(1,583,352)	7,031,323	8,554,647	(1,523,324)	21,395,525	24,502,201	(3,106,676)
Deferred Inflows of Resources									
Deferred pension resources	2,280,412	2,679,032	(398,620)	468,033	517,045	(49,012)	2,748,445	3,196,077	(447,632)
Deferred lease resources	131,768	184,423	(52,655)	535,558	544,020	(8,462)	667,326	728,443	(61,117)
Total Deferred Inflows of Resources	2,412,180	2,863,455	(451,275)	1,003,591	1,061,065	(57,474)	3,415,771	3,924,520	(508,749)
Net Position									
Net Investment in Capital Assets	26,474,848	24,410,923	2,063,925	33,286,751	32,645,651	641,100	59,761,599	57,056,574	2,705,025
Restricted	6,323,086	7,031,829	(708,743)	-	-	-	6,323,086	7,031,829	(708,743)
Unrestricted	10,259,312	9,723,753	535,559	11,652,891	10,825,425	827,466	21,912,203	20,549,178	1,363,025
Total Net Position	$ 43,057,246	$ 41,166,505	$ 1,890,741	$ 44,939,642	$ 43,471,076	$ 1,468,566	$ 87,996,888	$ 84,637,581	$ 3,359,307

The City's net position increased by $3,359,307 during the current fiscal year. Governmental activities accounted for $1,890,741, or approximately 56% of the increase, while business-type activities accounted for $1,468,566, or approximately 44%.

The City's total other liabilities increased by $93,636. Governmental activities increased by $207,820, primarily due to the timing of payables and the 2025 pay plan adjustment. Business-type activities decreased by $114,184.

Long-term liabilities decreased by $3,200,312. The overall reduction in liabilities of $3,106,676 is primarily related to a decrease in the net pension liability and scheduled annual debt payments. This was partially offset by a slight increase in escrow payables for funds held for public improvements to be completed by developers under development agreements, along with a decrease in unearned revenue.

Governmental Activities

Governmental activities revenues decreased by $1,692,799 in 2025, resulting in a reduction to the City's net position. The decline was primarily due to decreases in Capital Grants and Contributions, State Aid, and Operating Grants and Contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

The reduction in Capital Grants and Contributions was driven by lower special assessments for street projects, fewer federal grant receipts, and decreased park dedication fees. The 2024 Street Project, certified in 2024 for 2025 tax payables, included fewer street improvements, resulting in lower overall costs and related revenues. In addition, federal funding received in 2024 for a trail project and the partially federally funded water meter project was not repeated in 2025, as those projects were completed. Park dedication fee revenue also declined, with only one development contributing fees in 2025.

State Aid decreased due to two primary factors. The state eliminated the fire state aid passthrough beginning in 2025 when the Big Lake Fire Department joined the Statewide Volunteer Firefighter Retirement Plan. Additionally, Local Government Aid was reduced due to a $10 per capita reduction in the State's funding formula.

Tax revenues increased due to higher property tax collections, driven by a 2.27% increase in the tax rate and valuation growth in certain property classes. Commercial property values increased approximately 4%, and apartment values increased approximately 10%, largely attributable to new development. Residential property values remained relatively flat. Overall taxable market value decreased by approximately 1%, primarily due to increases in the Homestead Credit for residential properties. Despite this, new residential and commercial/industrial development added $31,750,959 to the City's tax base in 2025. The City issued 40 new single-family building permits during the year.

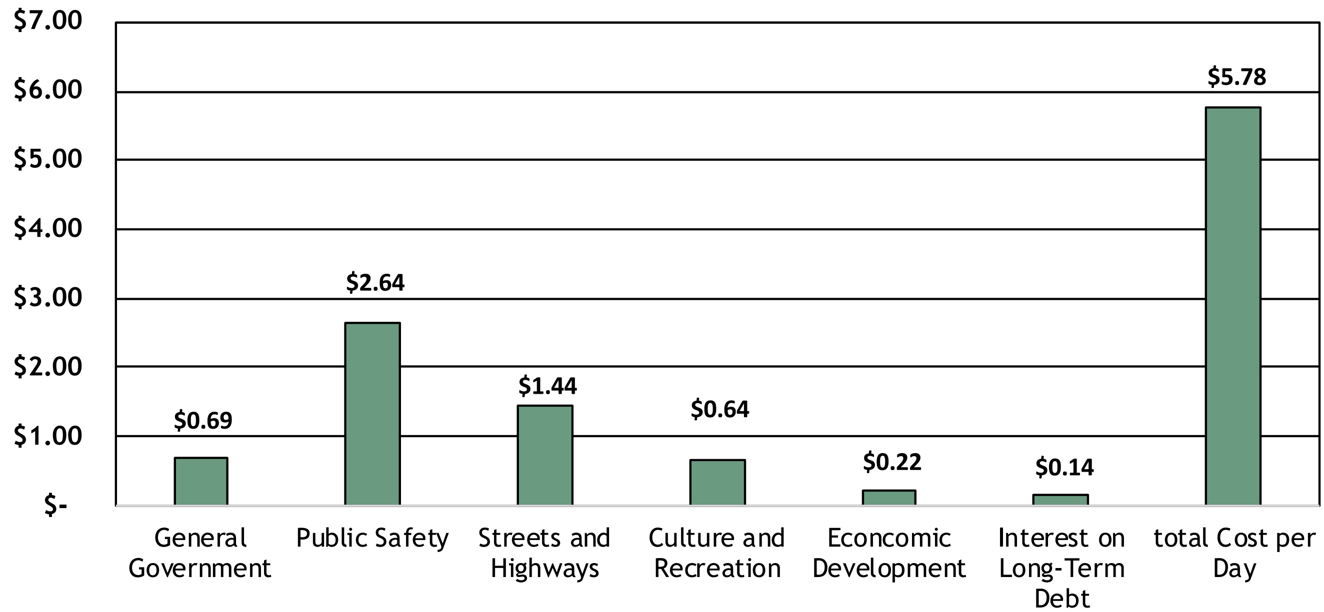
Investment earnings decreased in 2025, supported by higher yields and a positive fair value adjustment. However, the fair value adjustment was less than in prior years as investments moved closer to maturity.

Governmental activities expenses increased by $686,977, primarily due to personnel additions, including two patrol officer positions and one Streets Department position. Additional increases were attributed to higher repair and maintenance costs for equipment, vehicles, and street infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

In 2025, the cost to provide governmental services averaged approximately $5.80 per day per household and business.



City of Big Lake's Change in Net Position

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)	Total		Increase (Decrease)
	2025	2024		2025	2024		2025	2024	
Revenue									
Program Revenues									
Charges for Services	$ 992,896	$ 1,006,995	$ (14,099)	$ 11,053,903	$ 11,009,547	$ 44,356	$ 12,046,799	$ 12,016,542	$ 30,257
Operating Grants and Contributions	428,631	634,088	(205,457)	20,708	90,721	(70,013)	449,339	724,809	(275,470)
Capital Grants and Contributions	902,307	2,407,903	(1,505,596)	880,201	1,034,699	(154,498)	1,782,508	3,442,602	(1,660,094)
General Revenues									
Property Taxes and Tax Increment and Franchise Fees	6,293,604	6,049,695	243,909	-	-	-	6,293,604	6,049,695	243,909
State Aids	799,223	969,003	(169,780)	-	-	-	799,223	969,003	(169,780)
Unrestricted Investement Earnings	854,546	942,851	(88,305)	360,803	398,073	(37,270)	1,215,349	1,340,924	(125,575)
Other Income	87,178	40,649	46,529	-	-	-	87,178	40,649	46,529
Total Revenues	10,358,385	12,051,184	(1,692,799)	12,315,615	12,533,040	(217,425)	22,674,000	24,584,224	(1,910,224)
Expenses									
General Government	1,065,558	1,075,795	(10,237)	-	-	-	1,065,558	1,075,795	(10,237)
Public Safety	4,074,762	3,655,270	419,492	-	-	-	4,074,762	3,655,270	419,492
Streets and Highways	2,225,834	1,897,287	328,547	-	-	-	2,225,834	1,897,287	328,547
Culture and Recreation	994,170	986,374	7,796	-	-	-	994,170	986,374	7,796
Economic Development	338,769	350,705	(11,936)	-	-	-	338,769	350,705	(11,936)
Interest on Long-Term Debt	218,551	265,236	(46,685)	-	-	-	218,551	265,236	(46,685)
Water	-	-	-	2,299,031	2,166,810	132,221	2,299,031	2,166,810	132,221
Sewer	-	-	-	2,990,797	2,968,555	22,242	2,990,797	2,968,555	22,242
Municipal Liquor	-	-	-	4,805,710	4,970,337	(164,627)	4,805,710	4,970,337	(164,627)
Storm Sewer	-	-	-	301,511	323,843	(22,332)	301,511	323,843	(22,332)
Total Expenses	8,917,644	8,230,667	686,977	10,397,049	10,429,545	(32,496)	19,314,693	18,660,212	654,481
Increase (Decrease) in Net Position before Transfers & Capital Contributions	1,440,741	3,820,517	(2,379,776)	1,918,566	2,103,495	(184,929)	3,359,307	5,924,012	(2,564,705)
Transfers	450,000	(469,516)	919,516	(450,000)	469,516	(919,516)	-	-	-
Increase (Decrease) in Net Position	1,890,741	3,351,001	(1,460,260)	1,468,566	2,573,011	(1,104,445)	3,359,307	5,924,012	(2,564,705)
Net Postion - Beginning	41,166,505	37,815,504	3,351,001	43,471,076	40,898,065	2,573,011	84,637,581	78,713,569	5,924,012
Net Position - Ending	$ 43,057,246	$ 41,166,505	$ 1,890,741	$ 44,939,642	$ 43,471,076	$ 1,468,566	$ 87,996,888	$ 84,637,581	$ 3,359,307

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

The chart above illustrates the change in net position over time, reflecting the City's overall financial performance and stability. While 2025 showed a decline in governmental revenues, the City continues to maintain a strong financial position through disciplined budgeting and long-term planning.

In 2025, the City of Big Lake was recognized as one of the 10 safest cities in Minnesota for communities between 10,000 and 20,000 in population. This reflects a continued commitment to public safety, which represents 46% of total governmental activities expenses.

The cost to provide City services averaged approximately $5.80 per day per household and business, with $2.65 dedicated to public safety services. This investment supports police, fire, and building services and directly contributes to the City's high quality of life and safety outcomes.

The charts below reflect the City's revenue structure and how those resources are allocated across services.

Program revenues continue to fund only a portion of total governmental activity costs. Public Safety, at approximately $4.1 million in expenditures, remains the largest service area and is significantly supported by general revenues, as program revenues cover only a limited share. This reliance is consistent with municipal operations where core services are primarily tax-supported.

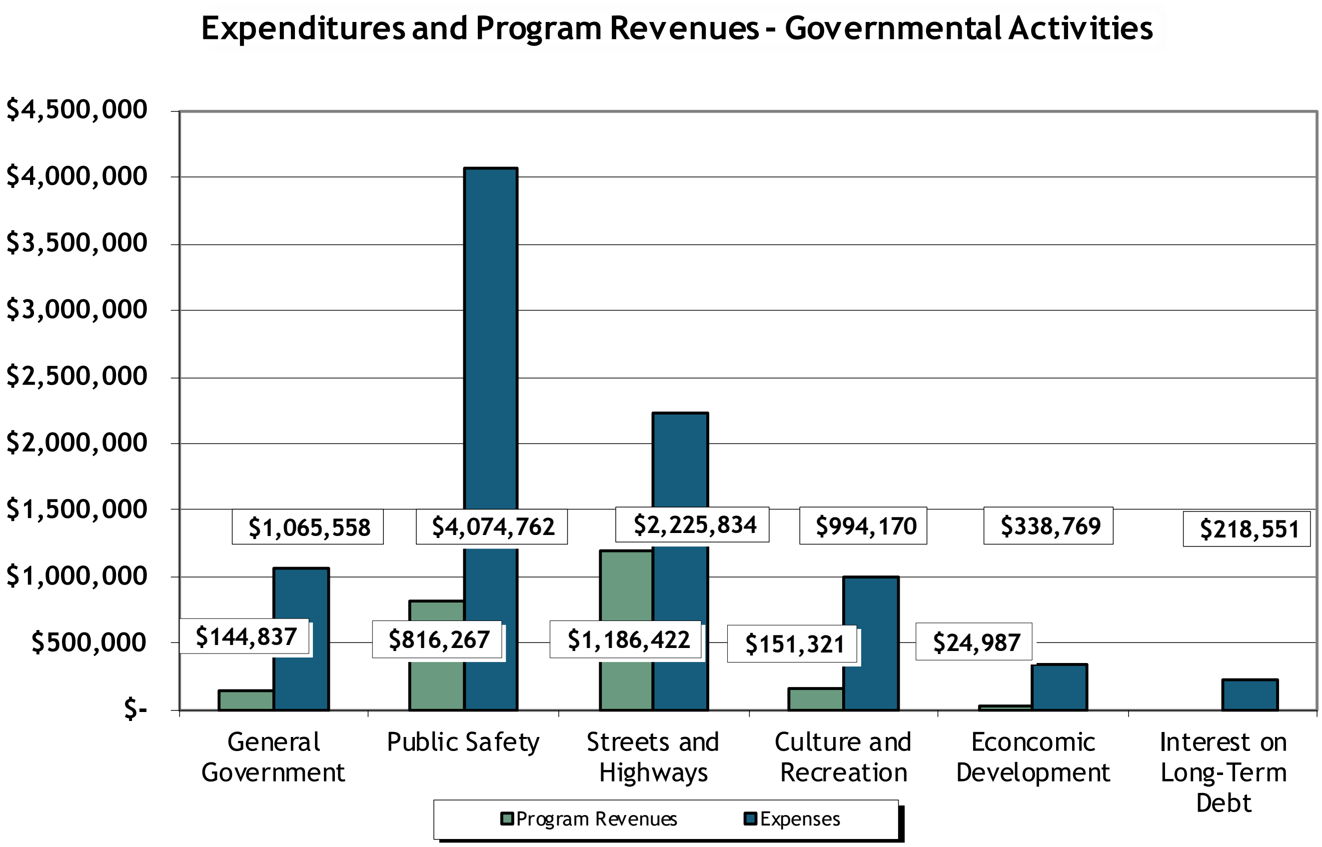
Property taxes represent 56% of total governmental revenues, reinforcing their role as the primary funding source for City services. Other key revenue sources include charges for services and capital and operating grants, though these revenues vary year-to-year based on project activity and external funding availability.

Expenditures are concentrated in essential services. Public Safety accounts for 46% of total governmental expenditures, followed by Streets and Highways at 25%, and General Government at 12%. These three areas represent the majority of City spending and align with the City's focus on safety, infrastructure, and core operations.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

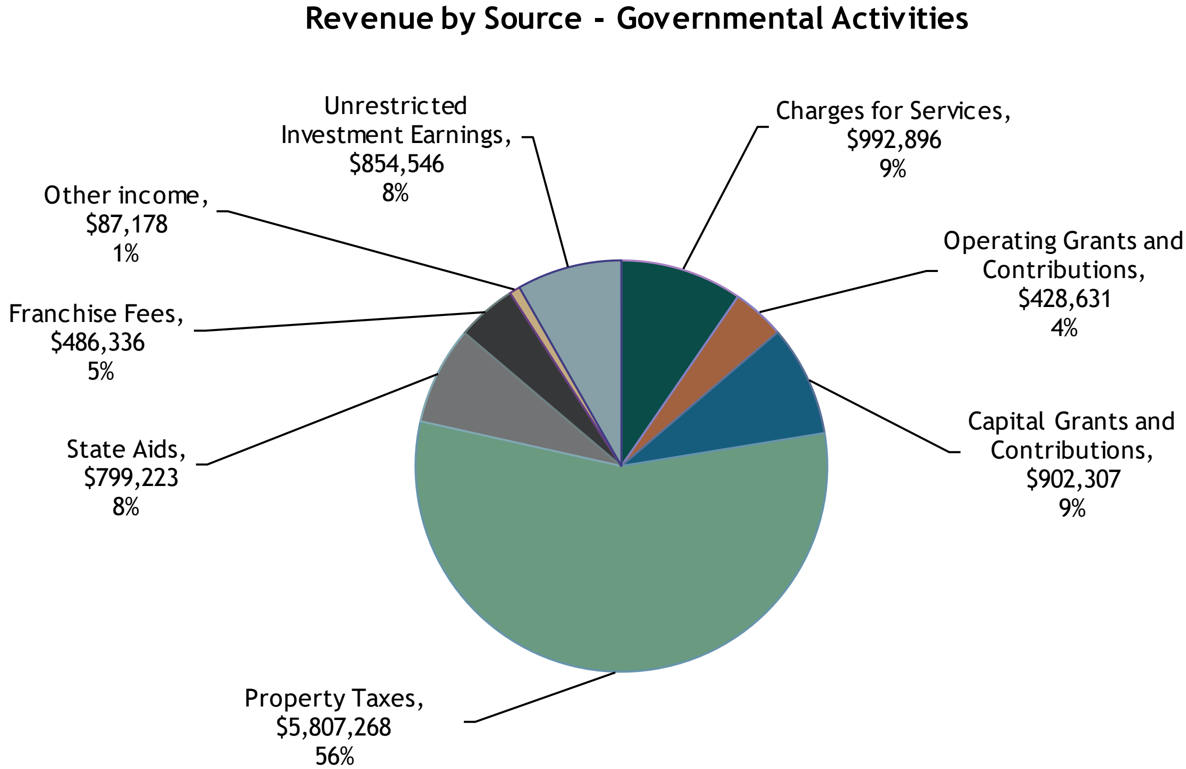
Governmental Activities (Continued)

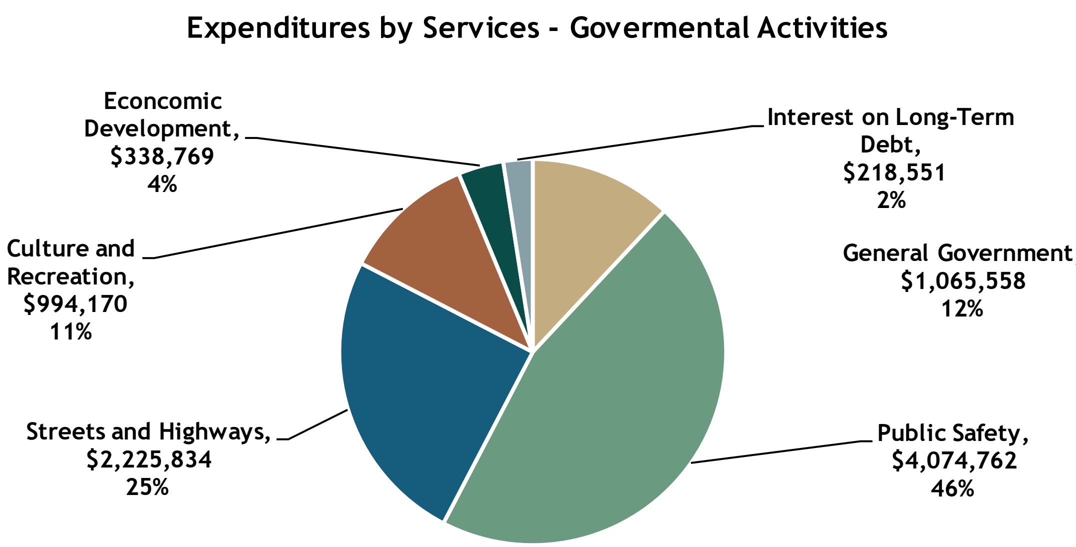
Overall, the graphs demonstrate a stable financial structure where property taxes and general revenues fund the majority of services, while program revenues and grants provide supplemental support. This approach allows the City to maintain service levels while managing fluctuations in external funding sources.



OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)





OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Business-Type Activities

In 2025, business-type activities increased the City's net position by $1,468,566, contributing to the overall increase in net position of $3,359,307.

The municipal Liquor Store transferred $450,000 to the General Fund, helping offset the City's levy needs. Sales decreased by approximately 3% compared to 2024, consistent with broader industry trends, while expenses also declined by 3%. Despite lower sales, depreciation expense, and the General Fund transfer, the Liquor Store generated a net profit of $68,776 for the year.

Utility operations produced mixed results. Water usage increased by approximately 4%, while rates decreased by 5% in 2025, resulting in a decrease of $66,228 in water sales. However, growth-related revenues, including water access charges and trunk fees, increased due to development activity, resulting in an overall revenue increase of $132,338.

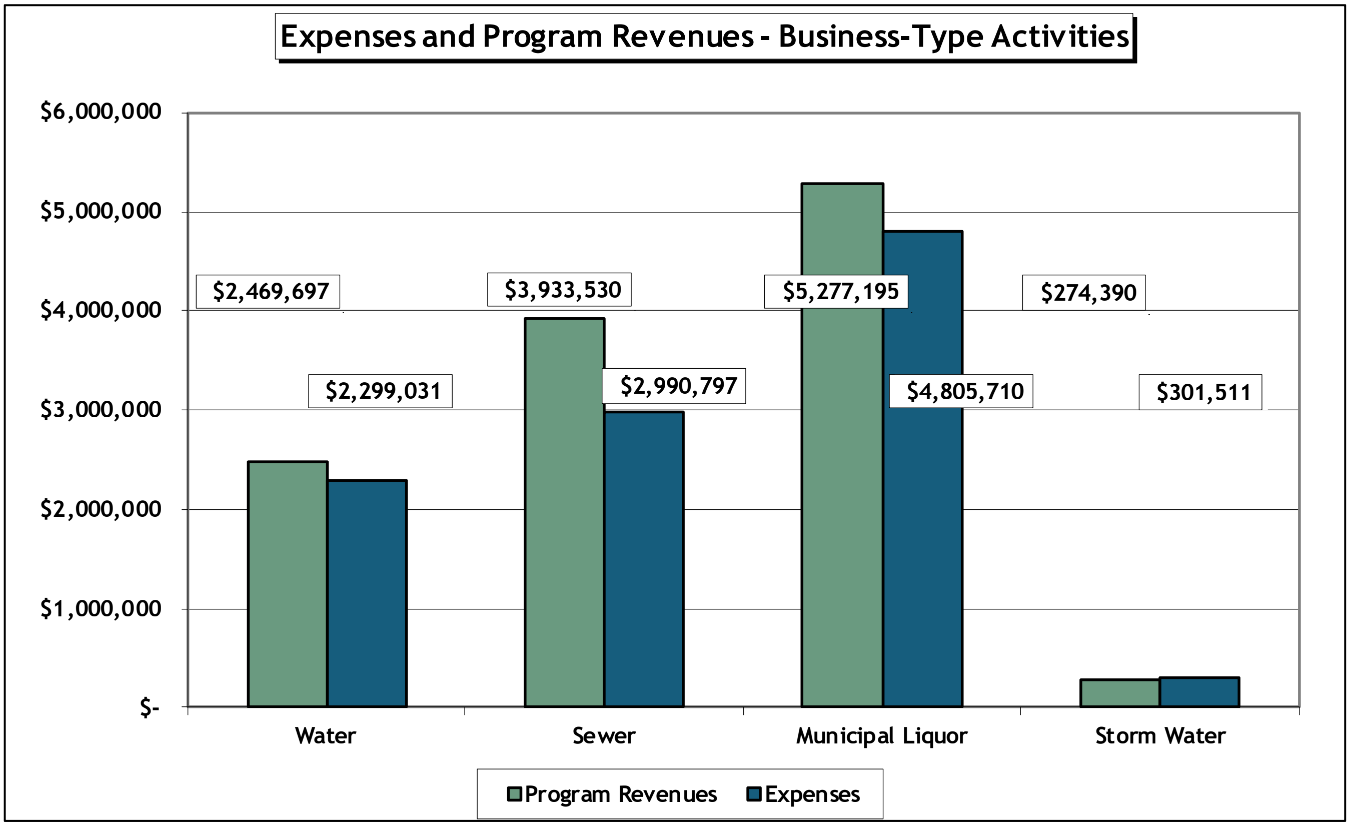
Wastewater (sewer) revenues were impacted by an 8% rate increase; however, total revenues decreased by $83,339, reflecting variability in usage and development-related activity. Development activity remained consistent with expectations, including multi-family, residential, and commercial projects.

The Storm Sewer Fund experienced a slight revenue increase of $1,634, primarily due to higher investment earnings.

Overall, Liquor Store revenues were slightly lower than in 2024, with personnel costs representing approximately 14% of total sales. The operation ended 2025 with an approximate 1% net profit, while covering both depreciation expense and the $450,000 transfer to the General Fund. Continued community support of the municipal liquor operation remains critical, as these transfers reduce reliance on property taxes and help maintain current service levels.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Business-Type Activities (Continued)



Total revenues from business-type activities in 2025 were $12,315,615, with approximately 90% ($11,053,903) generated from charges for services. This reflects a decrease of $217,425 from 2024, primarily due to one-time fees collected in the prior year from a significant industrial user.

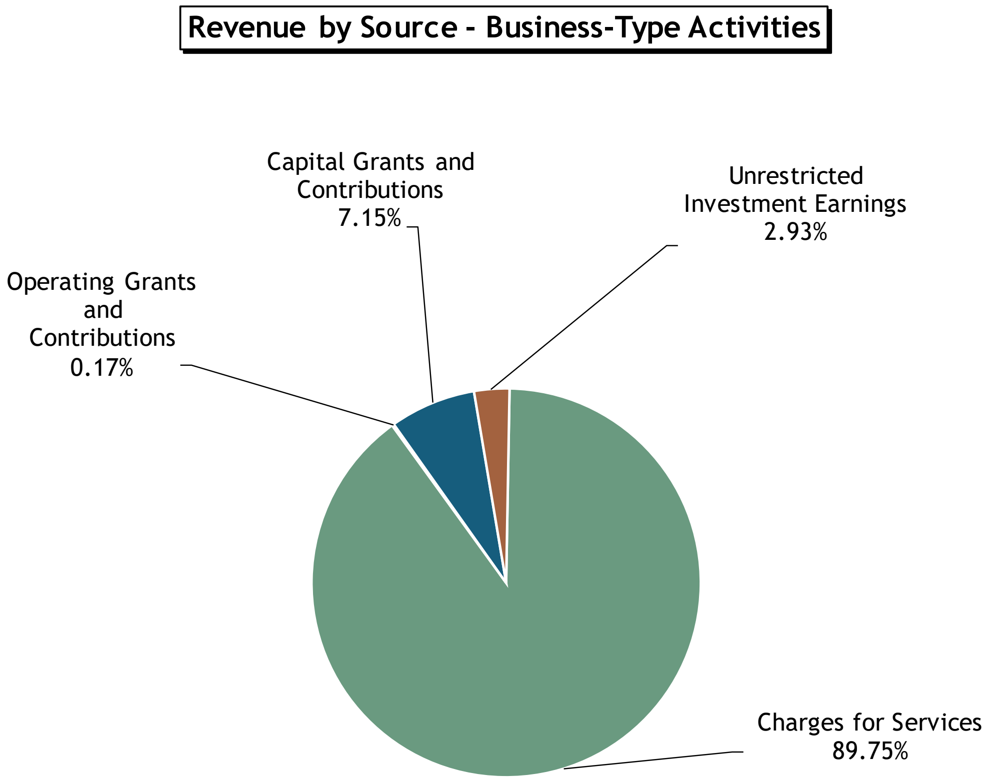
Investment earnings totaled $360,803 (approximately 3% of total revenues), representing a decrease of $37,270 from 2024. Operating Grants and Contributions totaled $20,708, a decrease of $70,013, primarily due to one-time revenues received in 2024 for the Well 2 improvement project and infrastructure support related to Big Lake Spud Fest.

Charges for Services, which make up the majority of revenues, increased by $44,356, reflecting stable utility usage and rate structures. Capital Grants and Contributions totaled $880,201 (approximately 7% of total revenues), decreasing from 2024 due to reduced development-related activity, including the absence of a one-time Sewer Access Charge (SAC) from a large industrial user recognized in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Business-Type Activities (Continued)

Overall, total revenues decreased by $217,425 compared to 2024. Despite this decline, business-type activities generated a positive change in net position of $1,468,566, reflecting stable operations and continued financial strength across utility and liquor operations.



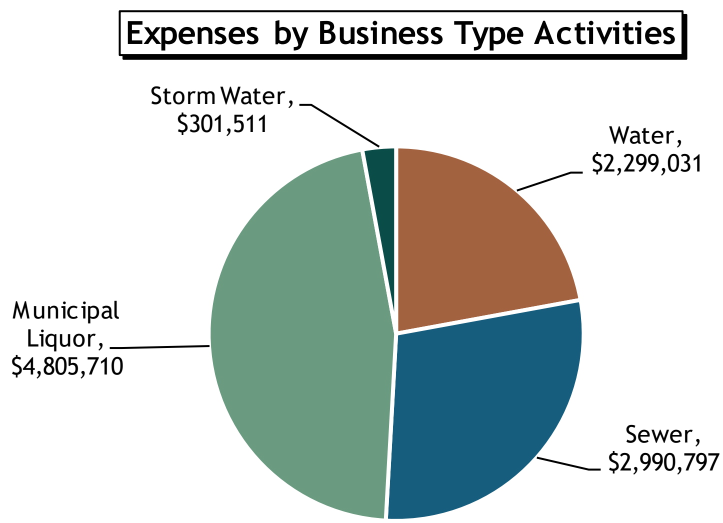
OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Business-Type Activities (Continued)

The chart below outlines the distribution of expenses across business-type activities.

The Municipal Liquor operation represents the largest share of expenses at approximately $4.8 million, reflecting the cost structure of retail operations, including inventory, staffing, and overhead. Wastewater (Sewer) follows at approximately $3.0 million, driven by treatment, maintenance, and system operations. Water operations account for approximately $2.3 million, supporting system delivery, maintenance, and infrastructure needs. Storm Water represents the smallest share at $301,511, focused on system maintenance and regulatory compliance.

Expenses across business-type activities remained consistent with 2024, reflecting stable operations and controlled cost management across all enterprise funds. Overall, the distribution aligns with service delivery demands and the City's commitment to maintaining reliable, self-sustaining utility and enterprise operations.



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. This information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance serves as a key measure of the City's net resources available for spending at the end of the fiscal year.

As of year-end, the City's governmental funds reported combined ending fund balances of $15,079,101, a decrease of $150,551 from the prior year. Of this amount, $10,144,390 (approximately 67%) represents assigned and unassigned fund balance, which is available for spending at the City's discretion. The remaining balance is restricted, committed, or nonspendable, and therefore not available for new spending due to external or internal constraints.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

	General Fund	GO Improvement Bonds 2021A	GO Improvement Bonds 2022A	Infrastructure Improvement Fund	Other Govermental Funds	Total	Prior Year Total	Increaese (Decrease)
Fund Balance								
Nonspendable	$ 288,350	$ -	$ -	$ -	$ 17,959	$ 306,309	$ 120,229	$ 186,080
Restricted	-	494,004	844,658	-	2,447,693	3,786,355	3,264,110	522,245
Comitted	-	-	-	-	842,047	842,047	850,003	(7,956)
Assigned	71,658	-	-	788,388	4,987,713	5,847,759	6,871,812	(1,024,053)
Unassigned	4,764,105	-	-	-	(467,474)	4,296,631	4,123,498	173,133
Total	$ 5,124,113	$ 494,004	$ 844,658	$ 788,388	$ 7,827,938	$ 15,079,101	$ 15,229,652	$ (150,551)

The General Fund, the City's primary operating fund, reported a total fund balance of $5,124,113, of which $4,764,105 is unassigned and available for spending. As a measure of liquidity, unassigned fund balance represents 61% of total General Fund expenditures and transfers out, while total fund balance represents 65% of that same amount.

	Current Year Ending Blance	Prior Year Ending Blance	Increaese (Decrease)
General Fund, Fund Balance			
Nonspendable	$ 288,350	$ 117,233	$ 171,117
Assigned	71,658	65,640	6,018
Unassigned	4,764,105	4,644,218	119,887
Total	$ 5,124,113	$ 4,827,091	$ 297,022
General Fund expenditures and transfers out	$ 7,867,462	$ 7,235,082	
Unassigned as a percent of expenditures	61%	64%	
Total Fund Balance as a percent of expenditures	65%	67%	

General Fund revenues include investment earnings on the City's portfolio, which are subject to fair market value (FMV) adjustments at year-end. In the current year, favorable market conditions resulted in an increase of investment earnings. Combined with higher tax revenues and continued strong budgetary control, the General Fund experienced positive operating results. After a planned year-end transfer of $700,000 to support future debt obligations, the net increase to fund balance totaled $297,022.

Maintaining a strong unassigned fund balance positions the City to meet future financial obligations and supports long-term financial stability.

Other major governmental funds analyses are shown below:

	Current Year Ending Blance	Prior Year Ending Blance	Increaese (Decrease)
G.O. Improvement Bonds 2021A Fund Balance	$ 494,004	$ 394,439	$ 99,565

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The decrease is due to the yearly principal and interest payments

	Current Year Ending Blance	Prior Year Ending Blance	Increaese (Decrease)
G.O. Improvement Bonds 2022A Fund Balance	$ 844,658	$ 809,875	$ 34,783

The decrease is due to the yearly principal and interest payments

Infrastructure Improvement Fund Balance	Current Year Ending Blance	Prior Year Ending Blance	Increaese (Decrease)
	$ 788,388	$ 1,008,451	$ (220,063)

The decrease was due to the CR43 construction project

Proprietary Funds

The City's proprietary funds provide more detailed information consistent with that presented in the government-wide financial statements.

At year-end, unrestricted net position totaled $2,487,317 for water operations, $6,349,535 for wastewater (sewer) operations, $794,914 for storm water operations, and $2,021,225 for the liquor store fund. Changes in net position for the year reflect increases of $737,476 in the water fund and $666,986 in the wastewater fund, while the storm water fund experienced a slight decrease of $(4,570). The liquor fund reported an increase in net position of $68,776.

The following table presents the total ending net position for each proprietary fund.

	Ending Net Position 2025	Ending Net Position 2024	Increaese (Decrease)
Water Fund	$ 16,622,254	$ 15,884,779	$ 737,475

	Ending Net Position 2024	Ending Net Position 2024	Increaese (Decrease)
Wastewater (Sewer) Fund	$ 22,792,952	$ 22,125,965	$ 666,987

	Ending Net Position 2024	Ending Net Position 2024	Increaese (Decrease)
Liquor Store Fund	$ 2,843,350	$ 2,774,575	$ 68,775

	Ending Net Position 2024	Ending Net Position 2024	Increaese (Decrease)
Storm Water Fund	$ 2,681,187	$ 2,685,757	$ (4,570)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The increase in net position for the water fund is primarily attributable to transfers in supporting the water meter project, as well as higher investment earnings and increased trunk and access charges related to new water service connections.

The wastewater (sewer) fund experienced an increase in net position due to higher investment earnings and increased trunk and access charges for new wastewater service connections.

The liquor store fund's increase in net position is primarily the result of higher investment earnings and a slight decrease in the cost of goods sold.

Other factors impacting the financial performance of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there was **one amendment** to the General Fund budget. The original budget was adopted with revenues equal to expenditures.

The amendment primarily reflects the **capital lease entered into for Police Body Cameras** and the addition of a **new IT consultant contract** established in May 2025.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

The original budget totaled $7,366,689. An amendment of $342,000 was made to both revenues and expenditures, resulting in a final amended budget of $7,708,689.

General Fund 2025 Budget

	Final Budget Amount	Actual Amounts	Variance with Final Budget
Revenues	$ 7,056,189	$ 7,515,134	$ 458,945
Expenditures	7,247,828	6,704,596	(543,232)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(191,639)	810,538	1,002,177
Other Financing Uses			
Proceeds from Sale of Capital Assets	-	9,261	9,261
Leases issued	200,000	190,084	(9,916)
Insurance Recoveries	2,500	-	(2,500)
Transfers In	450,000	450,000	-
Transfers Out	(460,861)	(1,162,861)	(702,000)
Total Other Financing Sources (Uses)	191,639	(513,516)	(705,155)
Net Change in Fund Balance	-	297,022	297,022
Fund Balance, January 1		4,827,091	
Fund Balance, December 31		$ 5,124,113	$ 297,022

Actual revenues exceeded the final amended budget by $458,945. This favorable variance was primarily driven by investment income exceeding budget by $424,551, due to favorable fair value adjustments and higher interest earnings. Franchise fee revenues were $25,941 over budget as a result of new development establishing utility accounts. Intergovernmental revenues exceeded budget by $39,780, reflecting increased state aid for street maintenance, police retirement, duty disability insurance reimbursements, and police training reimbursements. Property tax revenues were $19,304 over budget, consistent with conservative revenue projections. Charges for services and donations and contributions exceeded budget by $26,994 and $8,812, respectively. Miscellaneous revenues and insurance recoveries were $20,210 over budget.

Actual expenditures, including transfers out, exceeded the final amended budget by $158,768. Departmental operating expenditures were under budget by $543,232, primarily due to savings in personnel, insurance, utilities, and overall conservative budgeting practices. This favorable operating variance was offset by transfers out exceeding budget by $702,000.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

General Fund 2025 Budget (Continued)

The additional transfer reflects a strategic year-end allocation of excess fund balance in accordance with the City's financial policies. This included a $700,000 transfer to the 2026A Lease Revenue Bond Debt Service Fund to support future debt payments and reduce the impact on the property tax levy, consistent with the City's long-term financial plan.

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, 2025, amounts to **$76,305,692** (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:

- Computer replacement program
- Police fleet replacement program
- Police cameras
- Fire Department Ladder Truck
- Streets division equipment purchases – plow truck, mowers, trackers and woodchipper
- 2022 Street Improvements finalized and closed out
- CR 43 Extension
- Well 2 Redevelopment project completed
- Well pumps replaced
- Water Meter Replacement Project completed
- Lift stations improvements
- WTP and WWTP building doors
- Construction in progress
  - Playground equipment
  - 2024 Street Improvements
  - 2025 Street Improvements
  - Fleet vehicles ordered, partial payment
  - 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	
	2025	2024	2025	2024	2025	2024
Land	$ 8,024,024	$ 8,007,824	$ 1,534,320	$ 1,534,320	$ 9,558,344	$ 9,542,144
Construction in Progress	2,199,180	6,628,614	1,017,073	2,726,492	3,216,253	9,355,106
Lease - Land	-	-	176,372	182,062	176,372	182,062
Leasehold Improvements	415,299	413,461	43,489	49,530	458,788	462,991
Infrastructure	21,422,881	17,270,042	-	-	21,422,881	17,270,042
Collection and Distribution Systems	-	-	19,002,863	18,722,439	19,002,863	18,722,439
Buildings	1,750,194	1,898,041	14,762,269	15,664,394	16,512,463	17,562,435
Machinery and Equipment	3,470,691	2,616,867	2,423,716	783,428	5,894,407	3,400,295
Lease - Machinery and Equipment	63,321	81,467	-	-	63,321	81,467
Total	$ 37,345,590	$ 36,916,316	$ 38,960,102	$ 39,662,665	$ 76,305,692	$ 76,578,981

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 78-80 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of $15,918,182. Of this amount, $746,000 is backed by the full faith and credit of the City, and $8,575,000 represents improvement debt for which the City is contingently liable in the event of default by the assessed property owners. The remaining debt consists of obligations secured by specific revenue sources, including tax increment financing (TIF) bonds, revenue bonds, lease revenue bonds, lease liabilities, and financed purchases.

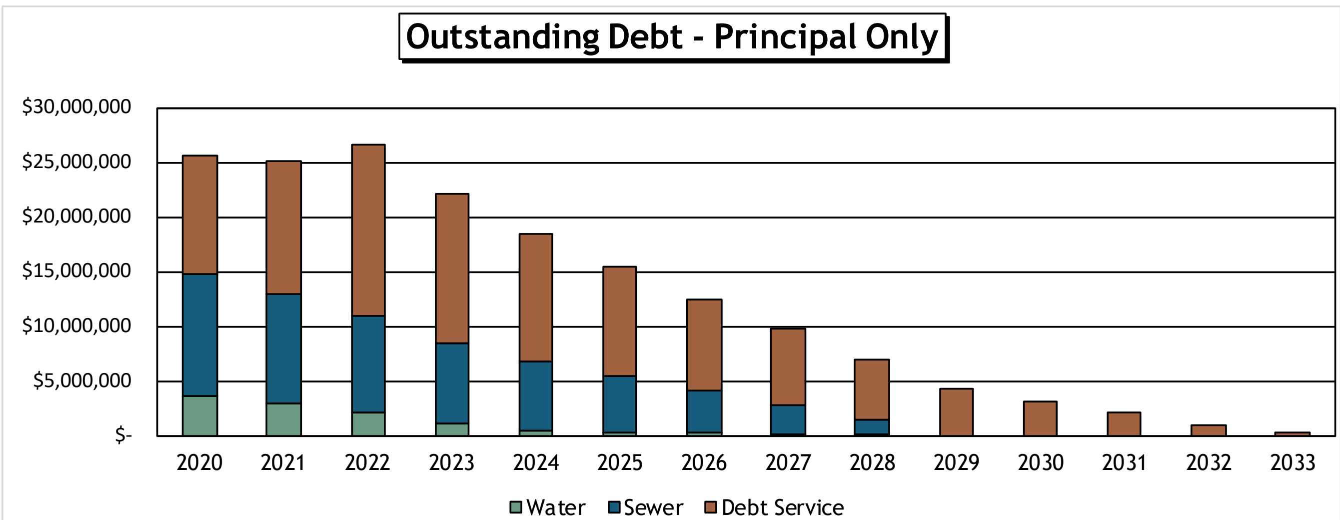
City of Big Lake's Outstanding Bonded Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
G.O. Bonds/Notes	$ 746,000	$ 936,000	$ -	$ -	$ 746,000	$ 936,000
G.O. Tax Increment Bonds	730,000	900,000	-	-	730,000	900,000
G.O. Improvement Bonds	8,575,000	9,840,000	-	-	8,575,000	9,840,000
PFA Drinking Water Revolving Loan	-	-	-	-	-	-
PFA Clean Water Revolving Loan	-	-	3,698,000	4,568,000	3,698,000	4,568,000
G.O. Taxable Tax Abatement Bonds	-	-	-	-	-	-
G.O. Revenue Bonds/Notes	-	-	1,740,000	2,140,000	1,740,000	2,140,000
Finance Purchase	178,775	36,730	-	-	178,775	36,730
Lease Liability	64,603	81,522	185,804	189,294	250,407	270,816
Total	$ 10,294,378	$ 11,794,252	$ 5,623,804	$ 6,897,294	$ 15,918,182	$ 18,691,546

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)
As illustrated in the following graph, the City's outstanding principal debt has continued to decline over time. Total bonded debt (excluding financed purchases and lease liabilities) decreased by $2,895,000 to $15,489,000 at year-end 2025. The City did not issue any new debt in 2025.

Looking ahead, in 2026, the Big Lake Economic Development Authority (EDA) is expected to issue approximately $35,380,000 in Lease Revenue Bonds to finance the construction of a new Public Safety Building, which will serve as the future City Hall and Police Department, with anticipated completion in early 2028.



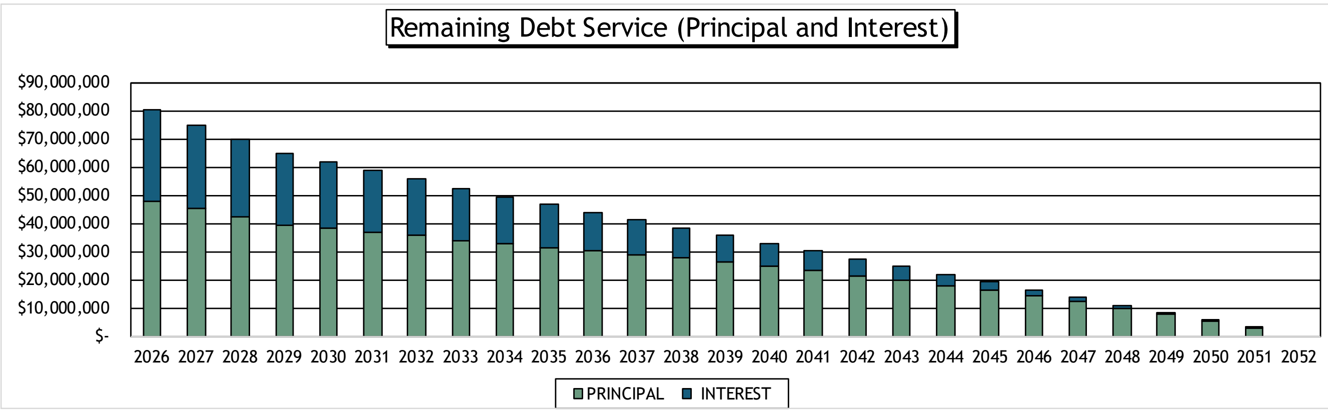
The chart below illustrates the City's total future debt service requirements, including both principal and interest, overtime.

Total remaining debt service is approximately $82.7 million, consisting of $50.0 million in principal and $32.8 million in interest. Debt service is highest in the early years and declines steadily through 2052 as existing obligations are retired.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

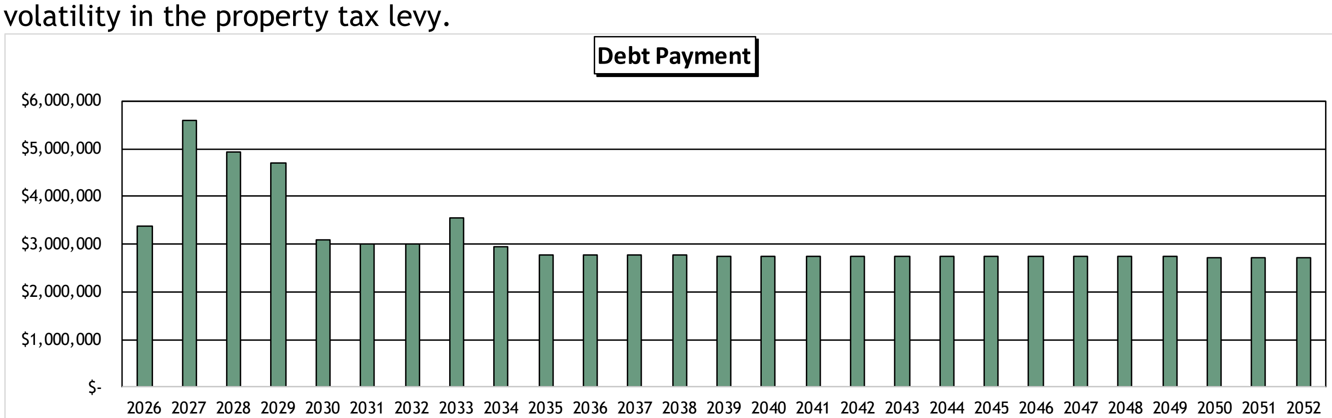
The increase in future debt service beginning in 2026 reflects the issuance of the 2026A Lease Revenue Bonds for the Public Safety and City Hall facility. As shown, the City has structured its debt to allow for a gradual decline over time, with older debt obligations rolling off as new debt is layered in.



The chart below illustrates the City's annual debt service payments over time.

Debt service peaks in the early years, reaching approximately $5.6 million in 2027, before declining and stabilizing in the range of $2.7–$3.0 million annually through the later years of the schedule. This pattern reflects the planned overlap of existing debt with the 2026A Lease Revenue Bonds, followed by the gradual retirement of prior obligations.

The leveling of debt service in the out years demonstrates the City's strategy to structure debt in a stable and predictable manner, minimizing significant fluctuations in annual payments and reducing volatility in the property tax levy.



Additional information on the City's long-term debt can be found in Note 7 on pages 80-84 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City adopted a balanced 2026 General Fund budget of $7,791,754, an increase of 5.77% over 2025. The increase is primarily driven by personnel costs, including a 3% market adjustment to the pay plan, step increases, and rising insurance and workers' compensation costs.

The 2026 property tax levy totals $6,311,469, a 7.22% increase over 2025. This includes an increase to the Economic Development Authority levy and higher tax abatement levies associated with ongoing development agreements.

The City's tax base continues to grow, with Net Tax Capacity projected to increase by 3.39% and taxable market value increasing by approximately 3%, driven largely by commercial and multi-family development. New construction added approximately $21.4 million in taxable value for the 2026 assessment year.

Local Government Aid (LGA) is projected at $627,591, reflecting a return to typical funding levels following a one-time increase in 2025. The City continues to allocate LGA toward capital and equipment replacement funds to support long-term infrastructure needs.

Utility rates reflect system and infrastructure demands. For 2026, water rates will decrease by 5%, while sewer rates will increase by 10%, with long-term projections indicating continued upward pressure on sewer rates to fund treatment and infrastructure improvements.

Development activity remains steady, with 40 single-family permits issued in 2025, exceeding expectations. Long-term projections assume more moderate growth until additional plats are developed. Multiple residential, commercial, and industrial projects are in progress, supporting continued tax base growth.

The City continues to invest in infrastructure through its capital improvement program, with ongoing street projects funded primarily through dedicated capital funds rather than new debt.

Looking ahead, the City's five-year financial plan anticipates ongoing cost pressures, including personnel, insurance, and operational costs, along with planned capital investments. A key future consideration is the planned Public Safety Facility (City Hall/Police), which will impact future debt service and levy requirements.

REQUESTS FOR INFORMATION

This report is intended to provide a general overview of the City's financial condition for those with an interest in its operations. Questions regarding this report or requests for additional financial information should be directed to:

City of Big Lake
Attn: Finance Director
160 Lake Street North
Big Lake, Minnesota 55309

(THIS PAGE LEFT BLANK INTENTIONALLY)

BASIC FINANCIAL STATEMENTS

City of Big Lake
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 15,444,728	$ 11,445,888	$ 26,890,616
(including cash equivalents)			
Receivables			
Property tax receivable	61,849	-	61,849
Accounts receivable	158,018	523,363	681,381
Interest receivable	60,165	-	60,165
Notes receivable	135,000	-	135,000
Lease Receivable	131,768	535,558	667,326
Special assessments receivable			
Delinquent	22,817	13,277	36,094
Deferred	2,892,350	17,961	2,910,311
Due from other governments	1,341,140	2,947	1,344,087
Advances to other funds (internal balances)			
Within one year	(86,127)	86,127	-
After one year	(500,560)	500,560	-
Inventories	699	494,221	494,920
Land held for resale	681,786	-	681,786
Prepaid items	305,605	117,732	423,337
Restricted cash and cash equivalents	-	125,399	125,399
Capital assets not being depreciated/amortized			
Land	8,024,024	1,534,320	9,558,344
Construction in progress	2,199,180	1,017,073	3,216,253
Capital assets being depreciated/amortized			
Infrastructure	50,357,094	-	50,357,094
Buildings	5,027,367	27,701,644	32,729,011
Leasehold improvements	532,456	223,833	756,289
Lease Asset	90,005	199,130	289,135
Machinery and equipment	8,876,962	4,235,929	13,112,891
Collection and distribution systems	-	51,765,519	51,765,519
Less accumulated depreciation/amortization	(37,761,498)	(47,717,346)	(85,478,844)
Total assets	57,994,828	52,823,135	110,817,963
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	1,838,800	151,421	1,990,221
Total assets and deferred outflows of resources	$ 59,833,628	$ 52,974,556	$ 112,808,184

City of Big Lake
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	$ 191,758	$ 219,258	$ 411,016
Salaries and benefits payable	62,481	27,082	89,563
Escrow payable	838,609	125,000	963,609
Contracts payable	84,448	-	84,448
Due to other governments	32,065	61,222	93,287
Interest payable	120,863	55,471	176,334
Unearned revenue	28,857	-	28,857
Net G.O. Bonds Payable			
Payable within one year	1,545,000	-	1,545,000
Payable after one year	8,468,166	-	8,468,166
G.O. Revenue Bonds and Notes Payable			
Payable within one year	-	1,302,000	1,302,000
Payable after one year	-	4,185,547	4,185,547
Notes payable			
Payable within one year	143,000	-	143,000
Payable after one year	443,000	-	443,000
Financed purchase payable			
Payable within one year	49,245	-	49,245
Payable after one year	129,530	-	129,530
Lease liability			
Payable within one year	16,624	3,596	20,220
Payable after one year	47,979	182,208	230,187
Compensated absences payable			
Payable within one year	388,105	219,693	607,798
Severance payable			
Payable within one year	53,983	-	53,983
Net pension liability payable after one year	1,720,489	650,246	2,370,735
Total liabilities	14,364,202	7,031,323	21,395,525
Deferred Inflows of Resources			
Deferred inflows of resources related to lease receivable	131,768	535,558	667,326
Deferred inflows of resources related to pensions	2,280,412	468,033	2,748,445
Total deferred inflows of resources	2,412,180	1,003,591	3,415,771
Net Position			
Net investment of capital assets	26,474,848	33,286,751	59,761,599
Restricted for			
Debt service	5,540,455	-	5,540,455
Tax increment	112,079	-	112,079
Parkland dedication	488,615	-	488,615
Forfeitures	101,644	-	101,644
Traffic safety program	23	-	23
Farmers market	31,826	-	31,826
Statewide affordable housing aid	41,194	-	41,194
Small cities development program	7,250	-	7,250
Unrestricted	10,259,312	11,652,891	21,912,203
Total net position	43,057,246	44,939,642	87,996,888
Total liabilities, deferred inflows of resources, and net position	$ 59,833,628	$ 52,974,556	$ 112,808,184

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Big Lake
Statement of Activities
Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Total
Governmental activities							
General government	$ 1,065,558	$ 125,294	$ 19,543	$ -	$ (920,721)	$ -	$ (920,721)
Public safety	4,074,762	538,230	278,037	-	(3,258,495)	-	(3,258,495)
Streets and highways	2,225,834	223,946	83,747	878,729	(1,039,412)	-	(1,039,412)
Culture and recreation	994,170	80,964	46,779	23,578	(842,849)	-	(842,849)
Economic development	338,769	24,462	525	-	(313,782)	-	(313,782)
Interest on long-term debt	218,551	-	-	-	(218,551)	-	(218,551)
Total governmental activities	8,917,644	992,896	428,631	902,307	(6,593,810)	-	(6,593,810)
Business-type activities							
Water	2,299,031	2,122,258	16,775	330,664	-	170,666	170,666
Sewer	2,990,797	3,380,409	3,584	549,537	-	942,733	942,733
Liquor	4,805,710	5,276,846	349	-	-	471,485	471,485
Storm sewer	301,511	274,390	-	-	-	(27,121)	(27,121)
Total business-type activities	10,397,049	11,053,903	20,708	880,201	-	1,557,763	1,557,763
Total governmental and business-type activities	$ 19,314,693	$ 12,046,799	$ 449,339	$ 1,782,508	(6,593,810)	1,557,763	(5,036,047)
General revenues							
Property taxes					5,707,257	-	5,707,257
Franchise fees					486,336	-	486,336
Tax increments					100,011	-	100,011
Unrestricted state aids					799,223	-	799,223
Unrestricted investment and other interest income					854,546	360,803	1,215,349
Other general revenue					4,475	-	4,475
Gain on sale of assets					82,703	-	82,703
Transfers					450,000	(450,000)	-
Total general revenues and transfers					8,484,551	(89,197)	8,395,354
Change in net position					1,890,741	1,468,566	3,359,307
Net position - beginning					41,166,505	43,471,076	84,637,581
Net position - ending					$ 43,057,246	$ 44,939,642	$ 87,996,888

See notes to basic financial statements.

City of Big Lake
Balance Sheet - Governmental Funds
December 31, 2025

	General (101)	Capital Projects: Infrastructure Improvement Fund (198)	Debt Service: G.O. Improvement Bond 2021A (228)	Debt Service: G.O. Improvement Bond 2022A (229)
Assets				
Cash and investments	$ 5,064,290	$ 797,019	$ 493,279	$ 837,253
Taxes receivable - delinquent	52,411	336	104	-
Accounts receivable	152,565	-	-	5,453
Interest receivable	60,165	-	-	-
Due from other governments	219,877	1,088,588	725	1,952
Notes receivable	-	-	-	-
Lease receivable	80,107	-	-	-
Special assessment receivable				
Delinquent	10,591	764	4,443	6,334
Deferred	40,231	167,858	829,404	1,417,010
Inventories	699	-	-	-
Land held for resale	-	-	-	-
Prepaid items	287,651	-	-	-
Total assets	$ 5,968,587	$ 2,054,565	$ 1,327,955	$ 2,268,002
Liabilities				
Accounts payable	$ 157,401	$ -	$ -	$ -
Salaries and benefits payable	61,855	-	-	-
Escrow payable	401,807	6,510	-	-
Contracts payable	-	2,574	-	-
Due to other governments	11,214	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	28,857	-	-	-
Total liabilities	661,134	9,084	-	-
Deferred Inflows of Resources				
Unavailable revenue - notes receivables	-	-	-	-
Deferred inflows of resources related to lease receivables	80,107	-	-	-
Unavailable revenue - property taxes	52,411	336	104	-
Unavailable revenue - special assessments	50,822	168,622	833,847	1,423,344
Unavailable revenue - state shared taxes	-	1,088,135	-	-
Total deferred inflows of resources	183,340	1,257,093	833,951	1,423,344
Fund Balances				
Nonspendable	288,350	-	-	-
Restricted	-	-	494,004	844,658
Committed	-	-	-	-
Assigned	71,658	788,388	-	-
Unassigned	4,764,105	-	-	-
Total fund balances	5,124,113	788,388	494,004	844,658
Total liabilities, deferred inflows of resources, and fund balances	$ 5,968,587	$ 2,054,565	$ 1,327,955	$ 2,268,002

Other Governmental Funds	Total Governmental Funds
$ 8,252,887	$ 15,444,728
8,998	61,849
-	158,018
-	60,165
29,998	1,341,140
135,000	135,000
51,661	131,768
685	22,817
437,847	2,892,350
-	699
681,786	681,786
17,954	305,605
$ 9,616,816	$ 21,235,925
$ 34,357	$ 191,758
626	62,481
430,292	838,609
81,874	84,448
20,851	32,065
586,687	586,687
-	28,857
1,154,687	1,824,905
135,000	135,000
51,661	131,768
8,998	61,849
438,532	2,915,167
-	1,088,135
634,191	4,331,919
17,959	306,309
2,447,693	3,786,355
842,047	842,047
4,987,713	5,847,759
(467,474)	4,296,631
7,827,938	15,079,101
$ 9,616,816	$ 21,235,925

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Big Lake
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2025

Total fund balances - governmental funds	$ 15,079,101
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	75,107,088
Less accumulated depreciation/amortization	(37,761,498)
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	(9,465,000)
Unamortized bond premiums	(548,166)
Notes payable	(586,000)
Financed purchase payable	(178,775)
Lease liability	(64,603)
Compensated absences payable	(388,105)
Severance payable	(53,983)
Net pension liability	(1,720,489)
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	61,849
Special assessments	22,817
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	(2,280,412)
Deferred outflows of resources related to pensions	1,838,800
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Special assessments	2,892,350
Notes receivable	135,000
State shared taxes	1,088,135
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(120,863)
Total net position - governmental activities	$ 43,057,246

City of Big Lake
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2025

		Capital Projects		
	General (101)	Equipment and Building Replacements (199)	Infrastructure Improvement Fund (198)	Street Improvement (175)
Revenues				
Property taxes	$ 4,948,843	$ -	$ 362	$ -
Tax increments	-	-	-	-
Franchise fees	477,204	-	-	-
Special assessments	811	-	8,031	-
Licenses and permits	588,087	-	-	-
Intergovernmental	535,559	-	-	-
Charges for services	289,022	-	-	-
Fines and forfeitures	55,414	-	-	-
Miscellaneous				
Investment and other interest income	589,085	-	27,997	-
Contributions and donations	12,112	-	-	-
Other	18,997	-	-	-
Total revenues	7,515,134	-	36,390	-
Expenditures				
Current				
General government	867,614	-	-	-
Public safety	3,503,464	-	-	-
Streets and highways	1,162,651	-	1,559	-
Culture and recreation	721,165	-	-	-
Economic development	187,943	-	-	-
Debt service				
Principal	53,236	-	-	-
Interest and other charges	7,711	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	192,349	-	-	-
Streets and highways	-	-	294,266	-
Culture and recreation	8,463	-	-	-
Economic development	-	-	-	-
Total expenditures	6,704,596	-	295,825	-
Excess of revenues over (under) expenditures	810,538	-	(259,435)	-
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	9,261	-	-	-
Leases issued	190,084	-	-	-
Transfers in	450,000	-	43,098	-
Transfers out	(1,162,861)	-	(3,726)	-
Total other financing sources (uses)	(513,516)	-	39,372	-
Net change in fund balances	297,022	-	(220,063)	-
Fund Balances				
Beginning of year	4,827,091	2,168,085	1,008,451	123,338
Accounting change, Note 14	-	(2,168,085)	-	(123,338)
Beginning of year, restated	4,827,091	-	1,008,451	-
End of year	$ 5,124,113	$ -	$ 788,388	$ -

Debt Service			
G.O. Improvement Bond 2021A (228)	G.O. Improvement Bond 2022A (229)	Other Governmental Funds	Total Governmental Funds
$ 646	$ -	$ 754,243	$ 5,704,094
-	-	100,011	100,011
-	-	9,132	486,336
172,593	300,635	115,311	597,381
-	-	4,940	593,027
-	-	986,147	1,521,706
-	-	32,116	321,138
-	-	1,870	57,284
9,020	17,243	211,201	854,546
-	-	52,629	64,741
-	-	8,538	27,535
182,259	317,878	2,276,138	10,327,799
-	-	148,950	1,016,564
-	-	24,113	3,527,577
-	-	1,095	1,165,305
-	-	90,864	812,029
-	-	117,955	305,898
290,000	440,000	907,060	1,690,296
54,494	143,095	135,098	340,398
-	-	23,768	23,768
-	-	88,160	280,509
-	-	924,010	1,218,276
-	-	813,905	822,368
-	-	5,787	5,787
344,494	583,095	3,280,765	11,208,775
(162,235)	(265,217)	(1,004,627)	(880,976)
-	-	81,080	90,341
-	-	-	190,084
261,800	300,000	2,223,510	3,278,408
-	-	(1,661,821)	(2,828,408)
261,800	300,000	642,769	730,425
99,565	34,783	(361,858)	(150,551)
394,439	809,875	5,898,373	15,229,652
-	-	2,291,423	-
394,439	809,875	8,189,796	15,229,652
$ 494,004	$ 844,658	$ 7,827,938	$ 15,079,101

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, 2025

Total net change in fund balances - governmental funds	$	(150,551)
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		2,342,278
Depreciation/amortization expense		(1,905,366)
Disposal of Capital Assets		(7,638)
Compensated absences and severance are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.		(75,016)
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:		1,690,296
Bond principal payments		
Capital Lease Payments		
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.		106,971
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.		14,876
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.		(190,084)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Special assessments		(402,787)
Long-term notes receivable		(45,000)
State shared taxes		362,386
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:		147,213
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.		3,163
Change in net position - governmental activities	$	1,890,741

City of Big Lake
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Over (Under)
Revenues				
Property taxes	$ 4,887,539	$ 4,929,539	$ 4,948,843	$ 19,304
Franchise fees	451,263	451,263	477,204	25,941
Special assessments	1,000	1,000	811	(189)
Licenses and permits	694,545	694,545	588,087	(106,458)
Intergovernmental	495,779	495,779	535,559	39,780
Charges for services	262,028	262,028	289,022	26,994
Fines and forfeitures	49,250	49,250	55,414	6,164
Miscellaneous revenues				
Investment income	64,534	164,534	589,085	424,551
Contributions and donations	3,300	3,300	12,112	8,812
Other	4,951	4,951	18,997	14,046
Total revenues	6,914,189	7,056,189	7,515,134	458,945
Expenditures				
Current				
General government	957,049	1,002,049	867,614	(134,435)
Public safety	3,731,288	3,731,288	3,503,464	(227,824)
Streets and highways	1,135,330	1,187,330	1,162,651	(24,679)
Culture and recreation	888,750	888,750	721,165	(167,585)
Economic development	183,411	186,411	187,943	1,532
Capital outlay				
Public safety	10,000	210,000	192,349	(17,651)
Culture and recreation	-	-	8,463	8,463
Debt service				
Principal	-	36,000	53,236	17,236
Interest and other charges	-	6,000	7,711	1,711
Total expenditures	6,905,828	7,247,828	6,704,596	(543,232)
Excess of revenues over (under) expenditures	8,361	(191,639)	810,538	1,002,177
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	9,261	9,261
Leases issued	-	200,000	190,084	(9,916)
Insurance recoveries	2,500	2,500	-	(2,500)
Transfers in	450,000	450,000	450,000	-
Transfers out	(460,861)	(460,861)	(1,162,861)	(702,000)
Total other financing sources (uses)	(8,361)	191,639	(513,516)	(705,155)
Net change in fund balances	$ -	$ -	297,022	$ 297,022
Fund Balances				
Beginning of year			4,827,091	
End of year			$ 5,124,113	

City of Big Lake
Statement of Net Position - Proprietary Funds
December 31, 2025

	Water (301, 399)	Sewer (401, 499)	Liquor (501, 599)	Storm Sewer (601, 699)	Total
Assets					
Current assets					
Cash and cash equivalents	$ 2,701,157	$ 5,963,842	$ 1,944,467	$ 836,422	$ 11,445,888
Accounts receivable	160,668	336,221	213	26,261	523,363
Advances to other funds - within one year	-	86,127	-	-	86,127
Due from other governments	1,404	1,401	-	142	2,947
Lease receivable	-	535,558	-	-	535,558
Special assessment receivable					
Delinquent	6,778	5,855	-	644	13,277
Deferred	8,990	8,091	-	880	17,961
Inventories	-	-	494,221	-	494,221
Prepaid items	43,947	47,414	21,373	4,998	117,732
Total current assets	2,922,944	6,984,509	2,460,274	869,347	13,237,074
Noncurrent assets					
Restricted cash and cash equivalents	-	125,399	-	-	125,399
Advances to other funds - after one year	-	500,560	-	-	500,560
Capital assets not being depreciated					
Land	277,006	1,257,023	-	291	1,534,320
Construction in progress	7,961	1,009,112	-	-	1,017,073
Capital assets being depreciated					
Buildings	9,665,385	16,035,741	1,915,613	84,905	27,701,644
Collection and distribution systems	19,038,926	26,007,602	-	6,718,991	51,765,519
Leasehold improvements	166,068	-	57,765	-	223,833
Lease asset	99,565	99,565	-	-	199,130
Machinery and equipment	2,378,377	1,248,142	307,683	301,727	4,235,929
Total capital assets	31,633,288	45,657,185	2,281,061	7,105,914	86,677,448
Less accumulated depreciation	(17,089,963)	(23,948,806)	(1,458,935)	(5,219,642)	(47,717,346)
Net capital assets	14,543,325	21,708,379	822,126	1,886,272	38,960,102
Total noncurrent assets	14,543,325	22,334,338	822,126	1,886,272	39,586,061
Total assets	17,466,269	29,318,847	3,282,400	2,755,619	52,823,135
Deferred Outflows of Resources					
Deferred outflows of resources related to city pensions	49,456	49,556	43,119	9,290	151,421
Total assets and deferred outflows of resources	$ 17,515,725	$ 29,368,403	$ 3,325,519	$ 2,764,909	$ 52,974,556
Liabilities					
Current liabilities					
Accounts payable	$ 16,197	$ 141,918	$ 60,873	$ 270	$ 219,258
Salaries and benefits payable	9,262	9,262	6,705	1,853	27,082
Interest payable	3,153	52,318	-	-	55,471
Due to other governments	10,138	-	51,084	-	61,222
Current compensated absences	80,693	80,693	45,273	13,034	219,693
Current lease liability	1,798	1,798	-	-	3,596
Current G.O Revenue Bonds	103,089	306,911	-	-	410,000
Current PFA G.O. Revenue notes	-	892,000	-	-	892,000
Total current liabilities	224,330	1,484,900	163,935	15,157	1,888,322
Noncurrent liabilities					
Lease liability	91,104	91,104	-	-	182,208
Escrow payable	-	125,000	-	-	125,000
G.O. Revenue Bonds, net of unamortized premium	212,396	1,167,151	-	-	1,379,547
PFA G.O. revenue notes	-	2,806,000	-	-	2,806,000
Net pension liability	212,667	212,667	185,043	39,869	650,246
Total noncurrent liabilities	516,167	4,401,922	185,043	39,869	5,143,001
Total liabilities	740,497	5,886,822	348,978	55,026	7,031,323
Deferred Inflows of Resources					
Deferred inflows of resources related to lease recievable	-	535,558	-	-	535,558
Deferred inflows of resources related to city pensions	153,073	153,073	133,190	28,697	468,033
Total deferred inflows of resources	153,073	688,631	133,190	28,697	1,003,591
Net Position					
Net investment in capital assets	14,134,938	16,443,415	822,126	1,886,272	33,286,751
Unrestricted	2,487,217	6,349,535	2,021,225	794,914	11,652,891
Total net position	16,622,155	22,792,950	2,843,351	2,681,186	44,939,642
Total liabilities, deferred inflows of resources,	$ 17,515,725	$ 29,368,403	$ 3,325,519	$ 2,764,909	$ 52,974,556

City of Big Lake
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended December 31, 2025

	Water (301, 399)	Sewer (401, 499)	Liquor (501, 599)	Storm Sewer (601, 699)	Totals
Sales and Cost of Sales					
Sales	$ -	$ -	$ 5,276,847	$ -	$ 5,276,847
Cost of sales	-	-	3,796,544	-	3,796,544
Gross profit	-	-	1,480,303	-	1,480,303
Operating Revenues					
Charges for services	2,120,658	3,363,375	-	274,390	5,758,423
Operating Expenses					
Wages and salaries	645,111	645,111	556,234	122,176	1,968,632
Employee benefits	154,720	146,006	122,865	8,534	432,125
Materials and supplies	58,493	156,627	11,296	106	226,522
Repairs and maintenance	61,777	153,106	6,953	6,381	228,217
Professional services	128,335	77,468	119,966	4,250	330,019
Insurance	42,264	51,612	19,775	5,958	119,609
Utilities and refuse	140,612	234,209	52,574	-	427,395
Depreciation/amortization	962,025	1,362,736	79,153	151,232	2,555,146
Travel	9,819	10,245	388	-	20,452
Equipment	2,985	4,813	2,743	-	10,541
Advertising	1,740	1,595	10,848	1,091	15,274
Dues, memberships, and training	17,516	3,237	15,238	400	36,391
Telephone	8,260	10,701	9,632	-	28,593
Postage	22,037	6,294	609	1,383	30,323
Water meters	34,900	-	-	-	34,900
Uniforms	2,124	2,659	862	-	5,645
Rental expense and real estate taxes	1,794	420	-	-	2,214
Miscellaneous	30	-	30	-	60
Total operating expenses	2,294,542	2,866,839	1,009,166	301,511	6,472,058
Operating income (loss)	(173,884)	496,536	471,137	(27,121)	766,668
Nonoperating Revenues (Expenses)					
Investment and other interest income	66,710	224,252	47,291	22,550	360,803
Refunds and reimbursements	16,775	3,584	325	-	20,684
Interest expense	(9,315)	(140,368)	-	-	(149,683)
Amortization of premium	4,826	16,410	-	-	21,236
Rent	-	16,569	-	-	16,569
Other income	1,600	465	23	-	2,088
Total nonoperating revenues (expenses)	80,596	120,912	47,639	22,550	271,697
Income (loss) before transfers	(93,288)	617,448	518,776	(4,571)	1,038,365
Capital contributions - trunk and access charges	330,664	549,537	-	-	880,201
Transfers in	500,000	-	-	-	500,000
Transfers out	-	(500,000)	(450,000)	-	(950,000)
Change in net position	737,376	666,985	68,776	(4,571)	1,468,566
Net Position					
Beginning of year	15,884,779	22,125,965	2,774,575	2,685,757	43,471,076
End of year	$ 16,622,155	$ 22,792,950	$ 2,843,351	$ 2,681,186	$ 44,939,642

City of Big Lake
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2025

	Water (301, 399)	Sewer (401, 499)	Liquor (501, 599)	Storm Sewer (601, 699)	Total
Cash Flows - Operating Activities					
Receipts from customers and users	$ 2,154,656	$ 3,370,359	$ 5,276,657	$ 275,149	$ 11,076,821
Payments to suppliers	(609,965)	(803,407)	(3,970,272)	(19,375)	(5,403,019)
Payments to employees	(816,212)	(806,388)	(726,050)	(141,313)	(2,489,963)
Net cash flows - operating activities	728,479	1,760,564	580,335	114,461	3,183,839
Cash Flows - Noncapital Financing Activities					
Receipt of advances to other funds	-	83,967	-	-	83,967
Refunds and reimbursements	16,775	3,584	325	-	20,684
Transfer from other funds	500,000	-	-	-	500,000
Transfer to other funds	-	(500,000)	(450,000)	-	(950,000)
Net cash flows - noncapital financing activities	516,775	(412,449)	(449,675)	-	(345,349)
Cash Flows - Capital and Related Financing Activities					
Trunk and access charges	330,664	549,537	-	-	880,201
Principal paid on debt	(97,505)	(1,172,495)	-	-	(1,270,000)
Interest paid on debt	(10,227)	(151,929)	-	-	(162,156)
Payments paid on leases	(1,745)	(1,745)	-	-	(3,490)
Payments received on leases	-	8,462	-	-	8,462
Interest received on leases	-	8,107	-	-	8,107
Acquisition of capital assets	(672,388)	(1,227,981)	(1,151)	-	(1,901,520)
Net cash flows - capital and related financing activities	(451,201)	(1,988,044)	(1,151)	-	(2,440,396)
Cash Flows - Investing Activities					
Interest and dividends received	66,710	224,252	47,291	22,550	360,803
Net change in cash and cash equivalents	860,763	(415,677)	176,800	137,011	758,897
Cash and Cash Equivalents, January 1 (including restricted cash of $125,399)	1,840,394	6,504,918	1,767,667	699,411	10,812,390
Cash and Cash Equivalents, December 31 (including restricted cash of $125,399)	$ 2,701,157	$ 6,089,241	$ 1,944,467	$ 836,422	$ 11,571,287
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	$ (173,884)	$ 496,536	$ 471,137	$ (27,121)	$ 766,668
Adjustments to reconcile operating Income (loss) to net cash flows - Operating activities					
Other revenues	1,600	465	23	-	2,088
Depreciation/amortization expense	962,025	1,362,736	79,153	151,232	2,555,146
Net pension liability expense	(34,300)	(33,190)	(55,664)	(14,983)	(138,137)
Accounts receivable	6,616	236	(213)	142	6,781
Special assessments receivable	7,186	7,684	-	759	15,629
Due from other governments	18,596	(1,401)	-	(142)	17,053
Prepaid items	(5,928)	(3,163)	(6,698)	698	(15,091)
Inventory	-	-	58,584	-	58,584
Accounts payable	(71,053)	(87,258)	23,578	(504)	(135,237)
Due to other governmental units	(298)	-	1,722	-	1,424
Salaries payable	4,421	4,421	2,098	856	11,796
Compensated absences payable	13,498	13,498	6,615	3,524	37,135
Total adjustments	902,363	1,264,028	109,198	141,582	2,417,171
Net cash flows - operating activities	$ 728,479	$ 1,760,564	$ 580,335	$ 114,461	$ 3,183,839

See 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.

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, 2024, the City contributed $219,018 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 spilt 50% of the total budget and the City and Township partners to evenly split the remaining 50% of the total budget. The City contributed $500 in 2025.

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.

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.

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

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 exits: committed, assigned, and unassigned.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments (Continued)

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 at least two (2) 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Receivables/Property Taxes (Continued)

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
Lease assets	Life of the lease

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Lease Receivable (Continued)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Deferred Outflows/Inflows of Resources (Continued)

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.

The liability for compensated absences reported in the Statement of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (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 Balance

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 administrator and finance director based on the city council's delegation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fund Balance (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.
- 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, EDA Special Revenue Fund, Farmer's Market Special Revenue Fund, and Music in the Park Special Revenue Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Budgetary Information (Continued)

c. Formal budgetary integration is employed as a management control device during the year for the General 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, 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 ACCOUNTABLITY

A. Deficit Fund Balances
The following Funds had a deficit fund balance at December 31, 2025:

Non-Major Governmental Fund		
Industrial Park Expansion Land Purchase Capital Projects Fund	$	467,469

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, 2025, 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	$	22,196
Certificates of deposit		239,600
Total	$	261,796

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

At December 31, 2025, 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	$ 5,892,996	$ 2,071,455	$ 1,637,875	$ 2,183,666	$ -
Cash and Brokered Money Market Accounts	1,168,259	1,168,259	-	-	-
Municipal Bonds	3,956,185	-	143,131	2,355,461	1,457,593
4M Fund	10,444,816	10,444,816	-	-	-
4M LTD	4,521,232	4,521,232	-	-	-
4M Plus	618,833	618,833	-	-	-
Total	26,602,321	18,824,595	1,781,006	4,539,127	1,457,593
Non-pooled investments					
4M Fund	149,003	149,003	-	-	-
Total investments	$ 26,751,324	$ 18,973,598	$ 1,781,006	$ 4,539,127	$ 1,457,593

The City has the following recurring fair value measurements as of December 31, 2025:

- $1,168,259 of investments are valued using quoted prices (Level 1 inputs)
- $9,849,181 of investments are valued using a matrix pricing model (Level 2 inputs)

Interest Rate Risk: This is the risk that fair values of securities in a portfolio would decrease due to changes in 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 bonds is rated AA2 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.

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, 2025:

Petty cash	$ 2,895
Deposits (Note 3.A.)	261,796
Investments (Note 3.B.)	26,751,324
Total deposits and investments	$ 27,016,015

Cash, deposits, and investments are presented in the December 31, 2025, basic financial statements as follows:

Statement of Net Position	
Cash and investments	$ 26,890,616
Restricted cash and cash equivalents	125,399
Total	$ 27,016,015

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 $135,000. 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 $5,934 in principal and $1,312 in interest payments in 2025. The deferred inflow and receivable balance related to this lease is $39,732 as of December 31, 2025.

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 $1,716 in principal and $245 in interest payments in 2025. The deferred inflow and receivable balance related to this lease is $39,722 as of December 31, 2025.

NOTE 4 – NOTES RECEIVABLE AND LEASE RECEIVABLE (CONTINUED)

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 $12,568 in principal and $10,145 in interest payments in 2025. The deferred inflow and receivable balance related to this lease is $531,452 as of December 31, 2025.

The City entered into a Lease agreement with Floaters Recreational Rentals, LLC for operating rental equipment business. This lease was entered into in 2025 and will continue to 2026. The annual rent due is $500 for the length of the term. The City received payments of $443 in principal and $57 in interest payments in 2025. The deferred inflow and receivable balance related to this lease is $652 as of December 31, 2025.

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 $21,830 in principal and $2,170 in interest payments in 2024. The deferred inflow and receivable balance related to this lease is $51,661 as of December 31, 2025.

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 2025 and will continue to 2026. The annual rent due is $4,175 for the length of the term. The City received payments of $4,001 in principal and $174 in interest payments in 2025. The deferred inflow and receivable balance related to this lease is $4,106 as of December 31, 2025.

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

A. Advances to/from Other Funds

The composition of advances as of December 31, 2025, was as follows:

	Advances to Sewer Fund
Advances from	
Other Governmental Funds	$ 586,687

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

NOTE 5 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

B. Interfund Transfers

The composition of interfund transfers as of December 31, 2025, was as follows:

	Transfers In						
	General Fund	Infrastructure Improvement	G.O. Improvement Bond 2021A	G.O. Improvement Bond 2022A	Other Governmental Funds	Water Fund	Total
Transfers Out							
General Fund	$ -	$ -	$ -	$ -	$ 1,162,861	$ -	$ 1,162,861
Infrastructure Improvement Fund	-	-	-	-	3,726	-	3,726
Other Governmental Funds	-	43,098	261,800	300,000	1,056,923	-	1,661,821
Liquor Fund	450,000	-	-	-	-	-	450,000
Sewer Fund	-	-	-	-	-	500,000	500,000
Total	$ 450,000	$ 43,098	$ 261,800	$ 300,000	$ 2,223,510	$ 500,000	$ 3,778,408

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.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 8,007,824	$ 16,200	$ -	$ 8,024,024
Construction in progress	6,628,614	1,684,624	6,114,058	2,199,180
Total capital assets not being depreciated	14,636,438	1,700,824	6,114,058	10,223,204
Other capital assets				
Infrastructure	45,253,387	5,103,707	-	50,357,094
Buildings	5,027,367	-	-	5,027,367
Leasehold improvements	504,926	27,530	-	532,456
Machinery and equipment	7,855,335	1,624,275	602,648	8,876,962
Machinery and equipment - lease asset	90,005	-	-	90,005
Total other capital assets	58,731,020	6,755,512	602,648	64,883,884
Less accumulated depreciation/ amortization for				
Infrastructure	27,983,344	950,869	-	28,934,213
Buildings	3,129,325	147,849	-	3,277,174
Leasehold improvements	91,466	25,690	-	117,156
Machinery and equipment	5,238,469	762,812	595,010	5,406,271
Machinery and equipment - lease asset	8,538	18,146	-	26,684
Total accumulated depreciation/amortization	36,451,142	1,905,366	595,010	37,761,498
Total other capital assets, net	22,279,878	4,850,146	7,638	27,122,386
Governmental activities capital assets, net	$ 36,916,316	$ 6,550,970	$ 6,121,696	$ 37,345,590

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated/amortized				
Land	$ 1,534,320	$ -	$ -	$ 1,534,320
Construction in progress	2,726,492	1,650,785	3,360,204	1,017,073
Total capital assets not being depreciated/ amortized	4,260,812	1,650,785	3,360,204	2,551,393
Capital assets being depreciated/amortized				
Buildings	27,680,160	21,484	-	27,701,644
Collection and distribution systems	50,091,724	1,673,795	-	51,765,519
Lease assets	199,130	-	-	199,130
Leasehold improvements	223,833	-	-	223,833
Machinery and equipment	2,369,206	1,866,723	-	4,235,929
Total capital assets being depreciated/ amortization	80,564,053	3,562,002	-	84,126,055
Less accumulated depreciation/ amortization for				
Buildings	12,015,765	923,610	-	12,939,375
Collection and distribution systems	31,369,284	1,393,372	-	32,762,656
Lease assets	17,068	5,690	-	22,758
Leasehold improvements	174,302	6,042	-	180,344
Machinery and equipment	1,585,781	226,432	-	1,812,213
Total accumulated depreciation/amortization	45,162,200	2,555,146	-	47,717,346
Total capital assets being depreciated/amortized, net	35,401,853	1,006,856	-	36,408,709
Business-type activities capital assets, net	$ 39,662,665	$ 2,657,641	$ 3,360,204	$ 38,960,102

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	$ 82,044
Public safety	484,562
Streets and highways	1,089,987
Culture and recreation	209,140
Economic development	39,633
Total depreciation expense - governmental activities	$ 1,905,366
Business-type activities	
Water	$ 962,025
Sewer	1,362,736
Liquor	79,153
Storm sewer	151,232
Total depreciation expense - business-type activities	$ 2,555,146

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.

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	$ 225,000	$ 70,000
G.O. Capital Improvement Bonds of 2016B	2016	1.00%-2.25%	590,000	2028	160,000	55,000
G.O. Refunding Improvement Bonds of 2016C	2016	2.00%	1,875,000	2026	330,000	330,000
G.O. Improvement Bonds of 2018A	2018	3.00%-3.30%	2,350,000	2034	1,530,000	150,000
G.O. Improvement Bonds of 2021A	2021	1.05%-3.00%	3,140,000	2032	2,290,000	300,000
G.O. Improvement Bonds of 2022A	2022	2.00%-4.00%	5,065,000	2033	4,200,000	460,000
Taxable G.O. Refunding Bonds						
Taxable G.O. Refunding Bond of 2016A	2016	0.90%-3.10%	2,885,000	2030	730,000	180,000
Notes payable from direct borrowing						
Transportation Revolving Loan Fund	2010	1.726%	2,465,000	2029	586,000	143,000
Total					10,051,000	1,688,000
Premium on bonds payable					548,166	-
Lease liability					64,603	16,624
Financed purchase					178,775	49,245
Severance					53,983	53,983
Compensated absences					388,105	388,105
Total governmental activities					11,284,632	2,195,957
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	1,740,000	410,000
Notes from direct borrowing						
Public Facility Authority Clean Water G.O. Revenue Note of 2009	2009	2.41%	13,470,120	2029	3,698,000	892,000
Premium on bonds payable					49,547	-
Lease liability					185,804	3,596
Compensated absences					219,693	219,693
Total business-type activities					5,893,044	1,525,289
Total all long-term liabilities					$ 17,177,676	$ 3,721,246

NOTE 7 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. Improvement Bonds	$ 10,050,000	$ -	$ 1,315,000	$ 8,735,000	$ 1,365,000
Taxable G.O. Refunding Bonds	900,000	-	170,000	730,000	180,000
Notes payable from direct borrowing	726,000	-	140,000	586,000	143,000
Premium on bonds	655,137	-	106,971	548,166	-
Total bonds payable	12,331,137	-	1,731,971	10,599,166	1,688,000
Lease liability	81,860	-	17,257	64,603	16,624
Financed purchase	36,730	190,084	48,039	178,775	49,245
Compensated absences	316,331	388,105	316,331	388,105	388,105
Severance	50,741	3,242	-	53,983	53,983
Total governmental activities	12,816,799	581,431	2,113,598	11,284,632	2,195,957
Business-type activities					
Bonds payable					
G.O. Revenue Bonds	2,140,000	-	400,000	1,740,000	410,000
Premium on bonds	70,783	-	21,236	49,547	-
Total bonds payable	2,210,783	-	421,236	1,789,547	410,000
Notes from direct borrowing					
PFA G.O. Revenue Notes	4,568,000	-	870,000	3,698,000	892,000
Lease liability	189,294	-	3,490	185,804	3,596
Compensated absences	182,558	219,692	182,557	219,693	219,693
Total business-type activities	7,150,635	219,692	1,477,283	5,893,044	1,525,289
Total long-term liabilities	$ 19,967,434	$ 801,123	$ 3,590,881	$ 17,177,676	$ 3,721,246

NOTE 7 – LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments

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

	Governmental Activities					
Year Ending	G.O. Bonds			Lease Liability		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 1,365,000	$ 226,037	$ 1,591,037	$ 16,624	$ 1,763	$ 18,387
2027	1,075,000	187,207	1,262,207	16,749	1,717	18,466
2028	1,105,000	150,413	1,255,413	17,402	728	18,130
2029	1,010,000	114,025	1,124,025	13,828	186	14,014
2030	1,050,000	81,080	1,131,080	-	-	-
2031-2034	3,130,000	108,444	3,238,444	-	-	-
Total	$ 8,735,000	$ 867,206	$ 9,602,206	$ 64,603	$ 4,394	$ 68,997

	Governmental Activities					
Year Ending	Notes Payable from Direct Borrowing			Financed Purchase Payable		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 143,000	$ 10,114	$ 153,114	$ 49,245	$ 4,762	$ 54,007
2027	145,000	7,646	152,646	50,488	3,524	54,012
2028	148,000	5,144	153,144	39,143	2,253	41,396
2029	150,000	2,590	152,590	39,899	1,497	41,396
Total	$ 586,000	$ 25,494	$ 611,494	$ 178,775	$ 12,036	$ 190,811

	Governmental Activities					
Year Ending	Taxable G.O. Refunding Bond			Total Governmental Activities		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 180,000	$ 19,200	$ 199,200	$ 1,753,869	$ 261,876	$ 2,015,745
2027	185,000	13,998	198,998	1,472,237	214,092	1,686,329
2028	190,000	8,370	198,370	1,499,545	166,908	1,666,453
2029	85,000	4,107	89,107	1,298,727	122,405	1,421,132
2030	90,000	1,395	91,395	1,140,000	82,475	1,222,475
2031-2034	-	-	-	3,130,000	108,444	3,238,444
Total	$ 730,000	$ 47,070	$ 777,070	$ 10,294,378	$ 956,200	$ 11,250,578

NOTE 7 – LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments (Continued)

Year Ending December 31,	Business-Type Activities: G.O. Revenue Bonds Principal	Interest	Total	Notes from Direct Borrowing Principal	Interest	Total
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	$ 1,740,000	$ 93,313	$ 1,833,313	$ 3,698,000	$ 225,830	$ 3,923,830

Year Ending December 31,	Business-Type Activities: Lease Liability Principal	Interest	Total	Total Business-Type Activities Principal	Interest	Total
2026	$ 3,596	$ 5,709	$ 9,305	$ 1,305,596	$ 134,260	$ 1,439,856
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	3,947	5,359	9,306	1,426,947	34,879	1,461,826
2030	4,071	5,235	9,306	4,071	5,235	9,306
2031-2035	21,956	23,798	45,754	21,956	23,798	45,754
2036-2040	26,503	20,803	47,306	26,503	20,803	47,306
2041-2045	30,471	16,059	46,530	30,471	16,059	46,530
2046-2050	35,573	10,957	46,530	35,573	10,957	46,530
2051-2055	40,783	4,837	45,620	40,783	4,837	45,620
2056-2057	11,367	230	11,597	11,367	230	11,597
Total	$ 185,804	$ 104,062	$ 289,866	$ 5,623,804	$ 423,205	$ 6,047,009

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 August 14, 2024, the City entered into a lease agreement with Marco for copiers. The lease agreement includes monthly principal and interest payments of $1,369. The lease agreement expires in 2029.

On August 28, 2024, 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 $131. The lease agreement expires in 2029.

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.

NOTE 8 – FUND BALANCE DETAIL

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

	General	Infrastructure Improvement	G.O. Improvement Bond 2021A	G.O. Improvement Bond 2022A	Nonmajor Governmental Fund	Total
Nonspendable						
Land held for resale	$ -	$ -	$ -	$ -	$ 5	$ 5
Inventory	699	-	-	-	-	699
Prepaid items	287,651	-	-	-	17,954	305,605
Total nonspendable	288,350	-	-	-	17,959	306,309
Restricted						
Debt service	-	-	494,004	844,658	1,665,062	3,003,724
Park development	-	-	-	-	488,615	488,615
Small Cities Development Program	-	-	-	-	7,250	7,250
Statewide Affordable Housing	-	-	-	-	41,194	41,194
TIF	-	-	-	-	112,079	112,079
Police traffic safety	-	-	-	-	23	23
DWI forfeiture	-	-	-	-	16,288	16,288
Farmers market	-	-	-	-	31,826	31,826
Narcotic forfeiture	-	-	-	-	85,356	85,356
Total restricted	-	-	494,004	844,658	2,447,693	3,786,355
Committed						
Economic development	-	-	-	-	839,317	839,317
Veterans memorial	-	-	-	-	1,184	1,184
Music in the park	-	-	-	-	1,546	1,546
Total committed	-	-	-	-	842,047	842,047
Assigned						
Street improvement	-	-	-	-	104,996	104,996
Local development	-	-	-	-	143,544	143,544
Capital infrastructure replacement	-	788,388	-	-	-	788,388
Computer replacement	-	-	-	-	96,059	96,059
Lake maintenance	-	-	-	-	64,292	64,292
Police capital purchases	49,157	-	-	-	-	49,157
Street maintenance	-	-	-	-	1,311,416	1,311,416
Equipment and building replacements	-	-	-	-	2,608,255	2,608,255
Administration	6,000	-	-	-	-	6,000
Advance Resignation Program	7,500	-	-	-	-	7,500
Wellness program	300	-	-	-	-	300
Movie in the park program	8,701	-	-	-	-	8,701
Parks and Trails Maintenance	-	-	-	-	659,151	659,151
Total assigned	71,658	788,388	-	-	4,987,713	5,847,759
Unassigned	4,764,105	-	-	-	(467,474)	4,296,631
Total	$ 5,124,113	$ 788,388	$ 494,004	$ 844,658	$ 7,827,938	$ 15,079,101

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.

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 2025 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2025, 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, 2025, was $293,546. 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, 353D, 353E, 353G, and 356. *Minnesota Statutes* Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

Public Employees Police and Fire Plan

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in *Minnesota Statutes* § 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the City of Big Lake's governing body. The resolution must state that the position meets plan requirements.

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. When a member is vested, they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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%. The 2025 annual increase was 1.25%. 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.

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after 10 years. After five years, vesting increase by 10% each full year of service until members are 100% vested after 10 years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

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, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2025, and the City was required to contribute 7.5% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were $236,288. 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 2025, 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, 2025, were $314,994. The City's contributions were equal to the required contributions as set by the state statue.

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of $1,074,787 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 $25,927.

City's proportionate share of the net pension liabilty	$	1,074,787
State of Minnesota's proportionate share of net pension liablity associated with the City		25,927
Total	$	1,100,714

The net pension liability was measured as of June 30, 2025, 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0324% at the end of the measurement period and 0.0343% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of ($81,184) for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized $3,977 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.

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2025, 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	$ 106,310	$ -
Changes in actuarial assumptions	25,896	264,550
Net difference between projected and actual investment earnings	-	426,641
Changes in proportion	-	82,419
Contributions paid to PERA subsequent to the measurement date	118,144	-
Total	$ 250,350	$ 773,610

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The $118,144 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, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2026	$ (158,135)
2027	(237,190)
2028	(169,582)
2029	(76,397)
Total	$ (641,304)

Police and Fire Fund Pension Costs

At December 31, 2026, the City reported a liability of $1,295,948 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1106%, at the end of the measurement period and 0.0966% for the beginning of the period.

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. 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, 2024. The direct state aid payment will increase by $17.7 million, which was paid on October 1, 2025. Thereafter, by October 1 of each year, the State will pay $26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The $9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $44,924.

City's proportionate share of the net pension liability	$ 1,295,948
State of Minnesota's proportionate share of the net pension liability associated with the City	44,924
Total	$ 1,340,872

For the year ended December 31, 2025, the City recognized pension expense of $374,730 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized $21,736 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 $9,955 for the year ended December 31, 2025, 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.

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2025, 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	$ 542,354	$ -
Changes in actuarial assumptions	855,223	1,382,979
Net difference between projected and actual investment earnings	-	559,784
Changes in proportion	184,797	32,072
Contributions paid to PERA subsequent to the measurement date	157,497	-
Total	$ 1,739,871	$ 1,974,835

The $157,497 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2026	$ 293,125
2027	(229,428)
2028	(519,284)
2029	(1,617)
2030	64,743
Total	$ (392,461)

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0%. The 7.0% 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 investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

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 1.5% 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 11.5% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3.0% after 23 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.

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The Police and Fire Plan was reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund
Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members. The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Police and Fire Fund
Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued used of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund (Continued)
Changes in Plan Provisions (Continued)

- The January 1, 2026, benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Join and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 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.

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	$ 2,610,483	$ 1,074,787	$ (171,013)

	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	$ 3,395,655	$ 1,295,948	$ (428,245)

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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.

	General Employees Plan	Police and Fire	Total
Pension expense	$ (81,184)	$ 374,730	$ 293,546
Net pension liability	(1,074,787)	(1,295,948)	(2,370,735)
Deferred outflows	250,350	1,739,871	1,990,221
Deferred inflows	(773,610)	(1,974,835)	(2,748,445)

NOTE 11 – TAX INCREMENT FINANCING

The City has entered into one (1) 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 though 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, 2025, the City generated $100,011 in tax increment revenue and did not make payments to developers as taxes were paid late.

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 development costs will be reimbursed through tax increment over a 17-year period. During the year ended December 31, 2025, the City generated $10,691 of tax increment revenue and the city did not make payments on the pay-as-you-go note as taxes were not paid until 5/21/2025. The note's balance at year end was $105,953.

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Commitments

	Project Authorization	Expended Through 12/31/2025	Remaining Commitment
2025 Playground Equipment	$ 958,806	$ 561,025	$ 397,781
2024 Street Projects	310,768	303,494	7,274
2025 Street Projects	833,401	810,331	23,070
New Fleet Vehicle	65,000	429	64,571
Highland Trail Project	463,020	450,597	12,423
New Vehicle for Water	60,000	7,961	52,039
Pedestrian Safety Grant Project	72,225	43,053	29,172
WWTP Expansion Phase II	1,198,500	1,000,064	198,436
Totals	$ 3,961,720	$ 3,176,954	$ 784,766

NOTE 13 – SUBSEQUENT EVENT

The City issued Lease Revenue Bonds, Series 2026A in the amount of $35,380,000 on February 19, 2026.

NOTE 14 – ACCOUNTING CHANGE

During the year ended December 31, 2025, the City's Street Improvement Capital Projects Fund and Equipment and Building Replacements Capital Projects Fund were changed from major governmental funds to nonmajor governmental funds, resulting in a reduction of beginning fund balance in Street Improvement Capital Projects Fund and Equipment and Building Replacements Capital Projects Fund of $123,338 and $2,168,085 respectively and an increase in beginning fund balance for nonmajor funds.

	Reporting Unit Affected by Restatements of Beginning Balances		
	Funds		
	Street Improvements	Equipment and Building Replacement	Nonmajor Funds
12/31/24 as previously reported	$ 123,338	$ 2,168,085	$ -
Change from major to nonmajor fund	(123,338)	(2,168,085)	2,291,423
12/31/24 as restated	$ -	$ -	$ 2,291,423

NOTE 15 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 103, *Financial Reporting Model Improvements*. The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities. This Statement will be effective for the year ending December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending December 31, 2026.

(THIS PAGE LEFT BLANK INTENTIONALLY)

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 Liablility and the State's Proportionate Share of the Net Pension Liablility Associated with the City	City's Covered 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
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%
2024	0.0343%	1,267,182	32,767	1,299,949	2,901,013	43.68%	89.08%
2025	0.0324%	1,074,787	25,927	1,100,714	2,937,373	36.59%	90.78%

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 Liablility and the State's Proportionate Share of the Net Pension Liablility Associated with the City	City's Covered 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
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%
2024	0.0966%	1,270,306	48,424	1,318,730	1,337,056	95.01%	90.17%
2025	0.1106%	1,295,948	44,924	1,340,872	1,678,661	77.20%	91.78%

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 Payroll	Contributions as a Percentage of Covered Employee Payroll
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%
2024	226,025	226,025	-	3,013,667	7.50%
2025	236,288	236,288	-	3,150,507	7.50%

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 Payroll	Contributions as a Percentage of Covered Employee Payroll
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%
2024	278,206	278,206	-	1,571,785	17.70%
2025	314,994	314,994	-	1,779,627	17.70%

General Employees Fund

2025 Changes

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates
- Assumed rates or retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors were updated to reflect the changes in assumption.

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.

General Employees Fund (Continued)

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%.

Changes in Actuarial Assumptions
- 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 changes 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.
- 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 retires 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.

General Employees Fund (Continued)

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. This 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.
- 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.

General Employees Fund (Continued)

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.

Police and Fire Fund

2025 Changes
Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued used of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026, benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024 Changes
Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the prior valuation.

Changes in Plan Provisions

- The state contribution of $9.0 million per year will continue until the earlier of 1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire upon attainment of 90% funded status for one year.
- The additional $9.0 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048 if earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

Police and Fire Fund (Continued)

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.

Changes in Plan Provisions

- 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.

Police and Fire Fund (Continued)

2021 Changes (Continued)
Changes in Plan Provisions (Continued)
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.
- 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.

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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.
- 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.

(THIS PAGE LEFT BLANK INTENTIONALLY)

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES

(THIS PAGE LEFT BLANK INTENTIONALLY)

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*
- *Statewide Affordable Housing Aid*

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

- *G.O. Taxable Refunding Bonds 2016A*
- *G.O. Capital Improvement Bonds 2016B*
- *G.O. Refunding Bonds 2016C*
- *G.O. Refunding Bond 2015A*
- *G.O. Improvement Bonds 2018A*
- *G.O. State Aid Loan*
- *2026A Lease Revenue Bond*

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.

- Small Cities Development Program
- Street Improvement
- 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
- Computer Replacement Fund
- Street Maintenance Fund
- Lake Maintenance Fund
- Equipment and Building Replacements

City of Big Lake
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue			
	Economic Development Authority (275)	Narcotic Forfeiture (276)	DWI Forfeiture (277)	Traffic Safety Program (278)
Assets				
Cash and investments	$ 256,554	$ 85,356	$ 16,288	$ 23
Taxes receivable - delinquent	1,421	-	-	-
Due from other governments	3,745	-	-	-
Notes receivable	-	-	-	-
Lease receivable	51,661	-	-	-
Special assessment receivable				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Land held for resale	586,621	-	-	-
Prepaid expenses	2,836	-	-	-
Total assets	$ 902,838	$ 85,356	$ 16,288	$ 23
Liabilities				
Accounts payable	$ 7,095	$ -	$ -	$ -
Salaries and benefits payable	508	-	-	-
Escrow payable	-	-	-	-
Contracts payable	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	7,603	-	-	-
Deferred Inflows of Resources				
Unavailable revenue - notes receivables	-	-	-	-
Deferred outflows of resources related to lease receivables	51,661	-	-	-
Unavailable revenue - property taxes	1,421	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	53,082	-	-	-
Fund Balances				
Nonspendable	2,836	-	-	-
Restricted	-	85,356	16,288	23
Committed	839,317	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	842,153	85,356	16,288	23
Total liabilities, deferred inflows of resources, and fund balances	$ 902,838	$ 85,356	$ 16,288	$ 23

(Continued)

Special Revenue				Debt Service	
Farmers Market (280)	Veterans Memorial Fund (281)	Music in the Park (282)	Statewide Affordable Housing Aid (273)	G.O. Taxable Refunding 2016A (223)	G.O. CIP Bond 2016B (224)
$ 33,784	$ 1,184	$ 1,605	$ 62,045	$ 327,740	$ 56,001
-	-	-	-	1,726	613
35	-	-	-	4,329	1,638
-	-	-	-	135,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
135	-	-	-	-	-
$ 33,954	$ 1,184	$ 1,605	$ 62,045	$ 468,795	$ 58,252
$ 1,934	$ -	$ -	$ -	$ -	$ -
59	-	59	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,851	-	-
-	-	-	-	114,852	-
1,993	-	59	20,851	114,852	-
-	-	-	-	135,000	-
-	-	-	-	-	-
-	-	-	-	1,726	613
-	-	-	-	-	-
-	-	-	-	136,726	613
135	-	-	-	-	-
31,826	-	-	41,194	217,217	57,639
-	1,184	1,546	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,961	1,184	1,546	41,194	217,217	57,639
$ 33,954	$ 1,184	$ 1,605	$ 62,045	$ 468,795	$ 58,252

City of Big Lake
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2025

	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)
Assets				
Cash and investments	$ 339,506	$ 100,308	$ 226,060	$ 7,973
Taxes receivable - delinquent	3,702	1,536	-	-
Due from other governments	10,012	2,532	3,815	-
Notes receivable	-	-	-	-
Lease receivable	-	-	-	-
Special assessment receivable				
Delinquent	358	42	277	-
Deferred	-	60,688	196,357	-
Land held for resale	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	$ 353,578	$ 165,106	$ 426,509	$ 7,973
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Salaries and benefits payable	-	-	-	-
Escrow payable	-	-	-	-
Contracts payable	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue - notes receivables	-	-	-	-
Deferred outflows of resources related to lease receivables	-	-	-	-
Unavailable revenue - property taxes	3,702	1,536	-	-
Unavailable revenue - special assessments	358	60,730	196,634	-
Total deferred inflows of resources	4,060	62,266	196,634	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	349,518	102,840	229,875	7,973
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	349,518	102,840	229,875	7,973
Total liabilities, deferred inflows of resources, and fund balances	$ 353,578	$ 165,106	$ 426,509	$ 7,973

(Continued)

Capital Projects					
2026A Lease Revenue Bond (230)	Small Cities Development Program (118)	Street Improvement (175)	Parks and Trails Maintenance (195)	Park Development (120)	Industrial Park Expansion Land Purchase (141)
$ 700,000	$ 7,250	$ 186,512	$ 659,151	$ 488,615	$ 4,361
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
	-		-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5
-	-	-	-	-	-
$ 700,000	$ 7,250	$ 186,512	$ 659,151	$ 488,615	$ 4,366
$ -	$ -	$ 7,328	$ -	$ -	$ -
-	-	-	-	-	-
-	-	10,000	-	-	-
-	-	64,188	-	-	-
-	-	-	-	-	-
-	-	-	-	-	471,835
-	-	81,516	-	-	471,835
-	-	-	-	-	-
	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5
700,000	7,250	-	-	488,615	-
-	-	-	-	-	-
-	-	104,996	659,151	-	-
-	-	-	-	-	(467,474)
700,000	7,250	104,996	659,151	488,615	(467,469)
$ 700,000	$ 7,250	$ 186,512	$ 659,151	$ 488,615	$ 4,366

City of Big Lake
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2025

	Capital Projects			
	Local Development (150)	Lake Street Redevelopment TIF 1-3 (165)	Commercial Redevelopment TIF 1-4 (170)	Commercial Redevelopment TIF 1-5 (171)
Assets				
Cash and investments	$ 579,636	$ 1,996	$ 1,235	$ 9,796
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	1,582	2,310	-
Notes receivable	-	-	-	-
Lease receivable	-	-	-	-
Special assessment receivable				
Delinquent	-	-	-	-
Deferred	1,885	-	-	-
Land held for resale	-	-	95,160	-
Prepaid expenses	-	-	-	-
Total assets	$ 581,521	$ 3,578	$ 98,705	$ 9,796
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Salaries and benefits payable	-	-	-	-
Escrow payable	420,292	-	-	-
Contracts payable	15,800	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	436,092	-	-	-
Deferred Inflows of Resources				
Unavailable revenue - notes receivables	-	-	-	-
Deferred outflows of resources related to lease receivables	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - special assessments	1,885	-	-	-
Total deferred inflows of resources	1,885	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	3,578	98,705	9,796
Committed	-	-	-	-
Assigned	143,544	-	-	-
Unassigned	-	-	-	-
Total fund balances	143,544	3,578	98,705	9,796
Total liabilities, deferred inflows of resources, and fund balances	$ 581,521	$ 3,578	$ 98,705	$ 9,796

Capital Projects				
Computer Replacement Fund (194)	Street Maintenance (196)	Lake Maintenance Fund (197)	Equipment and Building Replacements (199)	Total Other Governmental Funds
$ 114,059	$ 1,311,416	$ 64,292	$ 2,610,141	$ 8,252,887
-	-	-	-	8,998
-	-	-	-	29,998
-	-	-	-	135,000
-	-	-	-	51,661
-	8	-	-	685
-	178,917	-	-	437,847
-	-	-	-	681,786
14,983	-	-	-	17,954
$ 129,042	$ 1,490,341	$ 64,292	$ 2,610,141	$ 9,616,816
$ 18,000	$ -	$ -	$ -	34,357
-	-	-	-	626
-	-	-	-	430,292
-	-	-	1,886	81,874
-	-	-	-	20,851
-	-	-	-	586,687
18,000	-	-	1,886	1,154,687
-	-	-	-	135,000
	-			
-	-	-	-	51,661
-	-	-	-	8,998
-	178,925	-	-	438,532
-	178,925	-	-	634,191
14,983	-	-	-	17,959
-	-	-	-	2,447,693
-	-	-	-	842,047
96,059	1,311,416	64,292	2,608,255	4,987,713
-	-	-	-	(467,474)
111,042	1,311,416	64,292	2,608,255	7,827,938
$ 129,042	$ 1,490,341	$ 64,292	$ 2,610,141	$ 9,616,816

City of Big Lake
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2025

	Special Revenue			
	Economic Development Authority (275)	Narcotic Forfeiture (276)	DWI Forfeiture (277)	Traffic Safety Program (278)
Revenues				
Property taxes	$ 130,195	$ -	$ -	$ -
Tax increments	-	-	-	-
Franchise fees	-	-	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	24,000	-	-	-
Fines and forfeitures	-	-	1,870	-
Miscellaneous				
Investment and other interest income	6,646	2,443	491	1
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	160,841	2,443	2,361	1
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	153	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	117,955	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	2,332	-
Streets and highways	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Total expenditures	117,955	-	2,485	-
Excess of revenues over (under) expenditures	42,886	2,443	(124)	1
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(50,000)	-	-	-
Total other financing sources (uses)	(50,000)	-	-	-
Net change in fund balances	(7,114)	2,443	(124)	1
Fund Balances				
Beginning balance	849,267	82,913	16,412	22
Accounting change, Note 14	-	-	-	-
Beginning balance, restated	849,267	82,913	16,412	22
End of year	$ 842,153	$ 85,356	$ 16,288	$ 23

(Continued)

	Special Revenue				Debt Service	
	Farmers Market (280)	Veterans Memorial Fund (281)	Music in the Park (282)	Statewide Affordable Housing Aid (273)	G.O. Taxable Refunding 2016A (223)	G.O. CIP Bond 2016B (224)
	$ -	$ -	$ -	$ -	$ 147,983	$ 56,886
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,940	-	-	-	-	-
	600	-	-	16,158	49,475	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,034	67	387	-	4,643	544
	14,679	250	21,500	-	-	-
	76	-	-	-	-	-
	21,329	317	21,887	16,158	202,101	57,430
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	17,418	2,000	31,134	40,312	-	-
	-	-	-	-	-	-
	-	-	-	-	170,000	50,000
	-	-	-	-	29,495	4,658
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	17,418	2,000	31,134	40,312	199,495	54,658
	3,911	(1,683)	(9,247)	(24,154)	2,606	2,772
	-	-	-	-	-	-
	-	-	10,000	-	113,391	32,000
	-	-	-	-	-	-
	-	-	10,000	-	113,391	32,000
	3,911	(1,683)	753	(24,154)	115,997	34,772
	28,050	2,867	793	65,348	101,220	22,867
	-	-	-	-	-	-
	28,050	2,867	793	65,348	101,220	22,867
	$ 31,961	$ 1,184	$ 1,546	$ 41,194	$ 217,217	$ 57,639

City of Big Lake
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2025

	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)
Revenues				
Property taxes	$ 347,976	$ 71,203	$ -	$ -
Tax increments	-	-	-	-
Franchise fees	-	-	-	-
Special assessments	1,585	32,870	30,805	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	151,323
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment and other interest income	3,449	1,079	5,988	115
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	353,010	105,152	36,793	151,438
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	320,000	70,000	145,000	140,000
Interest and other charges	10,048	6,563	50,220	12,531
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Total expenditures	330,048	76,563	195,220	152,531
Excess of revenues over (under) expenditures	22,962	28,589	(158,427)	(1,093)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	1,200	35,000	22,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	1,200	35,000	22,000	-
Net change in fund balances	24,162	63,589	(136,427)	(1,093)
Fund Balances				
Beginning balance	325,356	39,251	366,302	9,066
Accounting change, Note 14	-	-	-	-
Beginning balance, restated	325,356	39,251	366,302	9,066
End of year	$ 349,518	$ 102,840	$ 229,875	$ 7,973

(Continued)

Debt Service	Capital Projects				
2026A Lease Revenue Bond (230)	Neighborhood Stabilization Program (116)	Small Cities Development Program (118)	Street Improvement (175)	Parks and Trails Maintenance (195)	Park Development (120)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	988	7,128
-	-	-	-	-	-
-	-	-	5,177	22,485	23,857
-	-	-	-	16,200	-
-	462	-	-	-	-
-	462	-	5,177	39,673	30,985
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,095	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	831,482	-	-
-	-	-	-	167,213	410,013
-	462	-	-	-	-
-	462	-	832,577	167,213	410,013
-	-	-	(827,400)	(127,540)	(379,028)
-	-	-	-	-	-
700,000	-	-	809,058	109,000	-
-	-	-	-	-	-
700,000	-	-	809,058	109,000	-
700,000	-	-	(18,342)	(18,540)	(379,028)
-	-	7,250	-	677,691	867,643
-	-	-	123,338	-	-
-	-	7,250	123,338	677,691	867,643
$ 700,000	$ -	$ 7,250	$ 104,996	$ 659,151	$ 488,615

City of Big Lake
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2025

	Capital Projects			
	Industrial Park Expansion Land Purchase (141)	Local Development (150)	Lake Street Redevelopment TIF 1-3 (165)	Commercial Redevelopment TIF 1-4 (170)
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Tax increments	-	-	53,202	36,118
Franchise fees	-	-	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	525	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment and other interest income	326	-	593	425
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	851	-	53,795	36,543
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	21,032	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	1,575	-	1,250	1,250
Total expenditures	22,607	-	1,250	1,250
Excess of revenues over (under) expenditures	(21,756)	-	52,545	35,293
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	75,000	-	-	-
Transfers out	-	-	(67,881)	(45,510)
Total other financing sources (uses)	75,000	-	(67,881)	(45,510)
Net change in fund balances	53,244	-	(15,336)	(10,217)
Fund Balances				
Beginning balance	(520,713)	143,544	18,914	108,922
Accounting change, Note 14	-	-	-	-
Beginning balance, restated	(520,713)	143,544	18,914	108,922
End of year	$ (467,469)	$ 143,544	$ 3,578	$ 98,705

	Capital Projects					
	Commercial Redevelopment TIF 1-5 (171)	Computer Replacement Fund (194)	Street Maintance (196)	Lake Maintenance Fund (197)	Equipment and Building Replacements (199)	Total Other Governmental Funds
	$ -	$ -	$ -	$ -	$ -	$ 754,243
	10,691	-	-	-	-	100,011
	-	9,132	-	-	-	9,132
	-	-	50,051	-	-	115,311
	-	-	-	-	-	4,940
	-	7,500	13,747	-	746,819	986,147
	-	-	-	-	-	32,116
	-	-	-	-	-	1,870
	30	4,817	61,591	1,839	63,174	211,201
	-	-	-	-	-	52,629
	-	8,000	-	-	-	8,538
	10,721	29,449	125,389	1,839	809,993	2,276,138
	-	93,706	-	-	55,244	148,950
	-	14,433	-	-	9,527	24,113
	-	-	-	-	-	1,095
	-	-	-	-	-	90,864
	-	-	-	-	-	117,955
	-	-	-	-	12,060	907,060
	-	-	-	-	551	135,098
	-	23,768	-	-	-	23,768
	-	4,308	-	-	81,520	88,160
	-	-	345	-	92,183	924,010
	-	-	-	-	236,679	813,905
	1,250	-	-	-	-	5,787
	1,250	136,215	345	-	487,764	3,280,765
	9,471	(106,766)	125,044	1,839	322,229	(1,004,627)
	-	-	-	-	81,080	81,080
	-	10,000	270,000	-	36,861	2,223,510
	-	-	(1,498,430)	-	-	(1,661,821)
	-	10,000	(1,228,430)	-	117,941	642,769
	9,471	(96,766)	(1,103,386)	1,839	440,170	(361,858)
	325	207,808	2,414,802	62,453	-	5,898,373
	-	-	-	-	2,168,085	2,291,423
	325	207,808	2,414,802	62,453	2,168,085	8,189,796
	$ 9,796	$ 111,042	$ 1,311,416	$ 64,292	$ 2,608,255	$ 7,827,938

City of Big Lake
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Property taxes	$ 4,887,539	$ 4,929,539	$ 4,948,843	$ 19,304
Franchise fees	451,263	451,263	477,204	25,941
Special assessments	1,000	1,000	811	(189)
Licenses and permits	694,545	694,545	588,087	(106,458)
Intergovernmental revenue				
Fire aid	113,000	113,000	-	(113,000)
Police aid	147,000	147,000	257,434	110,434
Federal grants	19,655	19,655	8,491	(11,164)
Other grants and aids	216,124	216,124	269,634	53,510
Total intergovernmental revenue	495,779	495,779	535,559	39,780
Charges for services				
General government	37,253	37,253	38,431	1,178
Public safety	38,875	38,875	41,794	2,919
Public works	183,000	183,000	205,832	22,832
Culture and recreation	2,900	2,900	2,965	65
Total charges for services	262,028	262,028	289,022	26,994
Fines and forfeitures	49,250	49,250	55,414	6,164
Miscellaneous revenues				
Investment income	64,534	164,534	589,085	424,551
Contributions and donations	3,300	3,300	12,112	8,812
Other	4,951	4,951	18,997	14,046
Total miscellaneous revenues	72,785	172,785	620,194	447,409
Total revenues	6,914,189	7,056,189	7,515,134	458,945
Expenditures				
General government				
Mayor and council	33,681	35,681	35,594	(87)
Administrative and finance	588,655	588,655	566,437	(22,218)
Other general government	334,713	377,713	265,583	(112,130)
Total general government	957,049	1,002,049	867,614	(134,435)
Public safety				
Police				
Current	3,159,266	3,159,266	3,050,442	(108,824)
Capital outlay	10,000	210,000	192,349	(17,651)
Total police	3,169,266	3,369,266	3,242,791	(126,475)
Fire				
Current	$ 348,918	$ 348,918	$ 235,926	$ (112,992)
Other				
Current	223,104	223,104	217,096	(6,008)
Total public safety	3,741,288	3,941,288	3,695,813	(245,475)

City of Big Lake
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget -
Expenditures (Continued)				
Public works				
Streets and highways				
Street maintenance and storm sewers	879,176	931,176	945,593	14,417
Street engineering	137,914	137,914	113,193	(24,721)
Street lighting	114,400	114,400	99,190	(15,210)
Total streets and highways	1,131,490	1,183,490	1,157,976	(25,514)
Sanitation				
Garbage and other refuse				
Collection and disposal	3,840	3,840	4,675	835
Total public works	1,135,330	1,187,330	1,162,651	(24,679)
Culture and recreation				
Libraries				
Current	73,661	73,661	69,055	(4,606)
Parks and recreation				
Current	815,089	815,089	652,110	(162,979)
Capital outlay	-	-	8,463	8,463
Total parks and recreation	815,089	815,089	660,573	(154,516)
Total culture and recreation	888,750	888,750	729,628	(159,122)
Economic Development				
Economic development				
Current	183,411	186,411	187,943	1,532
Total economic development	183,411	186,411	187,943	1,532
Debt Service				
Principal	-	36,000	53,236	17,236
Interest and other charges	-	6,000	7,711	1,711
Total debt service	-	42,000	60,947	18,947
Total expenditures	6,905,828	7,247,828	6,704,596	(543,232)
Excess of revenues over (under) expenditures	8,361	(191,639)	810,538	1,002,177
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	9,261	9,261
Leases issued	-	200,000	190,084	(9,916)
Insurance recoveries	2,500	2,500	-	(2,500)
Transfers in	450,000	450,000	450,000	-
Transfers out	(460,861)	(460,861)	(1,162,861)	(702,000)
Total other financing sources (uses)	(8,361)	191,639	(513,516)	(705,155)
Net change in fund balances	$ -	$ -	297,022	$ 297,022
Fund Balances				
Beginning of year			4,827,091	
End of year			$ 5,124,113	

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, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Over/(Under)
Revenues				
Property taxes	$ 129,100	$ 129,100	$ 130,195	$ 1,095
Charges for services	-	-	24,000	24,000
Miscellaneous				
Investment income	2,500	2,500	6,646	4,146
Total revenues	131,600	131,600	160,841	29,241
Expenditures				
Current				
Economic development	125,942	125,942	117,955	(7,987)
Excess of revenues over (under) expenditures	5,658	5,658	42,886	37,228
Other Financing (Uses)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Net change in fund balances	$ (44,342)	$ (44,342)	(7,114)	$ 37,228
Fund Balances				
Beginning of year			849,267	
End of year			$ 842,153	

City of Big Lake
Schedule of Revenues, Expenditures and
Changes in Fund Balance -
Budget and Actual - Farmers Market
For the Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Over/(Under)
Revenues				
Licenses and permits	$ 2,500	$ 2,500	$ 4,940	$ 2,440
Intergovernmental	1,000	1,000	600	(400)
Miscellaneous				
Investment income	100	100	1,034	934
Contributions and donations	10,700	10,700	14,679	3,979
Other	10	10	76	66
Total revenues	14,310	14,310	21,329	7,019
Expenditures				
Current				
Culture and recreation	18,386	18,386	17,418	(968)
Net change in fund balances	$ (4,076)	$ (4,076)	3,911	$ 7,987
Fund Balances				
Beginning of year			28,050	
End of year			$ 31,961	

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, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Over/(Under)
Revenues				
Miscellaneous				
Investment income	$ 100	$ 100	$ 387	$ 287
Contributions and donations	22,000	22,000	21,500	(500)
Total revenues	22,100	22,100	21,887	(213)
Expenditures				
Current				
Culture and recreation	31,866	31,866	31,134	(732)
Excess of revenues over (under) expenditures	(9,766)	(9,766)	(9,247)	519
Other Financing Sources				
Transfers in	10,000	10,000	10,000	-
Net change in fund balances	$ 234	$ 234	$ 753	$ 519
Fund Balances				
Beginning of year			793	
End of year			$ 1,546	

STATISTICAL SECTION
(UNAUDITED)

(THIS PAGE LEFT BLANK INTENTIONALLY)

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
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Government Activities				
Net Investment in Capital Assets	$ 14,330,114	$ 16,330,619	$ 17,363,753	$ 18,897,428
Restricted	4,779,977	4,038,095	3,718,831	4,208,477
Unrestricted	2,004,674	1,684,117	2,813,306	2,915,587
Total Governmental Activities	$ 21,114,765	$ 22,052,831	$ 23,895,890	$ 26,021,492
Business-type Activities				
Net Investment in Capital Assets	$ 28,191,999	$ 27,887,831	$ 27,549,550	$ 27,572,611
Restricted	-	-	-	-
Unrestricted	3,561,189	5,509,007	5,861,383	6,040,361
Total Business-type Activities	$ 31,753,188	$ 33,396,838	$ 33,410,933	$ 33,612,972
Total Primary Government				
Net Investment in Capital Assets	$ 42,522,113	$ 44,218,450	$ 44,913,303	$ 46,470,039
Restricted	4,779,977	4,038,095	3,718,831	4,208,477
Unrestricted	5,565,863	7,193,124	8,674,689	8,955,948
Total Primary Governement	$ 52,867,953	$ 55,449,669	$ 57,306,823	$ 59,634,464

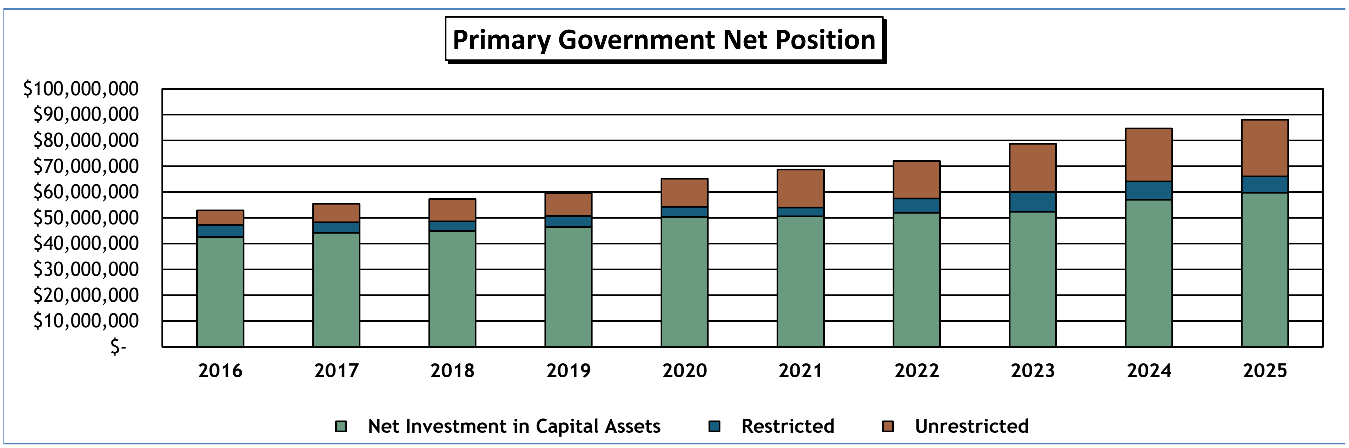


Table 1

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
	$ 20,600,086	$ 21,142,224	$ 21,405,841	$ 21,456,642	$ 24,410,923	$ 26,474,848
	3,911,278	3,434,352	5,520,302	7,694,753	7,031,829	6,323,086
	4,632,309	6,409,314	5,989,154	8,664,179	9,723,753	10,259,312
	$ 29,143,673	$ 30,985,890	$ 32,915,297	$ 37,815,574	$ 41,166,505	$ 43,057,246
	$ 29,791,418	$ 29,417,906	$ 30,567,887	$ 30,907,470	$ 32,645,651	$ 33,286,751
	-	-	-	-	-	-
	6,222,350	8,338,282	8,563,869	9,990,595	10,825,425	11,652,891
	$ 36,013,768	$ 37,756,188	$ 39,131,756	$ 40,898,065	$ 43,471,076	$ 44,939,642
	$ 50,391,504	$ 50,560,130	$ 51,973,728	$ 52,364,112	$ 57,056,574	$ 59,761,599
	3,911,278	3,434,352	5,520,302	7,694,753	7,031,829	6,323,086
	10,854,659	14,747,596	14,553,023	18,654,774	20,549,178	21,912,203
	$ 65,157,441	$ 68,742,078	$ 72,047,053	$ 78,713,639	$ 84,637,581	$ 87,996,888

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

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Government Activities				
General Government	$ 817,758	$ 889,464	$ 879,778	$ 936,323
Public Safety	2,824,362	2,589,377	2,653,278	2,627,794
Streets and Highways	1,715,070	1,459,952	1,691,819	1,710,146
Culture and Recreation	715,728	774,937	794,457	834,271
Economic Development	764,277	1,057,332	543,968	522,633
Interest on long-term debt	634,810	454,194	515,287	336,680
Total governmental activities expenses	7,472,005	7,225,256	7,078,587	6,967,847
Business-type activities				
Water Utility	$ 1,827,785	$ 1,911,736	$ 1,914,037	$ 1,923,044
Sewer Utility	2,470,971	2,589,521	2,591,003	2,600,311
Municipal Liquor	3,504,046	3,640,702	3,764,839	3,992,566
Storm Sewer Utiltiy	443,110	432,199	387,726	402,679
Total business-type activities expenses	8,245,912	8,574,158	8,657,605	8,918,600
Total Primary government Expenses	$ 15,717,917	$ 15,799,414	$ 15,736,192	$ 15,886,447
Program Revenues				
Government Activities				
Charges for Services				
General Government	$ 89,039	$ 137,212	$ 128,512	$ 131,205
Public Safety	502,092	640,909	513,549	570,965
Streets and Highways	160,501	171,492	168,186	177,743
Culture and Recreation	66,971	59,333	72,254	82,033
Economic Development	5,334	7,176	5,843	3,551
Operating grants and contributions	574,835	383,139	384,615	393,643
Capital grants and contributions	1,211,405	978,503	1,437,368	1,070,391
Total governmental activities program revenues	2,610,177	2,377,764	2,710,327	2,429,531
Business-type activities				
Charges for Services				
Water Utility	$ 1,891,744	$ 2,194,760	$ 2,005,600	$ 1,669,854
Sewer Utility	2,790,169	4,072,068	2,516,346	2,366,293
Municipal Liquor	3,942,618	4,161,963	4,240,363	4,447,195
Storm Sewer Utiltiy	248,011	254,733	267,566	255,686
Operating grants and contributions	45,700	27,693	15,496	29,676
Capital grants and contributions	192,242	-	-	909,981
Total business-type activities program revenues	9,110,484	10,711,217	9,045,371	9,678,685
Total Program Revenues	$ 11,720,661	$ 13,088,981	$ 11,755,698	$ 12,108,216
Net Revenues (Expenses)				
Governmental activities	$ (4,861,828)	$ (4,847,492)	$ (4,368,260)	$ (4,538,316)
Business-type activities	864,572	2,137,059	387,766	760,085
Total primary government revenues (expenses)	$ (3,997,256)	$ (2,710,433)	$ (3,980,494)	$ (3,778,231)

Table 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 1,004,068	$ 1,005,419	$ 1,189,587	$ 1,120,773	$ 1,075,795	$ 1,065,558
3,169,311	2,718,236	3,291,228	3,541,163	3,655,270	4,074,762
2,038,384	1,971,568	2,152,571	2,317,949	1,897,287	2,225,834
938,626	882,228	910,885	1,036,531	986,374	994,170
1,075,887	567,085	832,922	737,615	350,705	338,769
278,924	338,486	419,548	319,346	265,236	218,551
8,505,200	7,483,022	8,796,741	9,073,377	8,230,667	8,917,644
$ 2,025,958	$ 2,138,327	$ 2,142,217	$ 2,163,027	$ 2,166,810	$ 2,299,031
2,685,199	2,743,746	2,933,413	2,966,902	2,968,555	2,990,797
4,937,241	4,855,038	5,007,633	4,888,158	4,970,337	4,805,710
409,116	349,165	421,859	387,920	323,843	301,511
10,057,514	10,086,276	10,505,122	10,406,007	10,429,545	10,397,049
$ 18,562,714	$ 17,569,298	$ 19,301,863	$ 19,479,384	$ 18,660,212	$ 19,314,693
$ 156,413	$ 141,434	$ 152,077	$ 164,223	$ 128,095	$ 125,294
608,112	704,310	737,396	678,289	552,606	538,230
179,554	214,673	189,954	190,373	214,491	223,946
106,385	100,060	84,937	96,887	85,952	80,964
8,451	67,297	9,097	18,847	25,851	24,462
1,052,421	426,716	550,242	520,496	634,088	428,631
2,569,604	807,256	2,220,263	3,736,904	2,407,903	902,307
4,680,940	2,461,746	3,943,966	5,406,019	4,048,986	2,323,834
$ 2,110,066	$ 2,434,017	$ 2,265,513	$ 2,481,378	$ 2,187,965	$ 2,122,258
2,622,429	2,911,360	2,924,476	3,141,635	3,131,564	3,380,409
5,751,346	5,635,219	5,625,135	5,445,462	5,417,741	5,276,846
256,260	262,900	263,663	267,656	272,277	274,390
34,228	40,964	19,793	36,921	90,721	20,708
2,200,515	1,079,254	1,162,644	747,605	1,034,699	880,201
12,974,844	12,363,714	12,261,224	12,120,657	12,134,967	11,954,812
$ 17,655,784	$ 14,825,460	$ 16,205,190	$ 17,526,676	$ 16,183,953	$ 14,278,646
$ (3,824,260)	$ (5,021,276)	$ (4,852,775)	$ (3,667,358)	$ (4,181,681)	$ (6,593,810)
2,917,330	2,277,438	1,756,102	1,714,650	1,705,422	1,557,763
$ (906,930)	$ (2,743,838)	$ (3,096,673)	$ (1,952,708)	$ (2,476,259)	$ (5,036,047)

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

	Fiscal Year			
	2016	2017	2018	2019
Net Revenues (Expenses)				
Governmental activities	$ (4,861,828)	$ (4,847,492)	$ (4,368,260)	$ (4,538,316)
Business-type activities	864,572	2,137,059	387,766	760,085
Total primary government revenues (expenses)	$ (3,997,256)	$ (2,710,433)	$ (3,980,494)	$ (3,778,231)
General Revenues and Other Changes in net position				
General Revenues				
Governmental activities				
Taxes				
Property taxes levied	$ 3,770,426	$ 3,997,275	$ 4,103,036	$ 4,288,230
Franchise Fees	442,833	434,945	497,577	500,122
Tax Increments	126,650	142,631	188,976	229,972
State aids	542,339	546,863	621,827	625,901
Insurance Recoveries	-	-	-	-
Unresitricted investments and other interest income	71,836	77,174	77,963	353,274
Gain on sale of assets	195,923	10,113	34,998	89,497
Other General Revenue	12,345	15,277	11,239	9,815
Transfers	480,237	577,964	513,063	713,063
Special Item - Decrease in Land Held for Resale	-	-	-	-
Total governmental activities general revenue	5,642,589	5,802,242	6,048,679	6,809,874
Business-type Activities				
Unresitricted investments and other interest income	$ 77,531	$ 83,558	$ 139,390	$ 155,016
Gain on sale of assets	28,000	1,000	-	-
Transfers	(480,237)	(577,964)	(513,063)	(713,063)
Total business-type activities general revenue	(374,706)	(493,406)	(373,673)	(558,047)
Total primary governmewnt	$ 5,267,883	$ 5,308,836	$ 5,675,006	$ 6,251,827
Change in net position				
Governmental activities	$ 780,761	$ 954,750	$ 1,680,419	$ 2,271,558
Business-type activities	489,866	1,643,653	14,093	202,038
Total primary governmewnt	$ 1,270,627	$ 2,598,403	$ 1,694,512	$ 2,473,596

Table 2 (Continued)

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ (3,824,260)	$ (5,021,276)	$ (4,852,775)	$ (3,667,358)	$ (4,181,681)	$ (6,593,810)
2,917,330	2,277,438	1,756,102	1,714,650	1,705,422	1,557,763
$ (906,930)	$ (2,743,838)	$ (3,096,673)	$ (1,952,708)	$ (2,476,259)	$ (5,036,047)
$ 4,558,089	$ 4,809,143	$ 5,074,927	$ 5,327,902	$ 5,482,428	$ 5,707,257
480,269	489,736	486,360	489,172	471,667	486,336
245,329	214,119	225,970	215,722	95,600	100,011
741,969	653,319	820,985	1,363,346	969,003	799,223
-	-	-	-	-	-
220,407	(93,355)	(425,427)	810,271	942,851	854,546
60,116	40,774	48,015	41,950	35,139	82,703
8,659	128,067	7,289	6,440	5,510	4,475
631,610	624,683	544,063	312,762	(469,516)	450,000
-	-	-	-	-	-
6,946,448	6,866,486	6,782,182	8,567,565	7,532,682	8,484,551
$ 113,950	$ 89,791	$ 163,529	$ 354,446	$ 398,073	$ 360,803
1,000	-	-	9,975	-	-
(631,610)	(624,683)	(713,063)	(312,762)	469,516	(450,000)
(516,660)	(534,892)	(549,534)	51,659	867,589	(89,197)
$ 6,429,788	$ 6,331,594	$ 6,232,648	$ 8,619,224	$ 8,400,271	$ 8,395,354
$ 3,122,188	$ 1,845,210	$ 1,929,407	$ 4,900,207	$ 3,351,001	$ 1,890,741
2,400,670	1,742,546	1,206,568	1,766,309	2,573,011	1,468,566
$ 5,522,858	$ 3,587,756	$ 3,135,975	$ 6,666,516	$ 5,924,012	$ 3,359,307

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

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	$ 82,185	$ 88,501	$ 103,486	$ 93,477
Restricted	-	-	-	-
Assigned	145,579	150,013	147,167	92,114
Unassigned	2,796,408	2,990,373	2,965,325	3,327,859
Total general fund	$ 3,024,172	$ 3,228,887	$ 3,215,978	$ 3,513,450
All other governmental funds				
Nonspendable	$ 102,100	$ 784,507	$ 795,545	$ 682,130
Restricted	4,947,928	4,672,360	4,956,579	2,706,469
Committed	-	-	-	120,314
Assigned	2,617,113	2,229,758	2,872,857	2,728,967
Unassighed reported in				
Debt Service Funds	(19,163)	(3,849)	-	-
Special Revenue Funds	(140,423)	(72,216)	(22,489)	-
Capital Project Funds	(11,242)	(799,268)	(742,223)	(713,223)
Unassighed	-	-	-	-
Total all other governmental funds	$ 7,496,313	$ 6,811,292	$ 7,860,269	$ 5,524,657

Table 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 93,872	$ 99,339	$ 101,247	$ 114,660	$ 117,233	$ 288,350
-	-	-	-	-	-
75,325	84,331	65,748	96,668	65,640	71,658
3,746,172	3,908,801	3,596,606	4,131,954	4,644,218	4,764,105
$ 3,915,369	$ 4,092,471	$ 3,763,601	$ 4,343,282	$ 4,827,091	$ 5,124,113
$ 682,130	$ 633,330	$ 8	$ 428	$ 2,996	17,959
2,422,038	2,239,171	3,529,118	3,791,691	3,264,110	3,786,355
126,094	213,700	860,891	871,300	850,003	842,047
3,744,384	5,895,117	6,395,578	6,597,196	6,806,172	5,776,101
-	-	-	-	-	-
-	-	-	-	-	-
(711,278)	(798,028)	(572,337)	(566,668)	(520,720)	(467,474)
-	-	-	-	-	-
$ 6,263,368	$ 8,183,290	$ 10,213,258	$ 10,693,947	$ 10,402,561	$ 9,954,988

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes	$ 3,793,686	$ 4,026,987	$ 4,158,096	$ 4,300,200
Tax Increment	126,650	142,631	188,976	229,972
Miscellaneous Tax	-	-	-	-
Franchise Fees	442,833	434,945	497,577	500,122
Special Assessments	610,671	536,451	640,316	370,218
Licenses and permits	500,653	620,877	538,945	584,058
Intergovernmental	1,976,972	1,778,825	1,686,894	1,833,549
Charges for services	365,497	385,684	295,638	380,054
Fines and forfetiures	54,656	61,601	72,672	79,000
Interest on Investments	71,836	77,174	77,963	353,274
Miscellaneous	201,951	123,289	118,007	79,774
Total Revenues	8,145,405	8,188,464	8,275,084	8,710,221
Expenditures				
General government	674,191	819,949	836,229	849,967
Public Safety	2,029,525	2,152,186	2,262,176	2,384,415
Street & Highways	549,659	512,742	624,780	662,058
Culture and recreation	488,426	610,022	633,299	670,438
Economic development	311,163	791,484	294,542	321,103
Capital Outlay	1,101,577	1,824,342	3,028,733	1,735,475
Debt service				
Prinicipal	9,128,603	2,044,215	1,983,568	4,501,878
Interest and Other Charges	799,239	529,834	526,137	441,875
Total Expenditures	15,082,383	9,284,774	10,189,464	11,567,209
Excess (deficiency) of revenues over (under) expenditures	(6,936,978)	(1,096,310)	(1,914,380)	(2,856,988)
Other financing sources (uses)				
Transfers in	9,418,595	2,377,655	1,852,953	6,105,643
Proceeds from Sale of Capital Assets	195,923	10,113	60,584	101,172
Issuance of Debt	5,350,000	-	2,350,000	-
Bonds Premium	62,589		23,384	-
Proceeds from Lease	65,959	-	-	-
Insurance Recovery Proceeds	50,893	27,927	3,417	4,613
Transfers out	(8,938,358)	(1,799,691)	(1,339,890)	(5,392,580)
Total other financing sources (uses)	6,205,601	616,004	2,950,448	818,848
Net change in fund balance	$ (731,377)	$ (480,306)	$ 1,036,068	$ (2,038,140)
Debt service as a percentage of Noncapital expenditures	39%	69%	33%	48%

Table 4

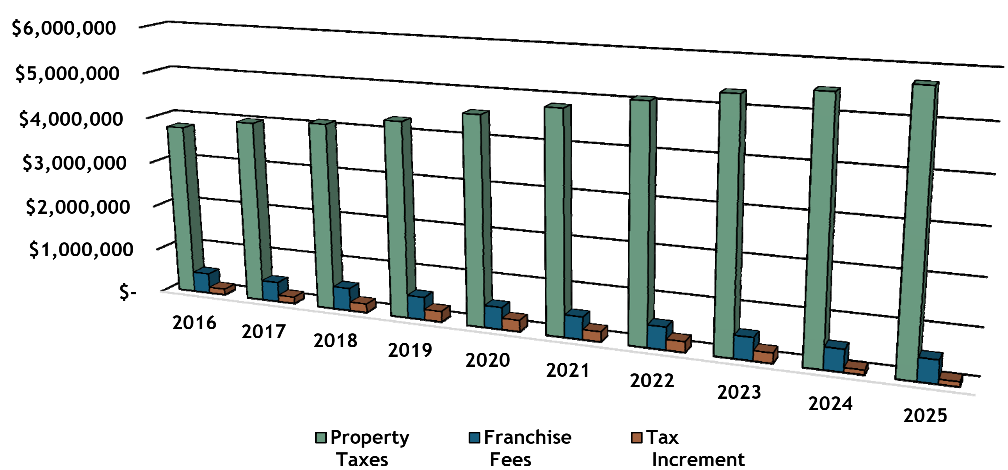
Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 4,581,152	$ 4,865,161	$ 5,074,264	$ 5,339,110	$ 5,474,460	$ 5,704,094
245,329	214,119	225,970	215,722	95,600	100,011
-	-	-	-	-	-
480,269	486,736	486,360	489,172	471,667	486,336
323,729	284,521	495,324	944,025	632,417	597,381
674,636	701,777	781,447	709,693	634,979	593,027
3,642,872	1,815,002	1,723,921	2,465,620	3,053,639	1,521,706
618,551	344,418	500,489	501,893	470,003	321,138
72,207	103,524	70,434	97,827	46,830	57,284
220,407	(93,355)	(425,427)	810,271	942,851	854,546
71,414	221,663	115,859	159,492	95,914	92,276
10,930,566	8,943,566	9,048,641	11,732,825	11,918,360	10,327,799
943,398	891,648	1,074,995	1,009,664	1,052,551	1,016,564
2,836,250	2,626,427	2,838,695	2,940,056	3,304,508	3,527,577
684,296	739,478	858,818	958,538	955,515	1,165,305
787,164	728,788	797,877	864,617	824,544	812,029
843,383	311,391	713,891	555,932	286,835	305,898
1,970,592	3,411,257	5,166,173	2,174,171	2,930,842	2,350,708
2,197,032	1,829,475	1,778,718	1,782,715	2,061,670	1,690,296
335,364	362,572	422,421	519,000	387,328	340,398
10,597,479	10,901,036	13,651,588	10,804,693	11,803,793	11,208,775
333,087	(1,957,470)	(4,602,947)	928,132	114,567	(880,976)
2,014,316	1,913,626	2,613,075	1,832,892	2,317,915	3,278,408
127,220	40,774	93,271	41,950	54,625	90,341
-	3,140,000	5,065,000	-	-	-
-	226,645	564,804	-	-	-
-	-	-	60,317	83,821	190,084
48,713	22,392	36,907	77,189	48,946	-
(1,382,706)	(1,288,943)	(2,069,012)	(1,520,130)	(2,787,431)	(2,828,408)
807,543	4,054,494	6,304,045	492,218	(282,124)	730,425
$ 1,140,630	$ 2,097,024	$ 1,701,098	$ 1,420,350	$ (167,557)	$ (150,551)
27%	28%	26%	26%	28%	23%

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

Table 5

Fiscal Year	Property Taxes	Franchise Fees	Tax Increment	Total
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
2024	5,482,428	471,667	95,600	6,049,695
2025	5,707,257	486,336	100,011	6,293,604
Change 2016-2025	51%	10%	-21%	45%

Tax Revenue by Source

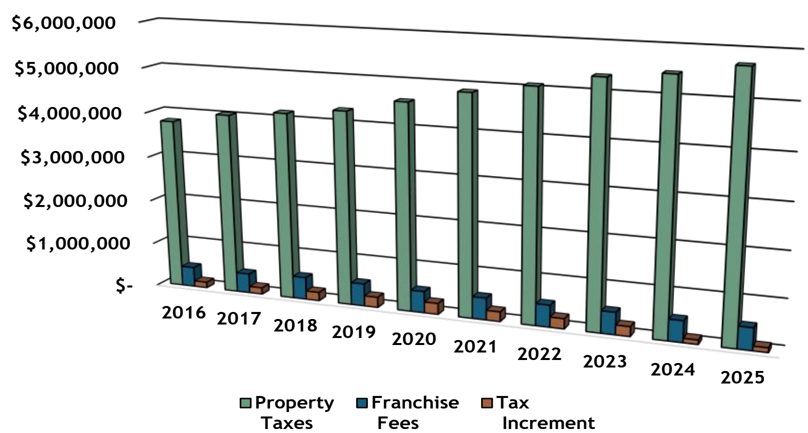


City of Big Lake
Statistical Section (Unaudited)
General Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 5.1

Fiscal Year	Property Taxes	Franchise Fees	Tax Increment	Total
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
2024	5,474,460	471,667	95,600	6,041,727
2025	5,704,094	486,336	100,011	6,290,441
Change 2016-2025	50%	10%	-21%	44%

Tax Revenue by Source



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

	Fiscal Year			
	2016	2017	2018	2019
Taxable Market Value				
Personal Property	$ 5,116,600	$ 5,247,800	$ 5,680,700	$ 5,809,800
Real Property	660,997,200	609,692,802	740,257,900	752,353,995
Total Taxable Market Value	$ 666,113,800	$ 614,940,602	$ 745,938,600	$ 758,163,795
Estimated Actual Value of Taxable Property	$ 645,974,750	$ 665,646,975	$ 721,536,180	$ 801,075,390
Taxable Market Value as a Percentage of Estimated Actual Value	103%	92%	103%	95%
Tax Capacity				
Personal Property	$ 101,036	$ 103,252	$ 111,678	$ 114,241
Real Property	6,718,203	6,881,559	7,442,619	8,304,877
Total Tax Capacity	$ 6,819,239	$ 6,984,811	$ 7,554,297	$ 8,419,118
Less 10% KV	-	-	-	-
Less TIF	(87,877)	(98,363)	(132,630)	(161,445)
Net Tax Capacity	$ 6,731,362	$ 6,886,448	$ 7,421,667	$ 8,257,673
Tax Levies				
General	$ 2,378,779	$ 2,731,262	$ 2,899,510	$ 2,878,446
Abatement Property Tax levy	-	-	-	-
Debt Services	1,462,159	1,348,656	1,226,348	1,320,964
Total Tax Levies	$ 3,840,938	$ 4,079,918	$ 4,125,858	$ 4,199,410
Total Tax Capacity Rate	57.112%	57.936%	55.643%	50.898%

Source: Sherburne County Auditor/Treasury Department

Table 6

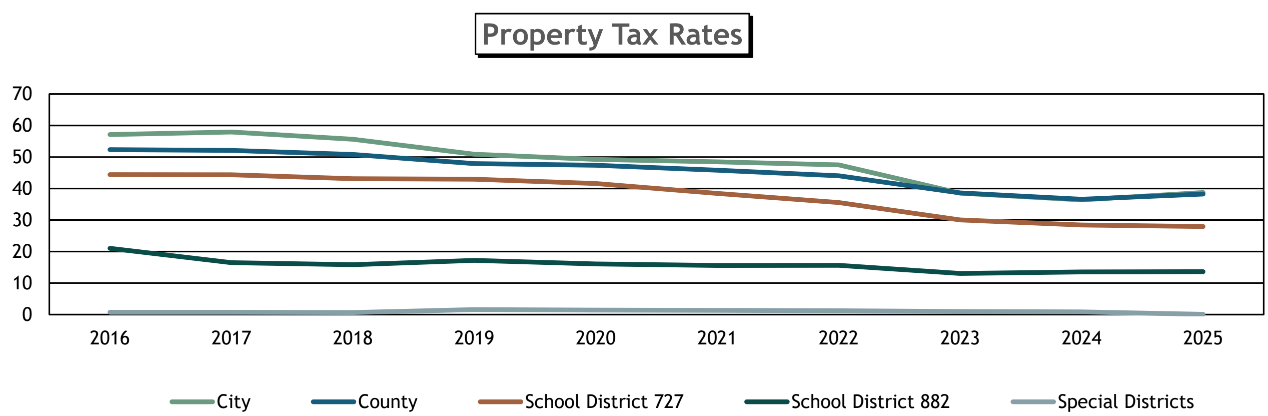
	Fiscal Year					
	2020	2021	2022	2023	2024	2025
	$ 5,862,600	$ 6,127,300	$ 5,012,400	$ 5,432,300	$ 5,551,200	$ 5,889,500
	826,227,244	890,268,843	975,989,578	1,264,429,892	1,380,529,675	1,456,326,000
	$ 832,089,844	$ 896,396,143	$ 981,001,978	$ 1,269,862,192	$ 1,386,080,875	$ 1,462,215,500
	$ 870,207,211	$ 932,002,794	$ 1,011,982,196	$ 1,283,005,993	$ 1,392,596,500	$ 1,397,744,665
	96%	96%	97%	99%	100%	105%
	$ 115,297	$ 120,590	$ 98,292	$ 106,125	$ 108,420	$ 114,696
	9,082,445	9,761,811	10,619,814	13,638,931	15,053,071	14,976,458
	$ 9,197,742	$ 9,882,401	$ 10,718,106	$ 13,745,056	$ 15,161,491	$ 15,091,154
	-	-	(154)	(153)	(248)	(386)
	(177,943)	(189,357)	(174,568)	(200,488)	(93,839)	(94,887)
	$ 9,019,799	$ 9,693,044	$ 10,543,384	$ 13,544,415	$ 15,067,404	$ 14,995,881
	$ 3,291,711	$ 3,512,929	$ 3,638,582	$ 4,118,078	$ 4,542,990	$ 5,042,703
	-	-	7,050	12,050	57,050	92,050
	114,424	1,181,670	1,359,097	1,086,357	877,276	621,604
	$ 3,406,135	$ 4,694,599	$ 5,004,729	$ 5,216,485	$ 5,477,316	$ 5,756,357
	49.223%	48.471%	47.505%	38.545%	36.384%	38.718%

(THIS PAGE LEFT BLANK INTENTIONALLY)

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

Table 7

		Overlapping Taxing Districts					
Year Taxes Payable	City of Big Lake	Sherburne County	Big Lake School District No 727	Monticello School District No 882	Special Districts (1)	Total (2) Direct and Overlapping With 727	Total (2) Direct and Overlapping With 882
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
2024	36.384	36.581	28.417	13.525	0.863	102.245	87.353
2025	38.718	38.251	27.935	13.632	0.074	104.978	90.675



Note 1: Special Districts include Economic Development Authority (this begain 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/ Treasury Department

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

	2025			
Tax Payer	Market Value	Taxable Net Tax Capacity Value	Rank	Percentage Total Net Tax Capacity
ALACRITY INVESTMENTS IV LLC	$ 2,582,500	$ 50,900	14	0.34%
ALLEN INDUSTRIAL PROPERTIES LLC				
ARROW COMPONENTS CORPORATION	2,063,400	40,518	21	0.27%
BIG LAKE 2018, LLC	6,246,600	123,432	4	0.83%
BIG LAKE BUSINESS CENTER, LLC	1,951,700	38,284	22	0.26%
BIG LAKE INVESTMENTS, LLC	2,235,700	36,008	24	0.24%
BNSF RAILROAD COMPANY				
BP-ASHBURY, LLC	2,842,800	35,535	25	0.24%
CARGILL KITCHENS	4,281,000	84,870	8	0.57%
CARGILL, INC				
CARLSON DEVELOPMENT GROUP, LLC	12,722,800	245,021	1	1.65%
CAZ PROPERTIES, LLC				0.00%
CB MARKETPLACE CROSSING LP	9,999,000	45,788	19	0.31%
CENTRACARE HEALTH SYSTEM	2,955,600	58,362	11	0.39%
CHERRYWOOD OF BIG LAKE LLC				
DIRECTTV, INC				
ENL, INC				
FCB PROPERTIES LLC				
GREAT RIVER ENERGY	2,308,100	46,162	18	0.31%
HOGLUND, GORDON GLEN				
INLAND BIG LAKE, LLC				
KELCO BUILDING LLC				
KELLER LAKE ACQ LLC	8,207,700	102,596	6	0.69%
LAKEDALE TELEPHONE COMPANY	1,927,400	37,048	23	0.25%
LGL REAL ESTATE INVESTMENTS LLC				
LISI MEDICAL REMMELE INC	4,434,200	87,934	7	0.59%
MDI LIMITED PARTNERSHIP #69				0.00%
MEGASTORAGE BIG LAKE MN LLC	2,609,700	51,444	13	0.35%
MINNEGASCO PROPERTY ACCNTNG	2,979,600	59,592	10	0.40%
MP OF BIG LAKE, LLC				
NORTHERN STAR APARTMENTS LLC	10,799,600	134,995	3	0.91%
NORTHERN STATES POWER COMPANY - MN	2,425,200	48,504		
			17	0.33%
NYSTROM RTC LLC	3,241,500	64,080	9	0.43%
PARAGON PLAZA LLC				
PARAGON REAL ESTATE LLC	2,555,200	50,354	15	0.34%
REMMELE ENGINEERING, INC	5,789,600	115,042	5	0.77%
RIVERWOOD BANK				
RKE PROPERTIES MN LLC				
RTI REMMELE MEDICAL INC				
SHERBURNE PARK ESTATES LLP	4,336,800	54,210	12	0.36%
SHIOTA, FRED I & JANE E	3,930,200	49,354	16	0.33%
STATION ST APTS OF BIG LAKE LLLP	16,492,500	206,156	2	1.39%
THE CROSSING II OF BIG LAKE LTD PTN				0.00%
TOWN SQUARE RESIDENTIAL SUITES LLC	3,606,000	45,075		
			20	0.30%
VETSCH, RUSSELL & LYNN TRUSTEES				
WAF SHERBURNE HOLDINGS LLC				
WENGEN HOLDING SLLC				
Total		$ 1,911,264		
Net Tax Capacity		$ 14,881,185		

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

Table 8

2016			
Market Value	Taxable Net Tax Capacity Value	Rank	Percentage Total Net Tax Capacity
$ 1,069,600	$ 20,642	30	0.31%
1,477,600	28,802	22	0.43%
1,386,700	26,984	23	0.40%
2,838,300	56,016	6	0.83%
1,601,800	31,286	16	0.46%
1,563,700	30,524	17	0.45%
3,274,500	64,740	4	0.96%
1,640,000	20,500	33	0.30%
1,519,000	29,630	20	0.44%
1,197,000	23,190	27	0.34%
1,092,500	21,100	29	0.31%
2,991,200	59,824	5	0.89%
1,349,300	26,236	25	0.39%
4,778,200	94,814	2	1.41%
1,068,800	20,626	31	0.31%
4,207,500	52,594	7	0.78%
2,176,400	42,028	9	0.62%
1,529,600	29,842	19	0.44%
2,354,000	47,080	8	0.70%
1,375,200	26,754	24	0.40%
2,407,700	30,096	18	0.45%
1,836,300	36,726	11	0.55%
1,274,800	24,746	26	0.37%
1,773,600	34,722	13	0.52%
4,325,700	85,764	3	1.27%
5,270,300	100,163	1	1.49%
1,655,200	32,354	15	0.48%
1,741,600	34,082	14	0.51%
2,316,000	28,950	21	0.43%
2,966,900	36,134	12	0.54%
1,128,100	21,812	28	0.32%
2,057,500	40,400	10	0.60%
1,641,900	20,551	32	0.31%
	$ 1,279,712		
			19.01%
	$ 6,731,362		

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

Fiscal Year	Net Tax Levy Fiscal Year	Collected within the Year of the Net Levy Amount	Collected within the Year of the Net Levy Percent of Net Levy	Collecitons in Subsequent Years	Total Collections to Date Amount	Total Collections to Date Percent of Net Levy
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%	43,652	3,971,473	99.62%
2018	4,125,858	4,092,790	99.20%	24,459	4,117,249	99.79%
2019	4,199,410	4,142,404	98.64%	49,714	4,192,118	99.83%
2020	4,435,801	4,389,360	98.95%	40,163	4,429,523	99.86%
2021	4,694,376	4,667,020	99.42%	22,124	4,689,144	99.89%
2022	5,004,729	4,966,440	99.23%	32,262	4,998,702	99.88%
2023	5,216,485	5,181,098	99.32%	30,203	5,211,301	99.90%
2024	5,477,374	5,439,063	99.30%	21,351	5,460,414	99.69%
2025	5,756,293	5,713,141	99.25%	-	5,713,141	99.25%

Source: Sherburne County Auditor/Treasury Department

Table 9

Abatements and Adjustments	Total Uncollected Amount	Total Uncollected Percent of Net Levy
$ (23,369)	$ 3,147	0.08%
(13,940)	1,329	0.03%
(7,237)	1,372	0.03%
(5,156)	2,136	0.05%
(5,106)	1,172	0.03%
(4,357)	875	0.02%
(5,192)	835	0.02%
(3,464)	1,720	0.03%
(5,715)	11,245	0.21%
-	43,152	0.75%

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental Activities				
General obligation bonds				
Special Assessments/Improvement Bonds	$ 11,610,000	$ 10,255,000	$ 11,210,000	$ 7,955,000
General Obligation Bonds	1,945,000	1,655,000	1,460,000	1,260,000
Refunding Bonds	2,885,000	2,665,000	2,460,000	2,250,000
Tax Increment Bonds	710,000	695,000	675,000	-
Notes Payable	1,765,000	1,643,000	1,519,000	1,392,000
Net premium (discount)	353,240	319,945	309,115	269,974
Total general obligation debt	19,268,240	17,232,945	17,633,115	13,126,974
Non-general obligation bonds				
Revenue Bonds/Tax Abatement	269,200	241,870	213,173	185,844
Financed Purchases	54,686	39,801	23,930	16,381
Lease Liabilities	-	-	-	-
Total governmental activies	$ 19,592,126	$ 17,514,616	$ 17,870,218	$ 13,329,199
Busines-type Activities				
General obligation bonds				
Revenue Bonds	$ 8,460,800	$ 7,573,130	$ 6,766,826	$ 5,954,157
Net premium (discount)	254,490	234,995	211,500	188,005
Non-general Obligation				
PFA Notes	14,984,000	13,790,000	12,566,000	11,313,000
Lease Liabilities	-	-	-	-
Total business-type activities	$ 23,699,290	$ 21,598,125	$ 19,544,326	$ 17,455,162
Total primary government	$ 43,291,416	$ 39,112,741	$ 37,414,544	$ 30,784,361
Percent of personal income (1)	50.34%	45.87%	41.10%	31.83%
Per capita debt (1)	$ 3,965	$ 3,500	$ 3,266	$ 2,665

(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					
2020	2021	2022	2023	2024	2025
$ 6,330,000	$ 8,240,000	$ 12,260,000	$ 11,035,000	$ 9,545,000	$ 8,350,000
1,105,000	945,000	740,000	625,000	505,000	385,000
2,000,000	1,730,000	1,460,000	1,180,000	900,000	730,000
-	-	-	-	-	-
1,263,000	1,132,000	999,000	864,000	726,000	586,000
235,636	415,152	869,079	753,426	655,137	548,166
10,933,636	12,462,152	16,328,079	14,457,426	12,331,137	10,599,166
155,781	125,718	-	-	-	-
8,412	-	-	48,611	36,730	178,775
-	-	39,531	23,522	81,522	64,603
$ 11,097,829	$ 12,587,870	$ 16,367,610	$ 14,529,559	$ 12,449,389	$ 10,842,544
$ 5,099,221	$ 4,499,282	$ 2,905,000	$ 2,525,000	$ 2,140,000	$ 1,740,000
164,510	141,015	113,253	92,018	70,782	49,547
10,028,000	8,712,000	7,364,000	5,983,000	4,568,000	3,698,000
-	-	195,952	192,674	189,293	185,804
$ 15,291,731	$ 13,352,297	$ 10,578,205	$ 8,792,692	$ 6,968,075	$ 5,673,351
$ 26,389,560	$ 25,940,167	$ 26,945,815	$ 23,322,251	$ 19,417,464	$ 16,515,895
27.53%	24.90%	22.59%	18.39%	13.77%	11.16%
$ 2,236	$ 2,198	$ 2,215	$ 1,867	$ 1,550	$ 1,293

City of Big Lake
Statistical Section (Unaudited)
Ratios of Net General Bonded Debt
Last Ten Fiscal Years

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
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	183,012	556,988	0.06%	46
2023	625,000	101,960	523,040	0.04%	42
2024	505,000	62,119	442,881	0.03%	35
2025	385,000	160,479	224,521	0.02%	18

(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 statisitcal section.

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

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

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage of Debt Applicable to City	Estimate Share Of Overlapping Debt
Overlapping Debt			
Sherburne County	$ 34,260,000	9.07%	$ 3,107,382
Independent School District 727, Big Lake	59,580,000	50.25%	29,938,950
Independent School District 882, Monticello	36,085,000	0.55%	198,468
Total overlapping debt	$ 129,925,000		33,244,800
City of Big Lake direct debt			16,515,895
Total direct and overlapping debt			$ 49,760,695

Note: More detailed information on the City's Outstanding debt can be viewed in table 10 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 January 2, 2026.

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 icnrement deduction adjustments.

Source: Sherburne County Auditor/Treasury Department

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Legal debt limit	$ 19,983,414	$ 20,570,646	$ 22,378,158	$ 24,794,706	$ 26,993,295
Total net debt applicable to debt limit	1,945,000	1,655,000	1,460,000	1,260,000	1,105,000
Legal debt margin	$ 18,038,414	$ 18,915,646	$ 20,918,158	$ 23,534,706	$ 25,888,295
Total net debt applicable to debt limit as a percentage of debt limit	9.73%	8.05%	6.52%	5.08%	4.09%

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 expceptions, debt paid soley from ad valorem taxes.

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

Table 13

	Fiscal Year				
	2021	2022	2023	2024	2025
	$ 28,878,909	$ 31,434,150	$ 39,687,165	$ 43,127,736	$ 43,866,465
	945,000	740,000	625,000	505,000	385,000
	$ 27,933,909	$ 30,694,150	$ 39,062,165	$ 42,622,736	$ 43,481,465
	3.27%	2.35%	1.57%	1.17%	0.88%

Legal Debt Margin Calculation

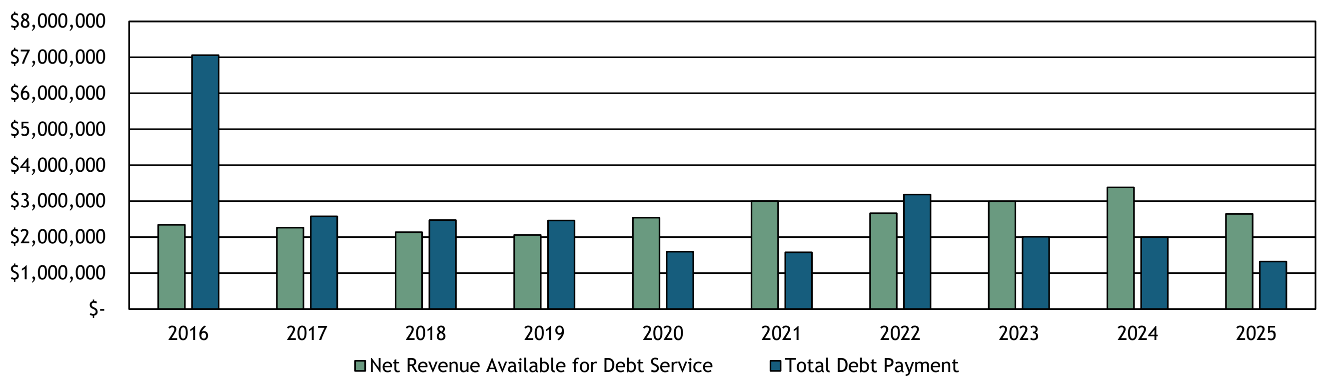
Market value for fiscal year 2024 (payable 2025)		$ 1,462,215,500
Debt limit (3% of market value)	3%	$ 43,866,465
Debt applicable to limit		
General obligation bonds	10,229,775	
Less amounts for general obligation bonds not subject to debt limit	(9,844,775)	
Total net debt applicable to limit		385,000
Legal debt margin		$ 43,481,465

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

Table 14

				Debt Service Requirements (1)			
Fiscal Year	Water and Sewer Utility Charges	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Prinicpal	Interest	Total Debt Payment	Coverage
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%
2024	5,302,139	1,919,624	3,382,515	1,803,381	202,085	2,005,466	168.66%
2025	5,484,035	2,836,524	2,647,511	1,172,495	150,241	1,322,736	200.15%

Pledge Revenue Coverage - Utility Bonds



(1) The revenues of the utility are pledged to payment of debt servcie, 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)

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

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)
2016	10,918	4.06%	3,167	$ 86,002,246	2,481	$ 34,664
2017	11,174	3.75%	3,097	85,260,276	2,355	36,204
2018	11,456	3.23%	3,079	91,043,358	2,377	38,302
2019	11,551	3.54%	3,026	96,712,362	2,417	40,013
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	126,855,482	2,681	47,316
2024	12,524	2.60%	3,140	140,972,950	2,822	49,955
2025	12,773	4.70%	3,190	148,021,598	2,963	49,955

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
Statistical Section (Unaudited)
Top Employers
Current and Nine Years Ago

Table 16

	2025			2016		
Employer	Employees	Rank	Percentage Total City Employment	Employees	Rank	Percentage Total City Employment
Arconic	150	6	7.65%			
Cargill Inc	450	2	22.94%	83	4	5.62%
Cherrywood Advanced Living	92	8	4.69%			
City of Big Lake	80	9	4.08%	65	6	4.40%
Coborns	160	5	8.15%	145	3	9.82%
I.S.D NO 727 (Big Lake)	502	1	25.59%	672	1	45.50%
LISI Medical Remmele	200	4	10.19%	333	2	22.55%
Options, Inc	116	7	5.91%	69	5	4.67%
Paragon Store Fixtures				60	7	4.06%
Premier Marine	212	3	10.81%			
Visions of Big Lake				50	8	3.39%
Total	1,962			1,477		

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

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

Table 17

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
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
	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
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	3.75	3.75	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	0.25	0.25
	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
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	1.50	1.50	1.50	0.50	0.75	1.00	1.00
Planning	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
	5.00	5.00	5.25	4.75	4.75	4.50	4.50	4.75	5.00	5.00
Public Safety										
Police	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	15.00	15.00
Police Canine	-	1.00	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
	18.00	19.00	19.50	19.50	21.50	21.00	19.00	20.00	22.00	21.00
Parks										
Parks Services - Seasonal May - Sept (7)	2.00	2.00	2.00	2.00	2.00	1.00	1.00	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	0.90	0.90
	5.50	5.50	6.00	6.00	6.50	5.50	5.40	5.40	5.40	5.40
Public Works										
Engineering	-	1.00	1.00	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	0.25	-
Engineering Technician	-	-	-	-	-	-	-	-	-	1.00
Streets Maintenance	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50	4.50	5.50
Fleet Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
	6.00	7.00	7.25	7.25	7.75	7.75	7.75	7.75	7.75	9.50
Total General Fund	45.50	47.50	49.00	48.50	51.50	49.75	47.65	48.90	51.15	51.90
Special Revenue Fund										
Economic Development Authority (EDA)	-	-	-	0.50	0.50	0.50	0.50	0.25	0.25	0.25
Farmers Market / Music in the Park	0.25	0.25	0.25	0.25	0.25	0.25	0.10	0.10	0.10	0.10
Total Special Revenue Fund	0.25	0.25	0.25	0.75	0.75	0.75	0.60	0.35	0.35	0.35
Enterprise Funds										
Water & Sewer Funds	4.75	4.75	4.75	4.75	4.75	5.75	5.75	5.75	5.75	6.75
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	8.00	8.00	8.00	9.00	10.00	11.00	11.00
Total Enterprise Funds	12.00	12.00	12.00	13.00	13.00	14.00	15.00	16.00	17.00	18.00
Total All Fund Types	57.75	59.75	61.25	62.25	65.25	64.50	63.25	65.25	68.50	70.25

Source: City of Big Lake Human Resources/Payroll Department

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

Function	Fiscal Year 2016	2017	2018	2019	2020
Police					
Total arrests	337	364	313	296	228
Total calls for services	10664	10808	10750	13712	15429
Building Permits - Total					
Residential - New	60	98	52	79	47
Commerical/Industrial - New	9	4	36	22	32
Total of all permits issued	646	766	746	666	937
Culture and Recreation					
Acres of park maintained	215	215	215	215	215
Water					
Connections	3529	3631	3719	3820	3899
Miles of watermains	65	65	65	65	65
Average daily consumption	1,076,395	1,087,907	1,034,060	1,143,123	1,448,573
Sanitary sewer					
Connections	3531	3633	3721	3822	3901
Miles of sanitary sewer	65	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				
2021	2022	2023	2024	2025
258	135	153	118	154
10708	10023	11686	11012	12387
90	28	28	27	40
29	47	2	0	5
824	1735	1488	1520	1037
215	215	215	215	215
4018	4093 0	4123 0	4150	4195
65	65	65	65	65
1,574,126	1,327,978	1,455,948	1,035,564	978,831
4020	4095	4125	4152	4197
65	65	65	65	65

(THIS PAGE LEFT BLANK INTENTIONALLY)

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

Table 19

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Station	1	1	1	1	1	1	1	1	1	1
Partol Units										
Marked squads	7	7	7	7	8	8	8	8	9	10
Other Vehicles	4	4	4	4	5	5	6	6	7	7
Public Works										
Street (miles)	55	55	55	55	55	55	55	55	55	55
Mobile equipment	15	15	15	15	15	15	15	15	15	15
Plow Trucks	6	6	6	6	6	6	6	6	6	7
Trailers	16	16	16	16	16	16	16	16	16	16
Other Vehicles	10	10	10	10	10	10	10	10	10	11
Culture and recreation										
Parks acreage	215	215	215	215	215	215	215	215	215	215
Trails (miles)	20	20	20	20	20	20	20	20	20	20
Greenway acreage	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Playgounds	14	14	14	14	14	14	14	14	14	14
Ground maintenance equipment	9	9	9	9	9	9	9	9	9	9
Other vehicles	2	2	2	2	2	2	2	2	2	2
Water										
Wells	7	7	7	7	7	7	7	7	7	7
Water towers	3	3	3	3	3	3	3	3	3	3
Miles of watermain	65	65	65	65	65	65	65	65	65	65
Vehicles	4	4	4	4	4	4	4	4	4	6
Sanitary sewer										
Miles of sanitary sewer	65	65	65	65	65	65	65	65	65	65
Lift stations	13	13	13	13	13	13	13	13	13	13
Vehicles	4	4	4	4	4	4	4	4	4	6
Storm Water										
Storm water catch basin/sumps	150	150	150	150	150	150	150	150	150	150
Storm water pip inlets/outlets	112	112	112	112	112	112	112	112	112	112
Vehicles	1	1	1	1	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

CITY OF
Big
Lake
LIVE BIG!

City of Big Lake
Sherburne County, Minnesota

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

December 31, 2025

City of Big Lake
Table of Contents

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 (*Government Auditing Standards*), 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, 2025, 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 8, 2026.

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 2025-001.

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.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 8, 2026

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 (*Government Auditing Standards*), 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, 2025, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 8, 2026.

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, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, 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.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 8, 2026

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 2025-001 – Lack of Segregation of Accounting Duties

During the year ended December 31, 2025, 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.

City of Big Lake
Sherburne County, Minnesota

Communications Letter

December 31, 2025

City of Big Lake
Table of Contents

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 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, 2025, 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 over financial reporting 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 8, 2026, on such statements.

The purpose of this communication, which is an integral part of our audit, is to describe for management, Members of the City Council, others within the City, federal, and state oversight awarding agencies and pass-through entities the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 8, 2026

City of Big Lake
Significant Deficiency

Lack of Segregation of Accounting Duties

During the year ended December 31, 2025, 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, 2025. 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 with respect to the other information in documents containing the audited basic financial statements and auditor's report does not extend beyond the basic financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information was not audited, and we do not express an opinion or provide any assurance on it.

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
We addressed the following significant risks of material misstatement identified in our planning procedures:

- 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 activity. 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, Lease Liability, and 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, 2025. 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.

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

Significant Accounting Estimates and Related Disclosures
Accounting estimates and related disclosures 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.

Lease Liability and Right-to-Use Lease Assets – These balances are based on estimates and judgements 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.

City of Big Lake
Required Communication

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. The following bullet point summarizes the uncorrected financial statement misstatement whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatement is immaterial to the financial statements currently under audit.

- Subscription proceeds and capital outlay expenditures

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
Required Communication

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

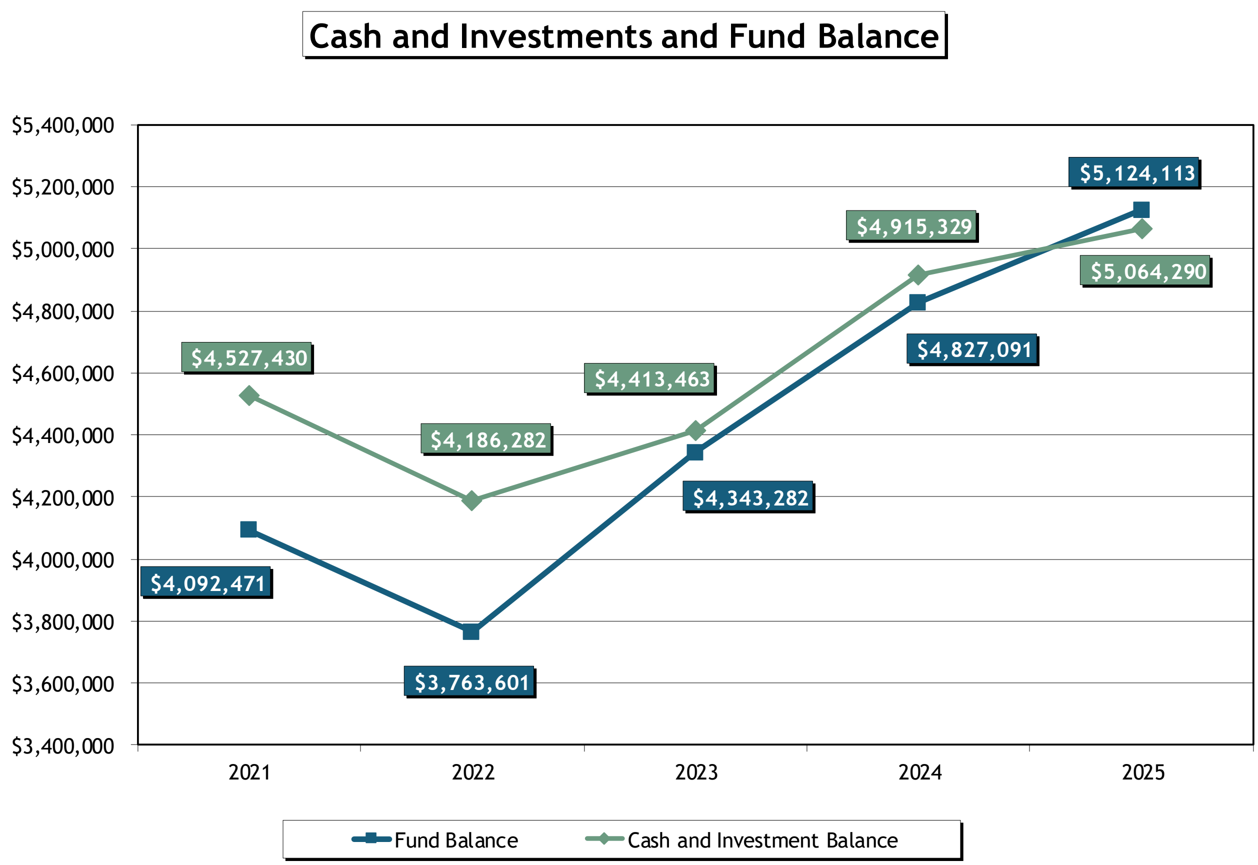
We were not engaged to report on the other information accompanying the basic financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

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 $536,860 from 2021 to 2025. The fund balance increased $297,022 from 2024 to 2025. At December 31, 2025, the General Fund balance consisted of $288,350 nonspendable, $71,658 assigned and $4,764,105 unassigned balances. The total unassigned fund balance represented about eight and a half 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 2026 budgeted expenditures of $7,791,754, the City's unassigned General Fund balance was at 61.1% at December 31, 2025.

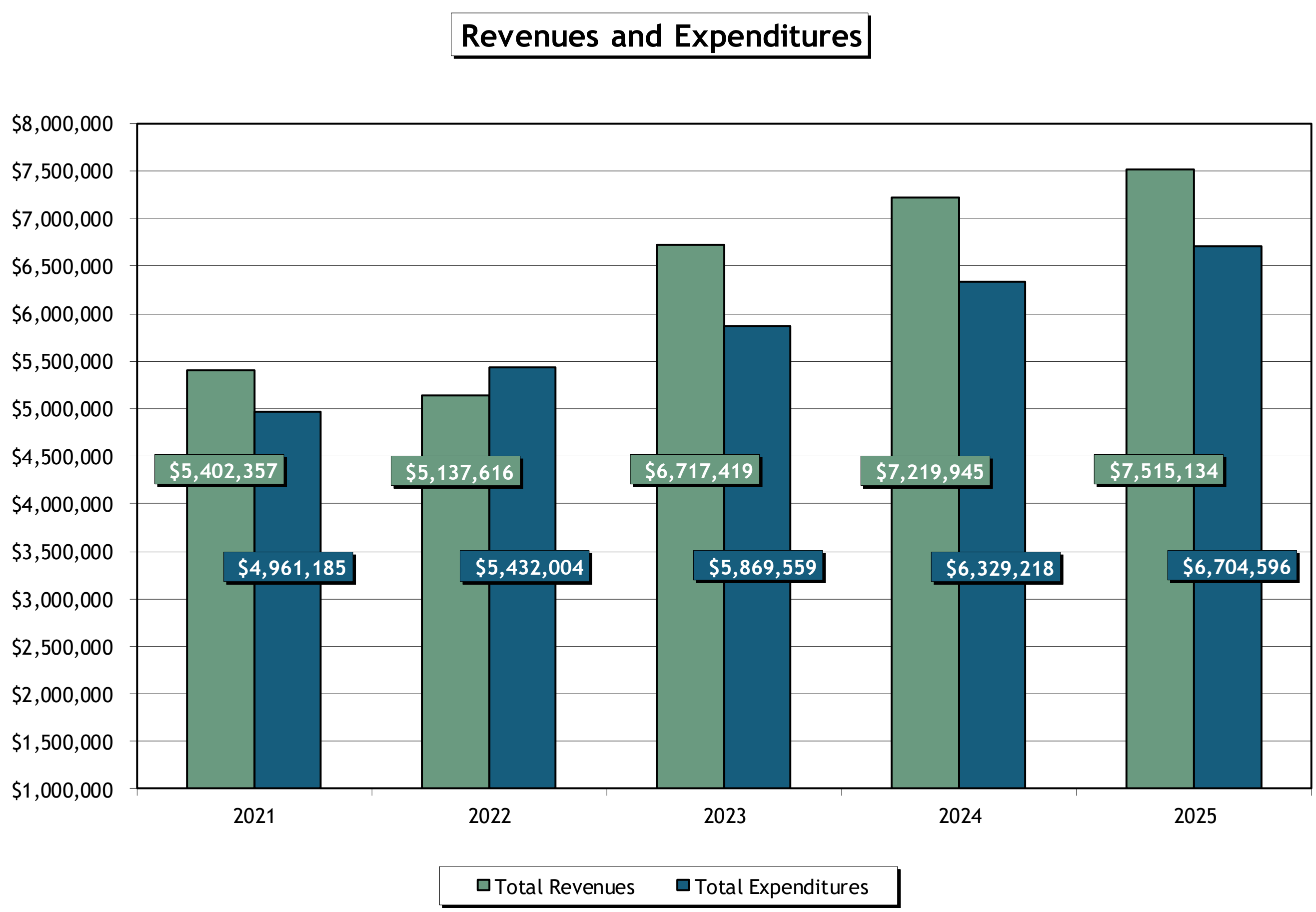


On the following pages, we will discuss the revenues and expenditures of the General Fund and the variations in the fund balance.

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 2025 of $7,515,134 to a low in 2022 of $5,137,616. Overall, from 2021 to 2025, revenues have increased $2,112,777. Similarly, expenditures have fluctuated over the five years presented. Since 2021, expenditures have increased $1,743,411. Revenues have exceeded expenditures in each of the five years presented, except 2022. Transfers out for 2021 through 2025 were made for capital related items.

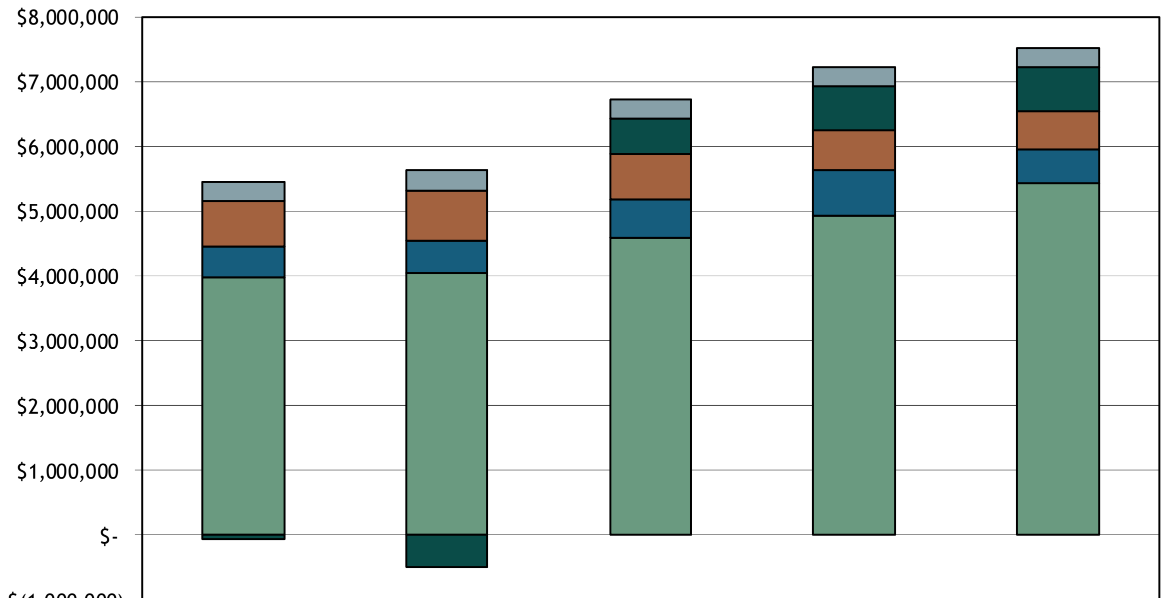
	2021	2022	2023	2024	2025
Revenues	$ 5,402,357	$ 5,137,616	$ 6,717,419	$ 7,219,945	$ 7,515,134
Expenditures	4,961,185	5,432,004	5,869,559	6,329,218	6,704,596
Proceeds from the sale of capital assets	3,224	15,000	699	-	9,261
Leases issued	-	-	-	83,821	190,084
Insurance recoveries	14,644	36,907	77,189	48,946	-
Net transfers	(281,938)	(86,389)	(346,067)	(539,685)	(712,861)
Net Change in Fund Balance	**$ 177,102**	**$ (328,870)**	**$ 579,681**	**$ 483,809**	**$ 297,022**



General Fund – Revenues
The following graph presents comparisons of revenues by type, illustrating the majority of revenue for the City is from taxes and franchise fees. These sources represent 72.2% of total General Fund revenues. Other revenues include items such as intergovernmental, fines and forfeitures, charges for services, investment income and other miscellaneous items.

Revenues of the General Fund increased from 2024 to 2025 by $295,189. Taxes and franchise fee revenue increased $486,489 due to an increase in the levy. Intergovernmental revenue decreased $154,638 due to decreased state aid as the fire department became part of the Statewide Retirement Plan so the City no longer receives the pass through aid. All other revenue sources were consistent with prior years.

General Fund Revenues

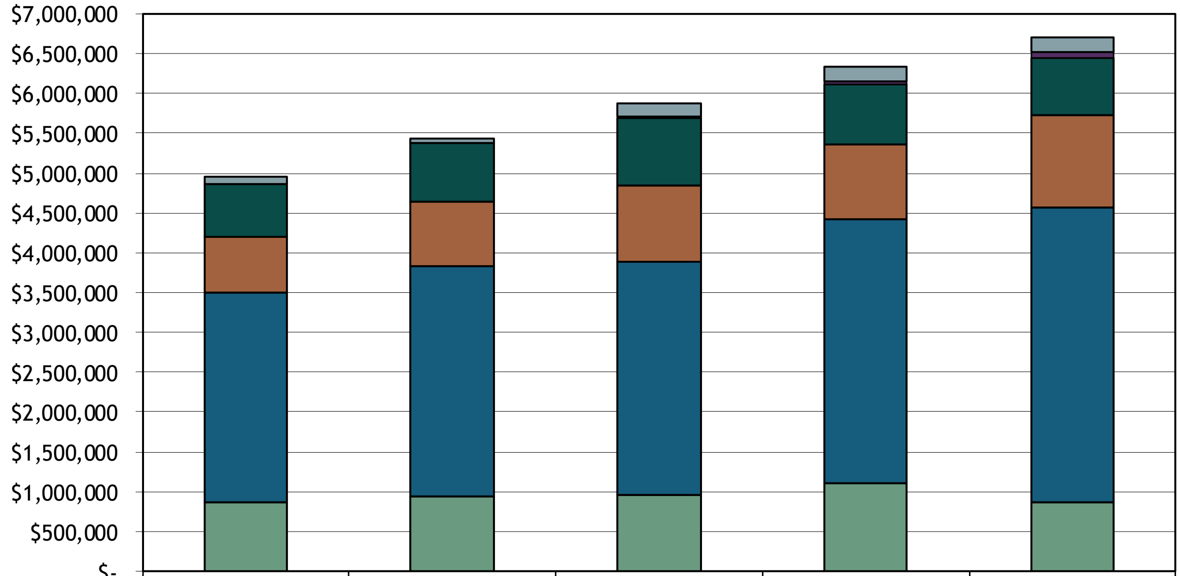


	2021	2022	2023	2024	2025
Charges for Services	$297,877	$297,997	$295,689	$286,659	$289,022
Other	(49,446)	(489,905)	541,961	674,611	675,608
Licenses and Permits	697,647	777,567	704,763	628,109	588,087
Intergovernmental	473,127	506,597	591,170	690,197	535,559
Taxes and Franchise Fees	3,983,152	4,045,360	4,583,836	4,940,369	5,426,858

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 55.1%. Overall, General Fund expenditures increased $375,378 from 2024.

Public Safety increased $377,290 due to an increase in wages as a result of filling all open positions and an increase in capital outlay with the purchase of body cameras. Streets and Highways increased $210,949 due to additional seal coating and crack filling, more work on existing streets, and repair costs. General Government decreased $230,156 due to a decrease in wages and benefits and capital outlay expenditures. Other functions were relatively consistent with the prior year.

General Fund Expenditures



	2021	2022	2023	2024	2025
Economic Development	$96,605	$59,881	$153,114	$181,796	$187,943
Debt Service	-	-	17,197	22,894	60,947
Culture and Recreation	659,077	733,854	848,724	756,533	729,628
Streets and Highways	707,680	813,964	961,247	951,702	1,162,651
Public Safety	2,627,830	2,886,083	2,925,588	3,318,523	3,695,813
General Government	869,993	938,222	963,689	1,097,770	867,614

General Fund – Budgetary Comparison

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Taxes	$ 5,339,802	$ 5,381,802	$ 5,426,858	$ 45,056
Intergovernmental	495,779	495,779	535,559	39,780
Licenses and permits	694,545	694,545	588,087	(106,458)
Charges for services	262,028	262,028	289,022	26,994
Fines	49,250	49,250	55,414	6,164
Miscellaneous	72,785	172,785	620,194	447,409
Total revenues	6,914,189	7,056,189	7,515,134	458,945
Expenditures				
General government	957,049	1,002,049	867,614	(134,435)
Public safety	3,741,288	3,941,288	3,695,813	(245,475)
Streets and highways	1,135,330	1,187,330	1,162,651	(24,679)
Culture and recreation	888,750	888,750	729,628	(159,122)
Economic development	183,411	186,411	$187,943	1,532
Debt service	-	42,000	60,947	18,947
Total expenditures	6,905,828	7,247,828	6,704,596	(543,232)
Excess of revenues over (under) expenditures	8,361	(191,639)	810,538	1,002,177
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	9,261	9,261
Insurance recoveries	2,500	2,500	-	(2,500)
Leases issued	-	200,000	190,084	(9,916)
Net transfers	(10,861)	(10,861)	(712,861)	(702,000)
Total other financing sources	(8,361)	191,639	(513,516)	(705,155)
Net change in fund balances	$ -	$ -	$ 297,022	$ 297,022

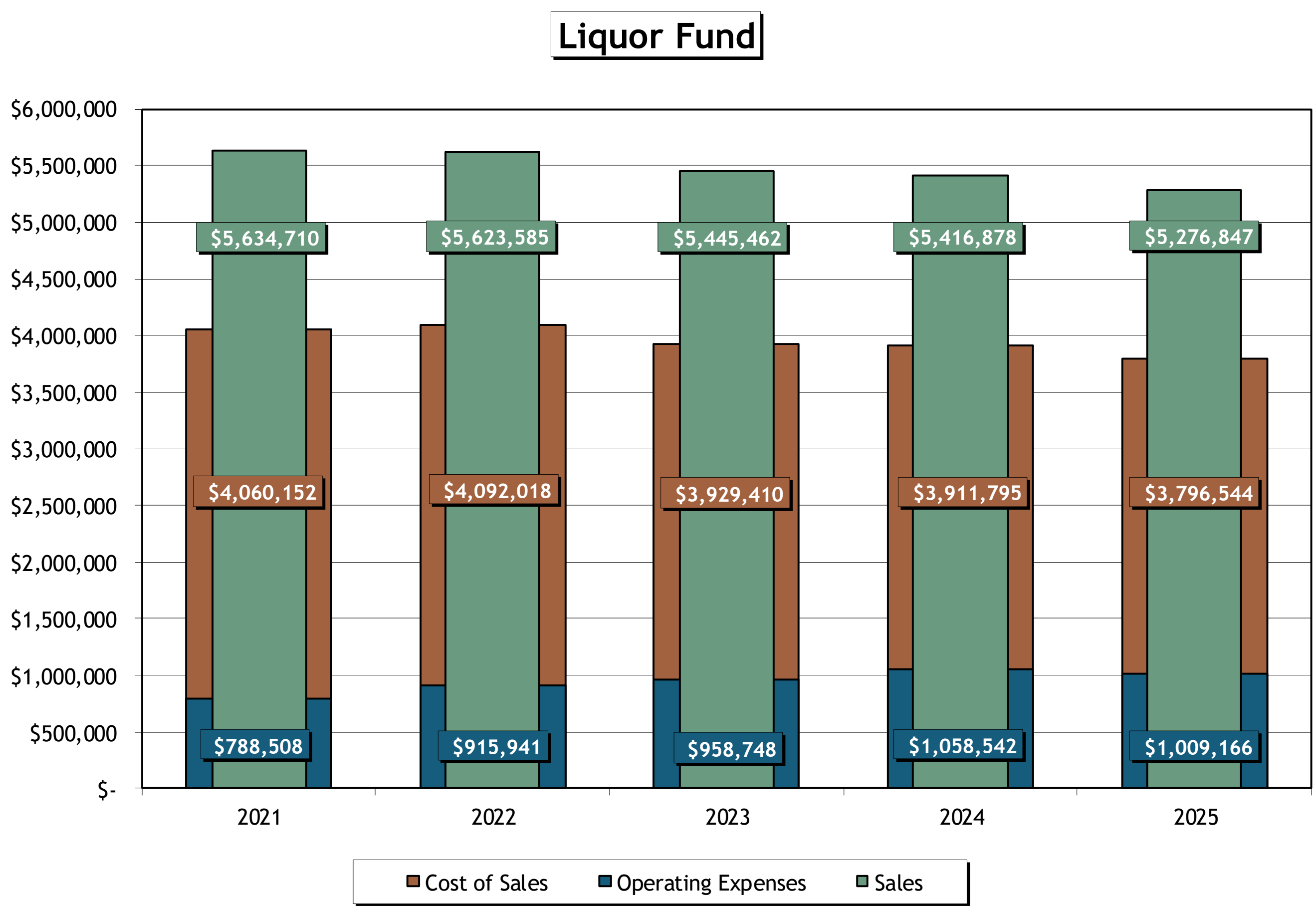
Overall, actual revenue was $458,945, or 6.5%, over budget. Miscellaneous revenues were over budget due to budgeting conservatively. Licenses and permits were under budget due to a decrease in building activity. All other revenue categories were relatively consistent with the budget.

Overall, actual expenditures were less than budgeted amounts by $543,232 or 7.5%. General government was under budget due to budgeting conservatively for wages and benefits. Public safety was under budget due to budgeting conservatively for wages and benefits and fire department became part of the State-wide Retirement Plan so the City no longer receives the pass through aid. Culture and recreation was under budget $159,122 due to conservative budgeting for personnel costs. All other functions were relatively consistent with the budget.

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.

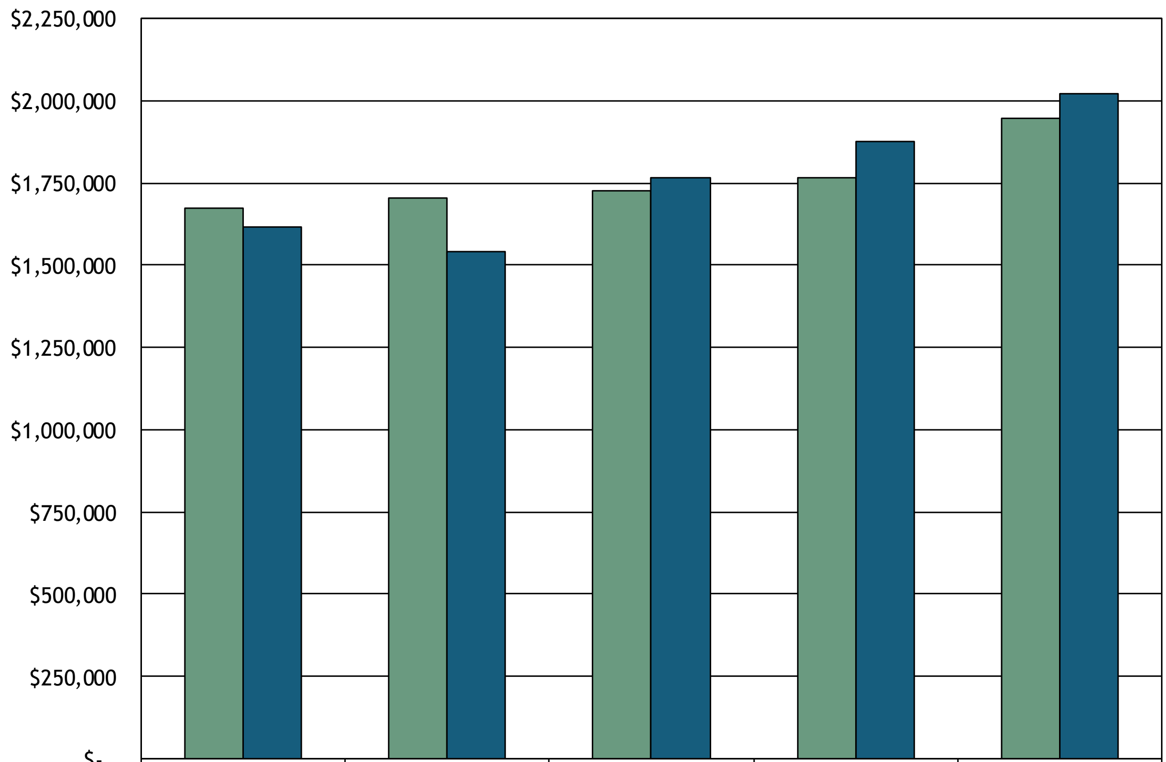
Selected data relating to the City's Liquor Fund operating results for the past five years is displayed in the graphs below and on the following page.

The liquor store sales decreased in 2025. Total sales for 2025 reflected a 2.6% decrease from 2024. During this same time period, cost of sales decreased 2.9%. The result was a slight increase in the gross profit percentage from 27.8% in 2024 to 28.1% in 2025.



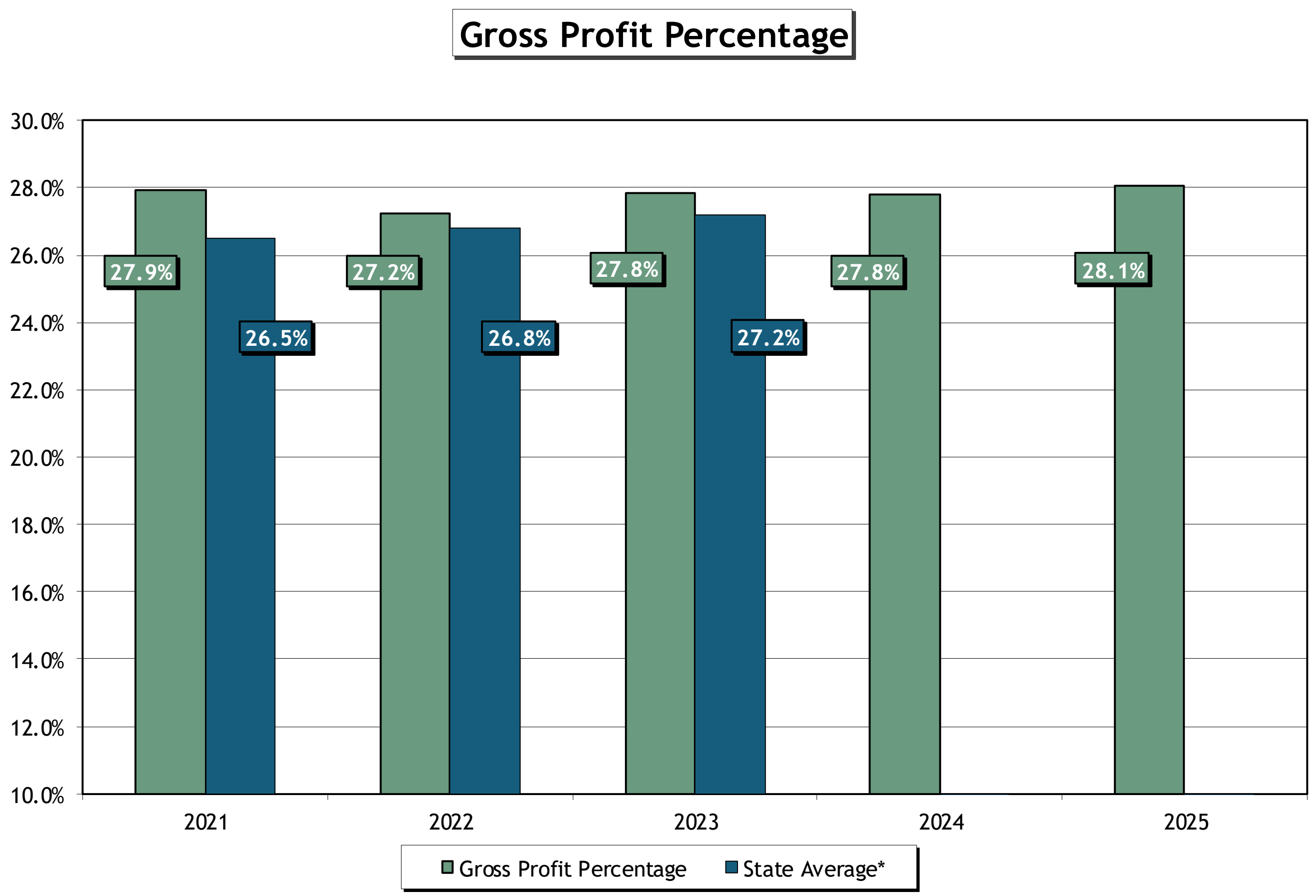
Liquor Fund (Continued)
As of December 31, 2025, the Liquor Fund had an ending cash and investment balance of $1,944,467. Unrestricted net position at year-end was $2,021,225, an increase of $146,778 compared to 2024. There was no debt outstanding at December 31, 2025, in the Liquor Fund.

Liquor Fund



	2021	2022	2023	2024	2025
Cash and Investments	$1,674,139	$1,705,380	$1,726,078	$1,767,667	$1,944,467
Unrestricted Net Position	1,615,281	1,539,093	1,766,442	1,874,447	2,021,225

Liquor Fund (Continued)



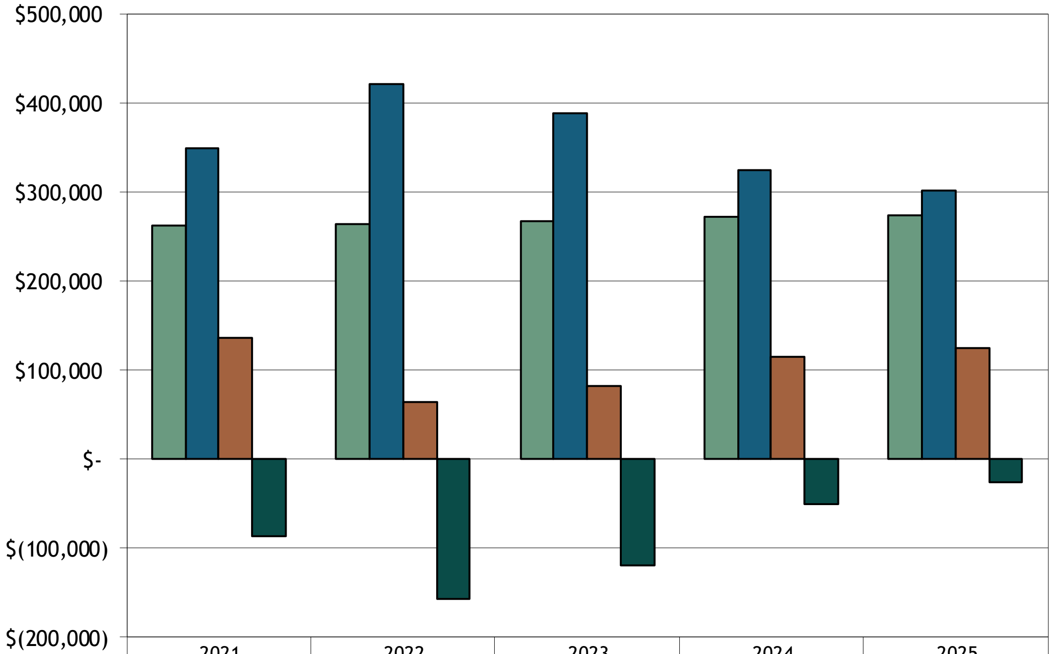
* State averages were taken from the 2021-2023 State of Minnesota "Analysis of Municipal Liquor Store Operations" for off-sale stores. Data for 2024 and 2025 is not yet available.

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 $2,113 or 0.8% while operating expenses decreased $22,332 or 6.9%, compared to 2024. The net effect of the changes in revenues and expenses is a net loss of $27,121. When depreciation is removed from the operating expenses, the Fund experienced operating income of $124,111.

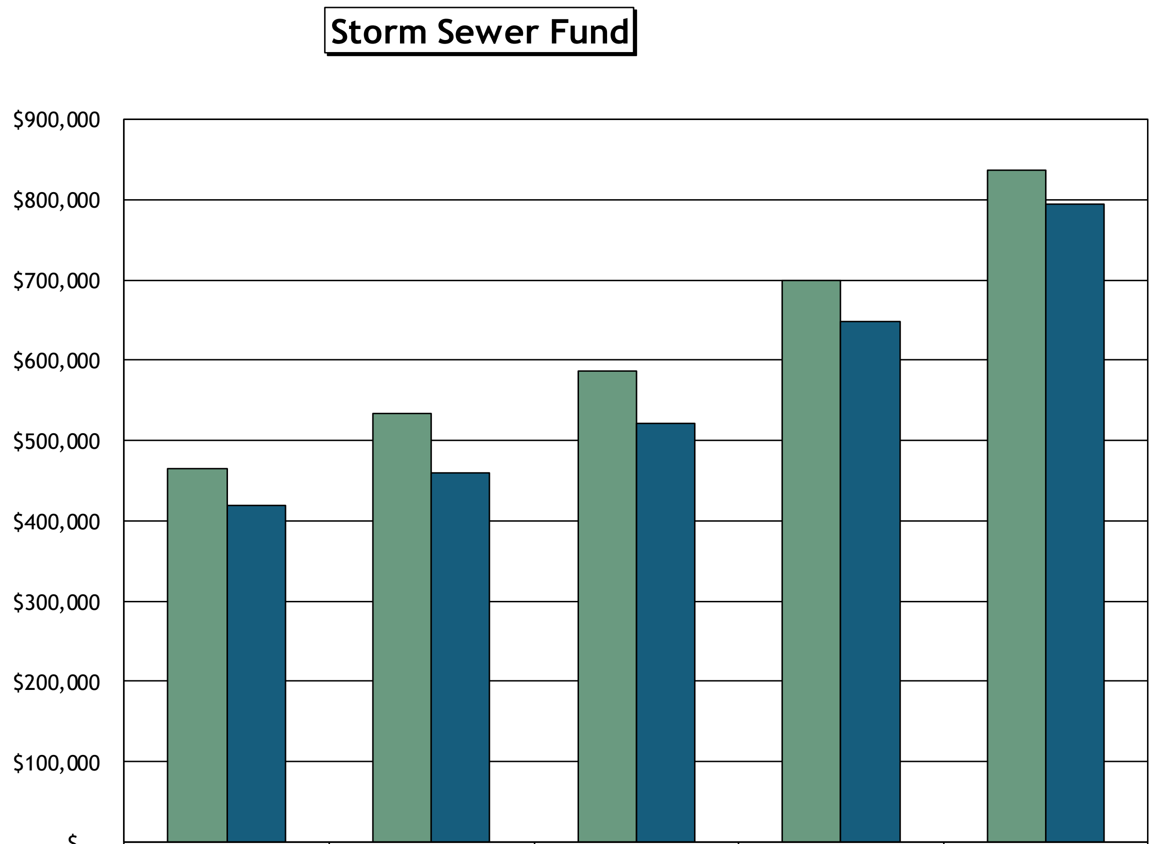
We recommend the City continue to evaluate storm water rates and monitor related expenses to generate sufficient operating income in the future.

Storm Sewer Operations



	2021	2022	2023	2024	2025
Charges for Services	$262,900	$263,663	$267,656	$272,277	$274,390
Operating Expenses	349,165	421,859	387,920	323,843	301,511
Operating Income without Depreciation	136,064	64,133	81,324	114,472	124,111
Operating Income (Loss)	(86,265)	(158,196)	(120,264)	(51,566)	(27,121)

Storm Sewer Fund (Continued)



	2021	2022	2023	2024	2025
Cash and Investments	$465,678	$534,004	$585,962	$699,411	$836,422
Unrestricted Net Position	419,710	459,276	521,190	648,253	794,914

As of December 31, 2025, the Storm Water Fund had an ending net cash and investment balance of $836,422. This is an increase of $137,011 from 2024 levels. Total net position at year-end was $2,681,186, while unrestricted net position at year-end was $794,914. Unrestricted net position has increased $375,204 since 2021.

Water and Sewer Funds

Water Fund

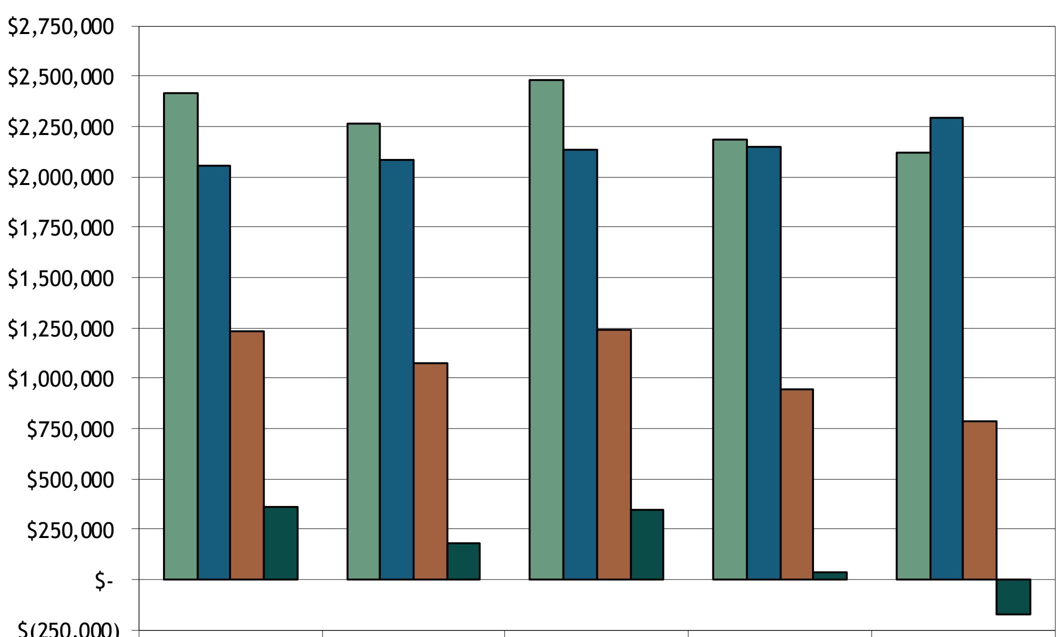
The following graph illustrates the current operations of the Water Fund for the past five years. Charges for services illustrated do not include water connection fees. These fees are not included because the revenue is set aside for future asset replacement costs. Similarly, operating income is shown 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 2021-2024, the Fund generated an operating income, in 2025 the fund generated an operating loss. Charges for services decreased $66,227 or 3.0% from 2024 due to a decrease in usage and a 5% decrease in rates for the year. Operating expenses increased by $142,703, or 6.6% due to additional staffing and new water meter reading software. The net effect of the decreased revenues and increased expenses is operating loss of $173,884. When depreciation is removed from the operating expenses, the Fund experienced operating income of $788,141.

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.

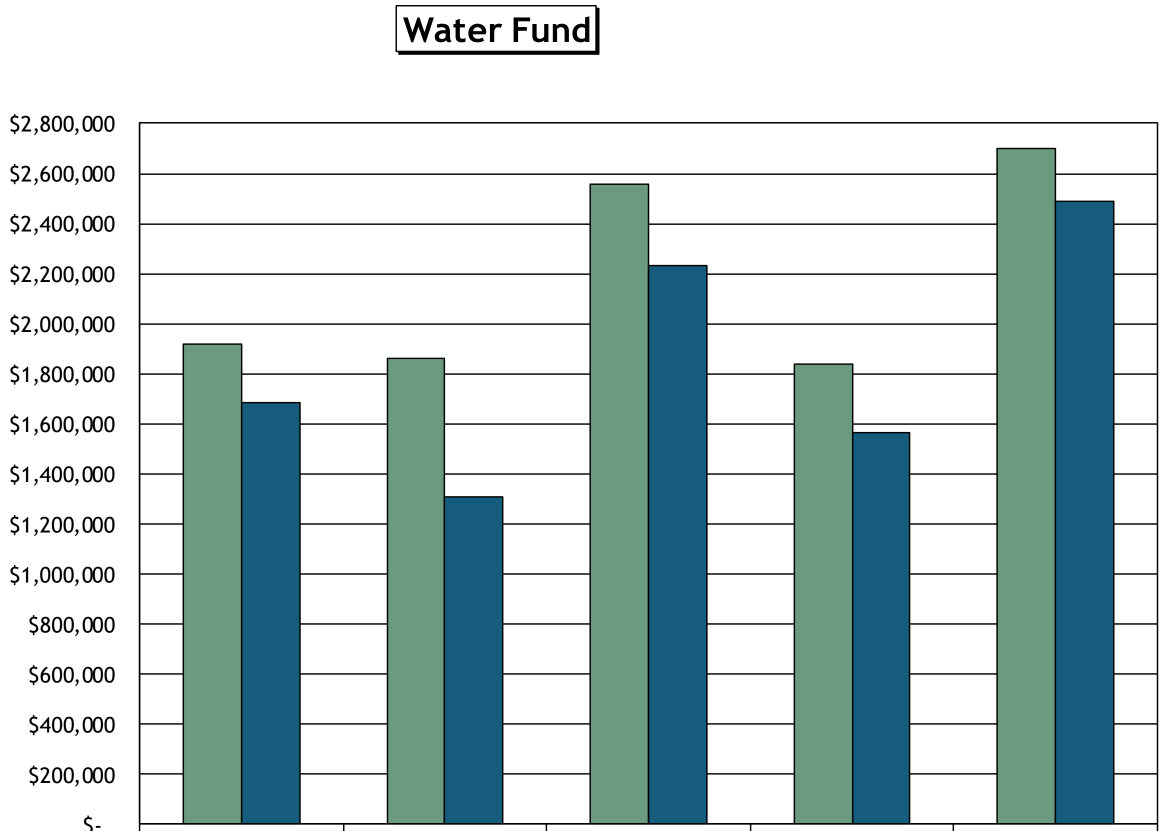
Water Operations



	2021	2022	2023	2024	2025
Charges for Services	$2,416,615	$2,264,213	$2,476,967	$2,186,885	$2,120,658
Operating Expenses	2,056,739	2,082,569	2,132,021	2,151,839	2,294,542
Operating Income without Depreciation	1,231,779	1,076,160	1,241,795	942,020	788,141
Operating Income (Loss)	359,876	181,644	344,946	35,046	(173,884)

Water and Sewer Funds (Continued)

Water Fund (Continued)



	2021	2022	2023	2024	2025
Cash and Investments (net of advances)	$1,917,581	$1,862,139	$2,557,934	$1,840,394	$2,701,157
Unrestricted Net Position	1,683,779	1,306,654	2,231,013	1,564,280	2,487,217

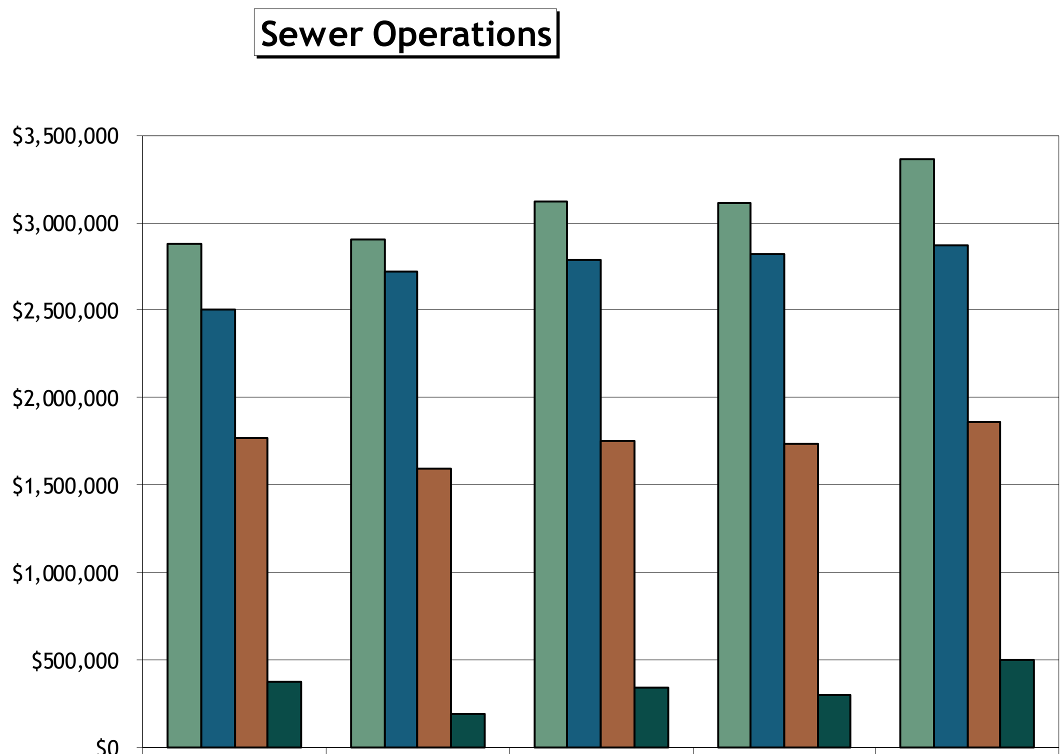
The above graph shows the cash and investments (net of advances) and unrestricted net position balances as of December 31 for the last five years. The Water Fund cash and investment balance has increased $783,576 since 2021. In 2021, a portion of the cash and investments in the Water Fund was being advanced from the Sewer Fund. That amount has been removed from the presentation above for that year. This balance was paid off in 2022. Current year interest and principal payments in the Water Fund were $109,477. The total amount of debt outstanding in the Water Fund at December 31, 2025, was $408,387 including bonds, notes, and leases. Principal and interest due in 2026 total $111,533.

Water and Sewer Funds (Continued)

Sewer Fund

In all of the past five years, the Sewer Fund has shown an operating income. In 2025, the Fund showed operating income of $496,536. This is an increase in operating income of $198,483 from 2024. The Fund experienced an increase in charges for services of $248,123 due to rate increase of 8% for the year. Operating expenses increased $49,640.

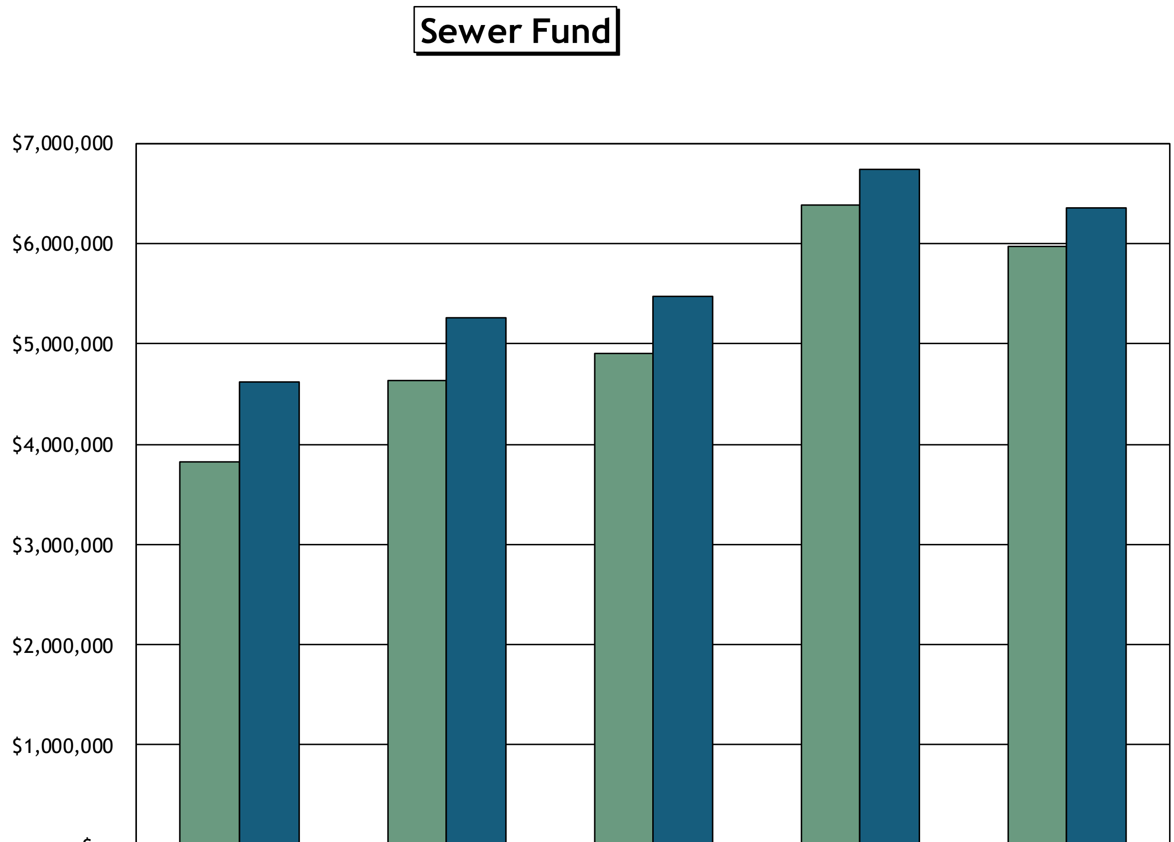
We recommend the City continue to evaluate water and sewer rates to generate sufficient operating income in the future. The significant debt principal and interest obligations of the City are considered non-operating expenses and are not presented with this particular graph. However, the City should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



	2021	2022	2023	2024	2025
Charges for Services	$2,877,254	$2,907,736	$3,125,717	$3,115,252	$3,363,375
Operating Expenses	2,503,429	2,721,665	2,789,362	2,817,199	2,866,839
Operating Income without Depreciation	1,767,907	1,588,238	1,754,014	1,734,870	1,859,272
Operating Income (Loss)	373,825	186,071	336,355	298,053	496,536

Water and Sewer Funds (Continued)

Sewer Fund (Continued)



	2021	2022	2023	2024	2025
Cash and Investments	$3,823,826	$4,627,719	$4,902,392	$6,379,440	$5,963,842
Unrestricted Net Position	4,619,512	5,258,846	5,471,950	6,738,445	6,349,535

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 decreased $415,598 in 2025 and increased $2,140,016 since 2021. 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 2025, the Fund used $586,687 to cover cash deficits in other funds.

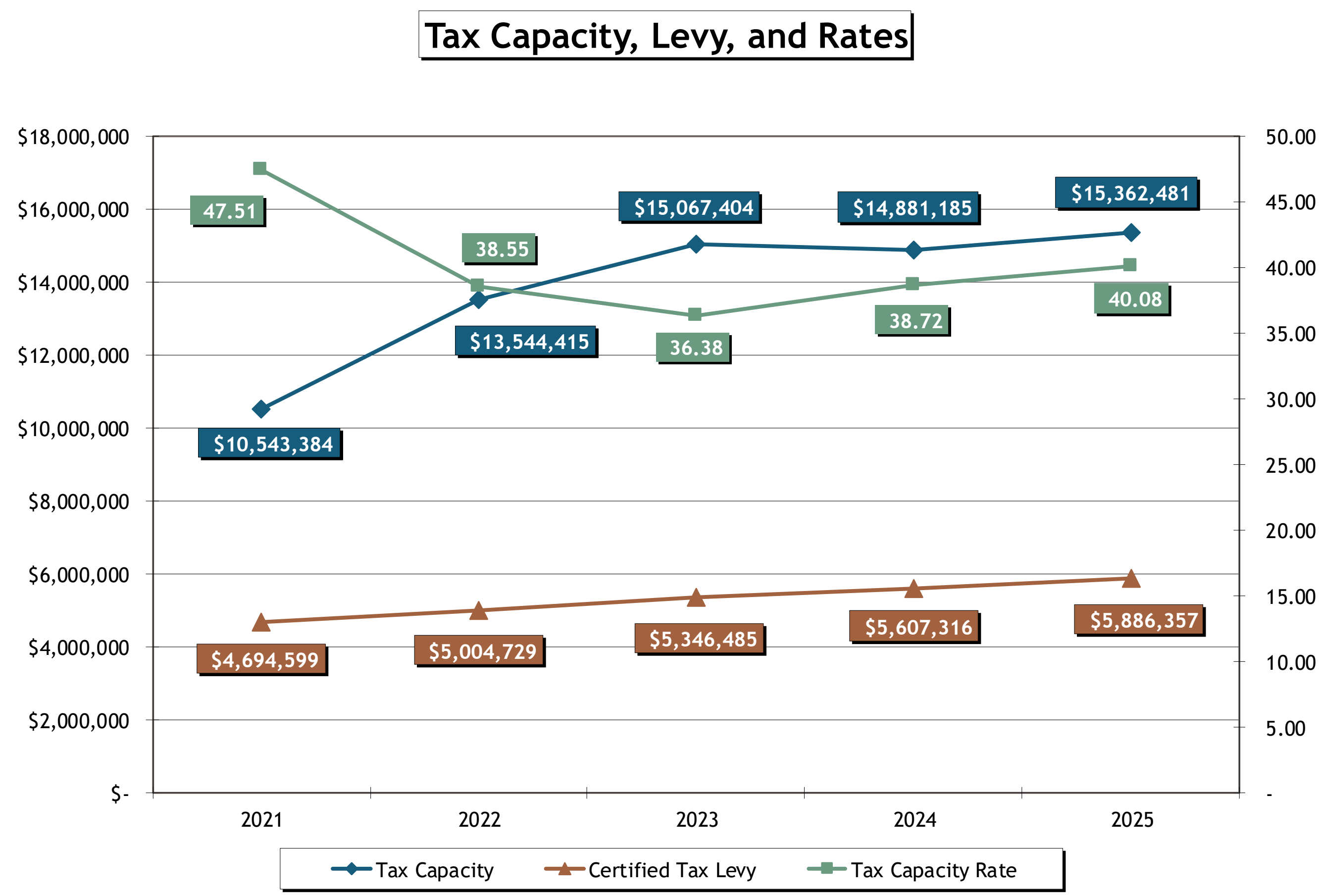
The current year interest and principal payments on the Sewer Fund debt were $1,326,169. The total amount of debt outstanding at December 31, 2025, was $5,264,964, including bonds, notes and leases. Principal and interest due in 2026 totals $1,328,323 for the Sewer Fund.

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

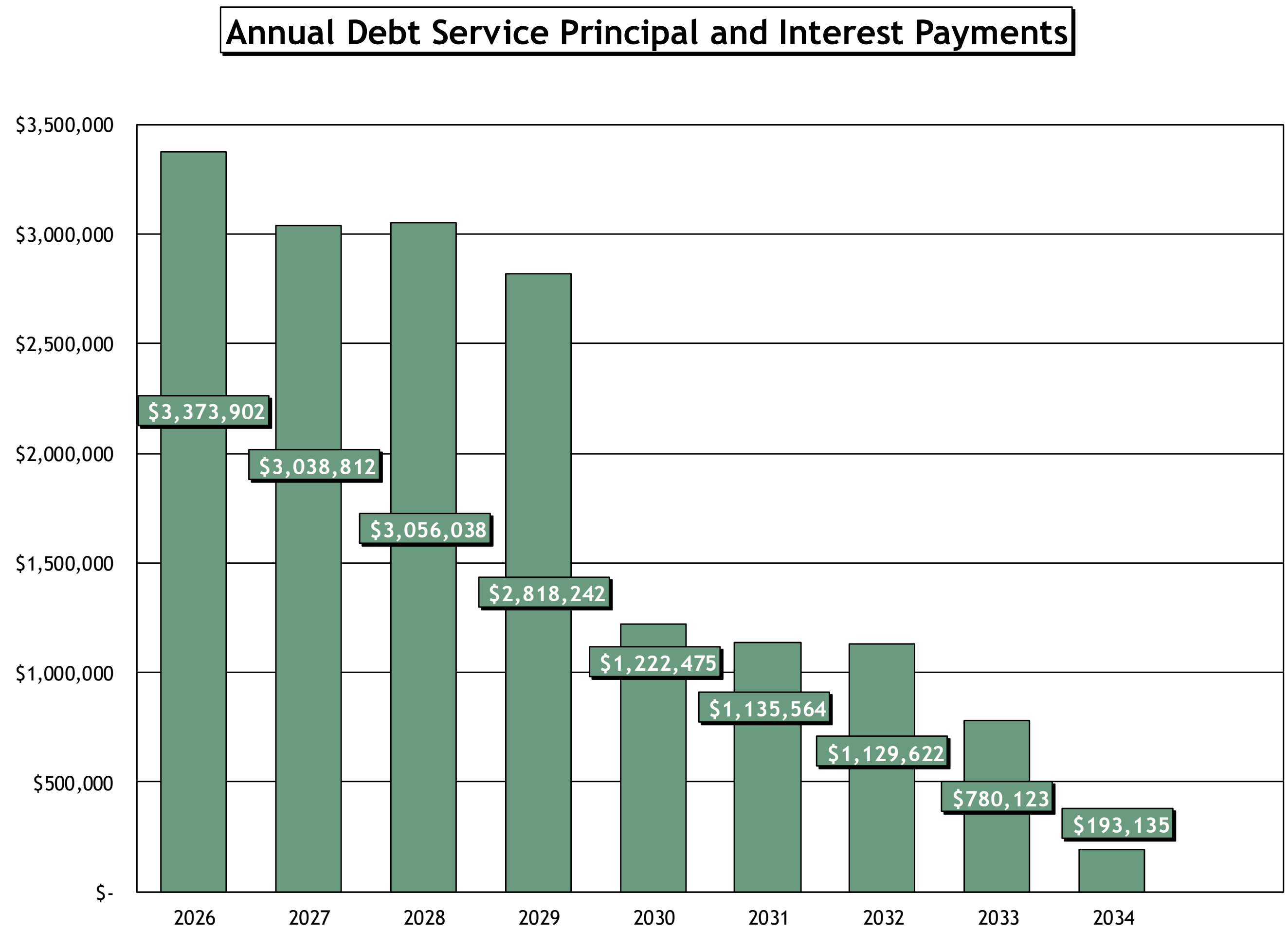
Tax Capacity, Levy, and Rates
The chart above graphs the tax capacity (not including Tax Increment Financing (TIF) Districts), certified tax levy and tax capacity rate for 2021 through 2025. The tax capacity is based on total tax capacity, prior to adjustments for captured TIF and fiscal 2021. The certified tax levy amount is also prior to fiscal disparity adjustments.

Comparing 2021 through 2025, the City's tax capacity has increased from $10,543,384 to $15,362,481 for a change of $4,819,097. This is a 45.7% increase in tax capacity. The City's certified levy over this same time frame has increased $1,191,758, or 25.4%. As a result of the City's certified tax levy increase and the increase in the tax capacity for 2021 through 2025, the City's tax capacity rate decreased from 47.51% in 2021 to 40.08% in 2025.



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, 2025, are $16,747,913, including interest totaling $1,258,913.



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:

- **Accounting Standard Update – GASB Statement No. 103 – *Financial Reporting Model Improvements***
  GASB has issued GASB Statement No. 103 relating to changes in financial reporting requirements. The changes provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities.
- **Accounting Standard Update – GASB Statement No. 104 – *Disclosure of Certain Capital Assets***
  GASB has issued GASB Statement No. 104 relating to capital asset disclosures. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets.

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.

City of Big Lake
Emerging Issues

Accounting Standard Update – GASB Statement No. 103 – *Financial Reporting Model Improvements*

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement addresses 5 areas of the financial statements (1) Management's Discussion and Analysis (MD&A), (2) Unusual or Infrequent Items, (3) Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, (4) Major Component Unit Information, and (5) Budgetary Comparison Information.

This Statement continues the requirement that the MD&A precede the basic financial statements as part of the Required Supplementary Information (RSI). This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that detailed analyses should explain why balances and results of operations changed, rather than stating amounts and "boilerplate" discussions.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The Statement provides clarification regarding operating and nonoperating revenues and expenses. Also, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication - RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

City of Big Lake
Emerging Issues

Accounting Standard Update – GASB Statement No. 104 – *Disclosure of Certain Capital Assets*
The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets continue to be disclosed separately in the capital assets note disclosures including presentation of capital assets by major class and separate disclosure of lease assets, subscription assets, and intangible right-to-use assets.

This Statement requires additional disclosures for capital assets held for sale. A capital asset is held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date.

Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

GASB Statement No. 104 is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.